

Central Adelaide
Local Health Network Incorporated

Financial report
for the year ended
30 June 2018



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To the Chief Executive Officer Central Adelaide Local Health Network Incorporated

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Central Adelaide Local Health Network Incorporated and the consolidated entity comprising the Central Adelaide Local Health Network Incorporated and its controlled entity for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Central Adelaide Local Health Network Incorporated and its controlled entity as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Acting Chief Finance Officer.

Basis for opinion

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

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

Responsibilities of the Chief Executive Officer for the financial report

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

Auditor's responsibilities for the audit of the financial report

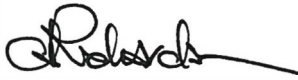
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

20 September 2018

Certification of the financial statements

We certify that the:

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


.....
Jenny Richter
Chief Executive Officer


.....
Danny De Cesare
Acting Chief Finance Officer

Date 13.09.2018

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses					
Staff benefits expenses	3	1,415,185	1,336,412	1,407,437	1,329,841
Supplies and services	4	849,015	738,096	845,315	735,105
Depreciation and amortisation expense	21,22	124,412	47,465	124,211	47,338
Grants and subsidies	5	4,935	5,422	4,647	5,172
Borrowing costs	6	261,302	12,740	261,302	12,740
Net loss from disposal of non-current and other assets	12	2,151	19,869	2,151	19,873
Other expenses	7	59,920	51,339	59,737	51,115
Total expenses		2,716,920	2,211,343	2,704,800	2,201,184
Income					
Revenues from fees and charges	8	356,623	325,617	345,634	316,652
Grants and contributions	9	182,582	203,581	183,763	203,701
Interest revenues	10	1,452	1,452	1,346	1,309
Resources received free of charge	11	11,314	4,018	11,314	4,018
Other revenues/income	13	37,037	40,224	36,142	38,666
Total income		589,008	574,892	578,199	564,346
Net cost of providing services		2,127,912	1,636,451	2,126,601	1,636,838
Revenues from SA Government					
Revenues from SA Government	14	2,133,036	1,636,837	2,133,036	1,636,837
Total revenues from SA Government		2,133,036	1,636,837	2,133,036	1,636,837
Net result		5,124	386	6,435	(1)
Other Comprehensive Income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus		47,125	(6,746)	47,125	(6,746)
Items that will be reclassified subsequently to net result when specific conditions are met					
Gains or losses recognised directly in equity		40	4	-	-
Total other comprehensive income		47,165	(6,742)	47,125	(6,746)
Total comprehensive result		52,289	(6,356)	53,560	(6,747)

The net result and total comprehensive result are attributable to the SA Government as owner

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2018

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current assets					
Cash and cash equivalents	16	159,428	88,125	157,104	86,514
Receivables	17	73,097	71,639	71,164	70,247
Other financial assets	18	8,808	12,279	3,711	4,865
Inventories	19	21,121	19,752	20,843	19,537
Total current assets		262,454	191,795	252,822	181,163
Non-current assets					
Receivables	17	6,895	4,148	6,895	4,148
Other financial assets	18	2,041	2,001	1,150	1,150
Property, plant and equipment	21	3,433,643	3,420,457	3,433,044	3,420,094
Investment property	21	4,670	4,670	-	-
Intangible assets	22	55,843	65,596	55,843	65,596
Total non-current assets		3,503,092	3,496,872	3,496,932	3,490,988
Total assets		3,765,546	3,688,667	3,749,754	3,672,151
Current liabilities					
Payables	24	95,602	86,014	94,539	85,372
Borrowings	25	61,553	31,973	61,553	31,973
Staff benefits	26	192,217	174,632	191,332	173,880
Provisions	27	7,686	9,791	7,686	9,791
Other liabilities	28	1,990	1,803	1,990	1,803
Total current liabilities		359,048	304,213	357,100	302,819
Non-current liabilities					
Payables	24	8,765	10,242	8,765	10,242
Borrowings	25	2,698,866	2,749,519	2,698,866	2,749,519
Staff benefits	26	242,300	228,923	242,281	228,897
Provisions	27	18,523	12,255	18,523	12,255
Other liabilities	28	2,674	2,734	2,674	2,734
Total non-current liabilities		2,971,128	3,003,673	2,971,109	3,003,647
Total liabilities		3,330,176	3,307,886	3,328,209	3,306,466
Net assets		435,370	380,781	421,545	365,685
Equity					
Asset revaluation surplus		43,344	7,156	43,344	7,156
Other reserves		80	40	-	-
Retained earnings		391,946	373,585	378,201	358,529
Total equity		435,370	380,781	421,545	365,685
The total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	29				
Contingent asset and liabilities	30				

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

CONSOLIDATED

Note	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2016	14,277	36	371,363	385,676
Net result for 2016-17	-	-	386	386
Gain/(loss) on revaluation of land and buildings	21 (6,746)	-	-	(6,746)
Gain/(loss) on revaluation of other financial assets	-	61	-	61
Gain/(loss) on realisation of other financial assets	-	(57)	-	(57)
Total comprehensive result for 2016-17	(6,746)	4	386	(6,356)
Transfer between equity components	(375)	-	375	-
Transactions with SA Government as owner				
Net assets received from an administrative restructure	2.2 -	-	1,461	1,461
Balance at 30 June 2017	7,156	40	373,585	380,781
Net result for 2017-18	-	-	5,124	5,124
Gain/(loss) on revaluation of land and buildings	21 44,829	-	-	44,829
Gain/(loss) on revaluation of plant and equipment	2,296	-	-	2,296
Gain/(loss) on revaluation of other financial assets	-	40	-	40
Total comprehensive result for 2017-18	47,125	40	5,124	52,289
Transfer between equity components	(10,937)	-	10,937	-
Transactions with SA Government as owner				
Net assets transferred out as a result of an administrative restructure	2.2 -	-	2,300	2,300
Balance at 30 June 2018	43,344	80	391,946	435,370

PARENT

Note	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2016	14,277	-	356,694	370,971
Net result for 2016-17	-	-	(1)	(1)
Gain/(loss) on revaluation of land and buildings	21 (6,746)	-	-	(6,746)
Total comprehensive result for 2016-17	(6,746)	-	(1)	(6,747)
Transfer between equity components	(375)	-	375	-
Transactions with SA Government as owner				
Net assets received from an administrative restructure	2.2 -	-	1,461	1,461
Balance at 30 June 2017	7,156	-	358,529	365,685
Net result for 2017-18	-	-	6,435	6,435
Gain/(loss) on revaluation of land and buildings	21 44,829	-	-	44,829
Gain/(loss) on revaluation of plant and equipment	2,296	-	-	2,296
Total comprehensive result for 2017-18	47,125	-	6,435	53,560
Transfer between equity components	(10,937)	-	10,937	-
Transactions with SA Government as owner				
Net assets transferred out as a result of an administrative restructure	2.2 -	-	2,300	2,300
Balance at 30 June 2018	43,344	-	378,201	421,545

All changes in equity are attributable to the SA Government as owner

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows from operating activities					
Cash outflows					
Staff benefits payments		(1,371,030)	(1,339,684)	(1,363,418)	(1,333,298)
Payments for supplies and services		(863,653)	(707,921)	(786,758)	(704,726)
Payments of grants and subsidies		(6,145)	(5,866)	(5,252)	(5,616)
Interest paid		(250,401)	(547)	(250,401)	(547)
Other payments		(53,712)	(21,968)	(31,553)	(21,744)
Cash used in operations		(2,544,941)	(2,075,986)	(2,437,382)	(2,065,931)
Cash inflows					
Fees and charges		246,781	229,943	225,341	220,859
Grants and contributions		207,454	206,990	196,043	207,110
Interest received		1,464	1,486	1,346	1,309
GST recovered from ATO		145,164	53,406	72,582	53,406
Other receipts		36,705	41,233	35,958	40,518
Cash generated from operations		637,568	533,058	531,270	523,202
Cash flows from SA Government					
Receipts from SA Government		2,127,314	1,624,273	2,127,314	1,624,274
Cash generated from SA Government		2,127,314	1,624,273	2,127,314	1,624,274
Net cash provided by operating activities		219,941	81,345	221,202	81,545
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(115,009)	(91,720)	(114,572)	(91,476)
Purchase of intangibles		(2,890)	(7,193)	(2,890)	(7,193)
Purchase of investments		(2,175)	(5,540)	(18)	(22)
Cash used in investing activities		(120,074)	(104,453)	(117,480)	(98,691)
Cash inflows					
Proceeds from sale of property, plant and equipment		(73)	16	(73)	-
Proceeds from sale/maturities of investments		4,568	5,845	-	-
Cash generated from investing activities		4,495	5,861	(73)	-
Net cash provided by/(used in) investing activities		(115,579)	(98,592)	(117,553)	(98,691)
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(31,974)	(718)	(31,974)	(718)
Cash transferred as a result of restructuring activities		(1,085)	-	(1,085)	-
Cash used in financing activities		(33,059)	(718)	(33,059)	(718)
Net cash provided by/(used in) financing activities		(33,059)	(718)	(33,059)	(718)
Net increase/(decrease) in cash and cash equivalents		71,303	(17,965)	70,590	(17,864)
Cash and cash equivalents at the beginning of the period		88,125	106,090	86,514	104,378
Cash and cash equivalents at the end of the period	16	159,428	88,125	157,104	86,514
Non-cash transactions	34				

The above Statement of Cash Flows should be read in conjunction with the accompanying notes. Inter-entity non-cash revenue and expense transactions have been excluded.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1. Basis of financial statements

1.1 Reporting Entity

The Central Adelaide Local Health Network Incorporated (the Hospital) was incorporated under the *Health Care Act 2008* on 1 July 2011.

The consolidated entity consists of the Hospital and its controlled entity, Medvet Science Pty Ltd (Medvet).

The financial statements and accompanying notes include all controlled activities of the Hospital.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity, being the Hospital and Medvet in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interest in other entities is at Note 32.

Administered Items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are not recognised as the Hospital's controlled income, expenses, assets and liabilities. As administered items are insignificant in relation to the Hospital's overall financial performance and position, they are disclosed in the Schedule of administered items following the general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and accounting policy statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Hospital has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Hospital is a not-for-profit entity.

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rates at the date the transaction occurs.

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

The Hospital did not voluntarily change any of its accounting policies during 2017-18.

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted. The restated comparative amounts do not replace the original financial statements for the preceding period.

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

1.4 Taxation

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

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

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

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

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

1.5 Continuity of Operations

As at 30 June 2018, the Hospital had working capital deficiency of \$96.594 million (\$112.418 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

1.6 Equity

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

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

2. Objectives and activities

2.1 Objectives

The Hospital is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention, treatment, rehabilitation, teaching, research and achieving equitable health outcomes for all South Australians.

The Hospital is part of the SA Health portfolio providing health services for central Adelaide, including those managed on a State-wide basis, and is responsible to the Minister for Health and Wellbeing.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based quaternary care including medical, surgical and other acute services, rehabilitation, mental health and palliative care, dental, breast screening and other community health services to veterans and other persons living with in the central Adelaide metropolitan area and Statewide as appropriate.

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department for Health and Wellbeing (the Department) and is accountable to the Chief Executive Officer of the Department.

The Central Adelaide Local Health Network Health Advisory Council Incorporated was established pursuant to the Act. The Council's functions include advising, monitoring, providing strategic oversight, conferring and making recommendations to the Chief Executive of the Department and the Chief Executive of the Hospital. The Council has no powers to direct or make decisions with respect to the management and administration of the Hospital.

The Hospital is comprised of:

Royal Adelaide Hospital (RAH), Hampstead Rehabilitation Centre,
The Queen Elizabeth Hospital, St Margaret's Hospital, Pregnancy Advisory Centre
Statewide Clinical Support Services including SA Pathology, SA Medical Imaging, SA Pharmacy and Breast Screen SA
Donate Life
SA Dental Service
Glenside and community health
Primary Health Care Services
Prison Health SA

2.2 Administrative Restructure – Transferred in

Net assets assumed by the Hospital as a result of the administrative restructure are at the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to the transfer. The net assets transferred were treated as a contribution by the Government as owner.

2016-17

- Following an agreement between the Chief Executive Officers of CALHN and Northern Adelaide Local Health Network (NALHN), it was agreed to transfer assets associated with the Older Person's Mental Health Service from NALHN to CALHN effective 1 August 2016. This resulted in net assets of \$1.461 million transferred into the Parent; consisting of \$1.461 million plant and equipment.

2017-18

- There were no transfers in during this period.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

2.3 Administrative Restructure – Transferred out

Net assets transferred by the Hospital as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

2016-17

- There were no transfers out during this period.

2017-18

- In December 2017, the Chief Executives of CALHN, NALHN, SALHN and WCHN agreed that clinical services associated with an LHN be transferred from SA Pathology (a part of CALHN) to that respective LHN. This included the transfer of a total of 54 employees from CALHN to NALHN, SALHN and WCHN and budget funding of \$40,371 million over five years. The activities and functions transferred include the governance and control of clinical services by SA Pathology staff. Laboratory services will continue to be managed via an SLA between SA Pathology and the respective LHN. This resulted in net assets of \$2.300 million transferred out of the Parent, consisting of \$1.085 million cash and \$3.385 million leave entitlements. The effective date of transfer was 1 February 2018.

3. Staff benefits expenses

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	1,142,146	1,090,053	1,135,841	1,084,719
Targeted Voluntary Separation Packages (refer below)	7,420	993	7,420	993
Long Service Leave	23,406	19,446	23,299	19,371
Annual leave	105,195	100,788	104,904	100,551
Skills and Experience Retention Leave	5,001	5,017	5,001	5,017
Staff on-costs - superannuation*	114,185	108,564	113,593	108,030
Staff on-costs - other	339	279	5	-
Workers compensation**	10,605	3,119	10,568	3,085
Board and committee fees	154	172	101	126
Other staff related expenses	6,734	7,981	6,705	7,949
Total staff benefits expenses	1,415,185	1,336,412	1,407,437	1,329,841

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

** 2018 workers compensation expenditure includes statutory workers compensation obligations under the *Return to Work Act 2014* (\$7.868 million) and the new workers compensation non-statutory liability introduced in 2017-18 via various enterprise bargaining agreements and awards (\$2.737 million). Refer to note 27 for further information.

3.1 Targeted voluntary separation packages

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Amount paid to separated staff:				
Targeted Voluntary Separation Packages	7,420	993	7,420	993
Leave paid to those employees	1,977	502	1,977	502
Net cost to the Hospital	9,397	1,495	9,397	1,495

The number of staff who received a TVSP during the reporting period	101	13	101	13
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3.2 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the Chief Executive of the Department, Chief Executive Officer of the Hospital and the eight 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 SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*; and
- The Chief Executive of the Department (the Chief Executive of the Department is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses).

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Compensation	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Salaries and other short term employee benefits	2,922	2,761	2,450	2,455
Post-employment benefits	251	243	251	243
Other long-term employment benefits	14	-	14	-
Termination Benefits	239	681	239	681
Total	3,426	3,685	2,954	3,379

For those employees doing long term acting in KMP roles, only compensation for the period that they were acting is included.

3.3 Remuneration of staff

Remuneration of employees	Consolidated		Parent	
	2018	2017	2018	2017
The number of staff whose remuneration received or receivable falls within the following bands:	Total	Total	Total	Total
	Number	Number	Number	Number
\$147,000 - \$149,000*	n/a	30	n/a	30
\$149,001 - \$159,000	167	163	166	163
\$159,001 - \$169,000	107	117	107	117
\$169,001 - \$179,000	93	71	93	71
\$179,001 - \$189,000	76	63	76	62
\$189,001 - \$199,000	52	38	52	38
\$199,001 - \$209,000	39	47	37	46
\$209,001 - \$219,000	40	38	40	38
\$219,001 - \$229,000	36	29	36	29
\$229,001 - \$239,000	26	24	26	24
\$239,001 - \$249,000	24	28	24	28
\$249,001 - \$259,000	24	23	24	23
\$259,001 - \$269,000	27	17	27	17
\$269,001 - \$279,000	27	20	27	20
\$279,001 - \$289,000	12	23	12	23
\$289,001 - \$299,000	11	15	11	15
\$299,001 - \$309,000	14	22	14	21
\$309,001 - \$319,000	16	19	15	19
\$319,001 - \$329,000	14	18	14	18
\$329,001 - \$339,000	23	24	23	24
\$339,001 - \$349,000	19	19	19	19
\$349,001 - \$359,000	17	22	17	22
\$359,001 - \$369,000	14	18	14	18
\$369,001 - \$379,000	21	19	21	19
\$379,001 - \$389,000	14	14	14	14
\$389,001 - \$399,000	15	15	15	15
\$399,001 - \$409,000	14	15	14	15
\$409,001 - \$419,000	15	17	15	17
\$419,001 - \$429,000	18	11	18	11
\$429,001 - \$439,000	11	11	11	11
\$439,001 - \$449,000	11	18	11	18
\$449,001 - \$459,000	16	8	16	8
\$459,001 - \$469,000	9	17	9	17
\$469,001 - \$479,000	14	13	14	13
\$479,001 - \$489,000	13	6	13	6
\$489,001 - \$499,000	11	10	11	10
\$499,001 - \$509,000	10	5	10	5
\$509,001 - \$519,000	8	11	8	11
\$519,001 - \$529,000	8	5	8	5
\$529,001 - \$539,000	8	5	8	5
\$539,001 - \$549,000	7	9	7	9
\$549,001 - \$559,000	3	5	3	5
\$559,001 - \$569,000	8	5	8	5
\$569,001 - \$579,000	4	5	4	5
\$579,001 - \$589,000	8	16	8	16
\$589,001 - \$599,000	8	7	8	7
\$599,001 - \$609,000	9	6	9	6
\$609,001 - \$619,000	10	8	10	8

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	Consolidated		Parent	
	2018 Total Number	2017 Total Number	2018 Total Number	2017 Total Number
Remuneration of employees				
The number of staff whose remuneration received or receivable falls within the following bands:				
\$619,001 - \$629,000	4	3	4	3
\$629,001 - \$639,000	6	2	6	2
\$639,001 - \$649,000	4	5	4	5
\$649,001 - \$659,000	4	1	4	1
\$659,001 - \$669,000	-	1	-	1
\$669,001 - \$679,000	4	-	4	-
\$679,001 - \$689,000	-	1	-	1
\$689,001 - \$699,000	3	-	3	-
\$699,001 - \$709,000	2	1	2	1
\$719,001 - \$729,000	2	1	2	1
\$739,001 - \$749,000	-	1	-	1
\$749,001 - \$759,000	1	1	1	1
\$769,001 - \$779,000	1	1	1	1
\$779,001 - \$789,000	1	1	1	1
\$819,001 - \$829,000	-	1	-	1
\$829,001 - \$839,000	1	-	1	-
\$899,001 - \$909,000	1	-	1	-
\$959,001 - \$969,000	-	1	-	1
Total number of staff	1,185	1,170	1,181	1,167

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2016-17.

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

3.4 Remuneration of staff by classification

The total remuneration received by staff included above:

	Consolidated				Parent			
	2018		2017		2018		2017	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Medical (excluding Nursing)	1,013	307,710	968	291,471	1,013	307,710	968	291,471
Executive	23	5,425	26	6,857	21	4,953	26	6,857
Nursing	64	10,242	90	15,065	64	10,242	90	15,065
Non-medical (i.e. administration)	85	14,906	86	15,281	83	14,495	83	14,594
Total	1,185	338,283	1,170	328,674	1,181	337,400	1,167	327,987

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4. Supplies and services

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Administration	7,810	7,024	9,155	8,523
Advertising	826	829	658	693
Communication	3,430	3,387	3,341	3,301
Computing	24,323	19,736	23,941	19,438
Consultants	1,383	2,742	1,339	2,720
Contract of services	5,437	2,520	5,437	2,520
Contractors	11,458	19,811	11,404	19,779
Contractors - agency staff	55,771	33,993	55,771	33,976
Cost of goods sold	2,323	1,944	17	6
Drug supplies	213,927	206,429	213,927	206,429
Electricity, gas and fuel	21,073	11,909	21,025	11,870
Fee for service	42,199	24,977	42,199	24,977
Finance lease contingent rentals	2	20	2	20
Food supplies	5,559	9,219	5,559	9,219
Housekeeping	28,271	39,650	28,184	39,589
Insurance	10,572	10,096	10,524	10,047
Internal SA Health SLA payments	17,605	16,250	17,605	16,250
Interstate patient transfers	12	35	12	35
Legal	2,456	6,834	2,253	6,310
Medical, surgical and laboratory supplies	162,243	157,579	162,285	157,579
Minor equipment	13,455	15,271	13,443	15,258
Motor vehicle expenses	1,793	1,991	1,763	1,956
Occupancy rent and rates	18,961	17,926	18,705	17,729
Patient transport	9,321	8,895	9,321	8,895
Services from Shared Services SA	8,667	10,456	8,667	10,456
Postage	10,205	7,505	10,187	7,492
Printing and stationery	7,238	6,406	7,207	6,373
PPP operating expenses	61,786	1,580	61,786	1,580
Rental expense on operating lease	1,928	1,681	1,928	1,681
Repairs and maintenance	27,144	33,820	27,115	33,803
Security	15,975	12,722	15,975	12,722
Staff training and development	16,708	11,403	16,477	11,259
Staff travel expenses	4,997	8,027	4,849	7,931
Other supplies and services	34,157	25,429	33,254	24,689
Total supplies and services	849,015	738,096	845,315	735,105

Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term as it is representative of the pattern of benefits derived from the leased assets.

The aggregate benefit of lease incentives received by the Consolidated Entity in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Hospital's operations are managed as part of the State Government Insurance Program. The Hospital pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Hospital's financial statements.

Consultancies

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

	Consolidated				Parent			
	2018		2017		2018		2017	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	7	35	2	2	2	9	1	2
Above \$10,000	12	1,348	25	2,740	11	1,330	24	2,718
Total paid/payable to consultants engaged	19	1,383	27	2,742	13	1,339	25	2,720

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5. Grants and subsidies

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Recurrent grants	-	19	-	19
Subsidies	288	250	-	-
Funding to non-government organisations	4,647	5,153	4,647	5,153
Total grants and subsidies	4,935	5,422	4,647	5,172

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

6. Borrowing costs

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Finance lease costs	261,302	12,740	261,302	12,740
Total borrowing cost	261,302	12,740	261,302	12,740

Included in borrowing costs is a reduction in contingent rental amounts of \$5.168 million (\$nil).

The Consolidated Entity does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the profit and loss was \$261.302 million (\$12.740 million).

Included in finance charges on finance leases is \$260.791 million (\$12.192 million) which relates to interest on the Public Private Partnership (PPP) agreement for the Royal Adelaide Hospital. Refer to note 29.3.2 for further information.

7. Other expenses

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Bad and doubtful debts	17	(2,438)	5,521	(2,439)	5,491
Bank fees and charges		70	70	55	53
Donated assets expense		15,023	919	15,023	919
Impairment expense		13,837	30,726	13,837	30,726
Loss on revaluation of property, plant and equipment	21	17,617	-	17,617	-
Net loss on revaluation of investments		1,172	-	1,172	-
Royalty payments		10,355	11,590	10,355	11,590
Other*		4,284	2,513	4,117	2,336
Total other expenses		59,920	51,339	59,737	51,115

Donated assets expense includes transfer of property, plant and equipment and intangible assets and is recorded as expenditure at their fair value.

* Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.463 million (\$0.476 million) for the Consolidated Entity and \$0.403 million (\$0.414 million) for the Parent. No other services were provided by the Auditor-General's Department.

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8. Revenues from fees and charges

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Ambulance transport	60	147	60	147
Fines, fees and penalties	102	142	102	142
Insurance recoveries	218	318	218	318
Patient and client fees	238,332	230,044	227,343	221,066
Private practice fees	35,863	34,699	35,863	34,699
Recoveries	55,536	36,832	55,536	36,832
Sale of goods - medical supplies	705	183	705	196
Other user charges and fees	25,807	23,252	25,807	23,252
Total revenues from fees and charges	356,623	325,617	345,634	316,652

9. Grants and contributions

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	5,537	5,111	5,537	5,111
Pharmaceutical Benefits Scheme Commonwealth subsidy	157,918	181,540	157,918	181,540
Other SA Government grants and contributions	848	1,484	2,029	1,604
Private sector grants and contributions	18,279	15,446	18,279	15,446
Total grants and contributions	182,582	203,581	183,763	203,701

Contributions are recognised as an asset and income when the Hospital obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

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

Of the \$182.582 million (\$203.581 million) received in 2017-18, \$11.118 million (\$9.087 million) was provided for specific purposes, such as research and associated activities.

10. Interest revenues

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Bank interest	106	150	-	7
Interest on Special Purpose Funds	1,346	1,302	1,346	1,302
Total interest revenues	1,452	1,452	1,346	1,309

11. Resources received free of charge

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Land and buildings	2,326	-	2,326	-
Plant and equipment	452	4,018	452	4,018
Services	8,536	-	8,536	-
Total resources received free of charge	11,314	4,018	11,314	4,018

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

CALHN receives payroll, accounts payable and accounts receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging.

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

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

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Proceeds from disposal	-	-	-	-
Less net book value of assets disposed	(116)	(18,916)	(116)	(18,916)
Net gain/(loss) from disposal of land and buildings	(116)	(18,916)	(116)	(18,916)
Plant and equipment:				
Proceeds from disposal	55	16	55	-
Less net book value of assets disposed	(1,901)	(969)	(1,901)	(957)
Less other costs of disposal	(128)	-	(128)	-
Net gain/(loss) from disposal of plant and equipment	(1,974)	(953)	(1,974)	(957)
Intangibles:				
Proceeds from disposal	-	-	-	-
Less net book value of assets disposed	(61)	-	(61)	-
Net gain/(loss) from disposal of intangibles	(61)	-	(61)	-
Total assets:				
Proceeds from disposal	55	16	55	-
Less net book value of assets disposed	(2,078)	(19,885)	(2,078)	(19,873)
Less other costs of disposal	(128)	-	(128)	-
Total net gain/(loss) from disposal of assets	(2,151)	(19,869)	(2,151)	(19,873)

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

13. Other revenues/income

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	82	41	82	41
Dividend revenue	193	198	-	-
Royalty income	15,540	17,123	15,540	17,123
Training revenue	40	33	40	33
Donations	9,092	7,983	9,092	7,983
Gain on revaluation of investment property	-	845	-	-
Car parking revenue	4,146	3,386	4,146	3,386
Other	7,944	10,615	7,242	10,100
Total other revenues/income	37,037	40,224	36,142	38,666

14. Revenues from SA Government

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Capital funding	188,562	141,081	188,562	141,081
Recurrent funding	1,944,474	1,495,756	1,944,474	1,495,756
Total revenues from Department for Health and Wellbeing	2,133,036	1,636,837	2,133,036	1,636,837

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

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15. Unexpended funding commitments

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

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Organ Tissue Authority Grant	306	171	306	171
National Cervical Screening Program Grant	-	60	-	60
Abbott Inflammatory Bowel Disease Grant	-	100	-	100
Total unexpended funding commitments	306	331	306	331

16. Cash and cash equivalents

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand: non-government financial institutions	4,739	4,245	2,415	2,634
Deposits with Treasurer	154,666	83,852	154,666	83,852
Imprest account/cash on hand	23	28	23	28
Total cash	159,428	88,125	157,104	86,514

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.

Deposits with the Treasurer

The Hospital operates through the Department's two deposit accounts held with the Treasurer, one general operating account and one special purpose deposit account. The Hospital earns interest on the special deposit account and does not earn interest on the general operating account held with the Treasurer.

17. Receivables

Current	Note	Consolidated		Parent	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Patient/client fees: compensable		4,000	5,728	4,000	5,728
Patient/client fees: other		35,172	36,306	35,172	36,306
Debtors		12,054	15,483	10,310	14,284
Less: allowance for doubtful debts	17.1	(5,085)	(10,455)	(4,989)	(10,359)
Prepayments		993	776	808	605
Interest		20	32	-	-
Grants		124	5	124	5
Workers compensation provision recoverable		2,929	5,394	2,929	5,394
Sundry receivables and accrued revenue		21,152	16,540	20,997	16,389
GST input tax recoverable		1,738	1,830	1,813	1,895
Total current receivables		73,097	71,639	71,164	70,247
Non-current					
Debtors		379	140	379	140
Workers compensation provision recoverable		5,728	3,147	5,728	3,147
GST input tax recoverable		788	861	788	861
Total non-current receivables		6,895	4,148	6,895	4,148
Total receivables		79,992	75,787	78,059	74,395

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17.1 Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	10,455	9,551	10,359	9,464
Amounts written off	(2,102)	(2,182)	(2,102)	(2,182)
Increase/(Decrease) in allowance recognised in the profit or loss	(3,268)	3,086	(3,268)	3,077
Carrying amount at the end of the period	5,085	10,455	4,989	10,359

17.2 Interest rate and credit risk

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.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, 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.

Refer to note 35 for further information on risk management.

18. Other financial assets

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits	2,356	2,800	821	803
Other investments	6,452	9,479	2,890	4,062
Total current investments	8,808	12,279	3,711	4,865
Non-current				
Term deposits	1,618	1,618	-	-
Other investments	423	383	1,150	1,150
Total non-current investments	2,041	2,001	1,150	1,150
Total investments	10,849	14,280	4,861	6,015

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value. As at 30 June 2003 after the completion of construction of the RAH Car park the remaining unexpended funds received from the private financier were invested to satisfy the Capital Reserve Fund and Insurance Fund requirements as specified in the car park agreement and are reflected in the term deposits. Other investments includes shares in other corporations, floating rate notes, listed securities and managed funds.

Refer to note 35 for further information on risk management.

19. Inventories

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Drug supplies	12,484	12,402	12,484	12,402
Inventory imprest stock	8,248	6,983	8,248	6,983
Other	389	367	111	152
Total current inventories - held for distribution	21,121	19,752	20,843	19,537

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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.

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

20.1 Acquisition and recognition of non-current assets

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

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

20.2 Depreciation and amortization of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/ amortised over their useful lives in a manner that reflects the consumption of their service potential.

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed on an annual basis. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land and non current assets held for sale are not depreciated.

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

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements including Finance Lease	30 - 200
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment	3 - 5
• Vehicles	2 - 25
• Finance Lease	Life of lease
• Other plant and equipment	3 - 25
Intangible Assets	
• Other Intangible assets	5 - 10

20.3 Revaluation

All non-current tangible assets are valued at fair value (written down current cost).

The Hospital revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer. A triennial revaluation of other non-current assets by a Certified Practicing Valuer is only performed when the asset's fair value at the time of acquisition is greater than \$1 million and the estimated useful life exceeds three years.

If at any time management considers that the carrying amount of an asset greater than \$1 million materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair-value.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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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20.4 Impairment

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

Impairment event

In September 2017, Cabinet approved a submission from the Minister for Housing and Urban Development for the transfer of a number of properties within the old RAH site to the Urban Renewal Authority at nil consideration. These properties had been specifically excluded from the footprint of properties previously impaired at the old RAH site during 2016-17, and have been further impaired to nil value during 2017-18 as the carrying amount of the assets exceeds the amount recoverable on disposal to the Urban Renewal Authority.

20.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are 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 useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

20.6 Valuation of land and building

An independent valuation of land and buildings, including site improvements, was performed in March 2018 by a Certified Practising Valuer from Jones Lang Lasalle (SA) Pty Ltd, as at 1 June 2018. This valuation excludes the new Royal Adelaide Hospital buildings, which were valued at the time of commercial acceptance on 13 June 2017.

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

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

20.7 Valuation of plant and equipment

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

The Hospital's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2018, based on independent valuations performed by a Certified Practising Valuer from Jones Lang Lasalle (SA) Pty Ltd.

20.8 Valuation of investment property

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

The valuation of the investment property located at Dalglish Street, Thebarton was performed by a Certified Practising Valuer from Knight Frank Valuations as at June 2017. The valuer arrived at a fair value based on recent market transactions for similar properties in the area taking in to account zoning and restricted use.

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

Amounts recognised in profit or loss

The Hospital recognised rental income from investment property during the period of \$0.432 million (\$0.425 million).

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21. Reconciliation of property, plant and equipment and investment property

The following table shows the movement:

Consolidated 2017-18	Land and buildings:				Plant and equipment:							Investment property \$'000	Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000				
Carrying amount at the beginning of the period	134,602	288,405	2,550,956	9,277	17,500	53,760	5,592	258,249	102,116	4,670	3,425,127		
Additions	-	-	-	63,254	-	4,161	368	-	55,823	-	123,606		
Assets received free of charge	-	2,326	-	-	-	452	-	-	-	-	2,778		
Disposals	-	-	-	-	(116)	(1,572)	(305)	-	(23)	-	(2,016)		
Donated assets disposal	(3,050)	(11,973)	-	-	-	-	-	-	-	-	(15,023)		
Transfers between asset classes	-	2,953	59,342	(60,381)	2,987	122,603	26,538	-	(150,936)	-	3,106		
Subtotal:	131,552	281,711	2,610,298	12,150	20,371	179,404	32,193	258,249	6,980	4,670	3,537,578		
Gains/(losses) for the period recognised in net result:													
Depreciation and amortisation	-	(24,969)	(38,160)	-	(1,347)	(34,801)	(8,259)	(7,400)	-	-	(114,936)		
Revaluation increment / (decrement)	(17,617)	-	-	-	-	-	-	-	-	-	(17,617)		
Impairment (losses) / reversals	-	(13,837)	-	-	-	-	-	-	-	-	(13,837)		
Subtotal:	(17,617)	(38,806)	(38,160)	-	(1,347)	(34,801)	(8,259)	(7,400)	-	-	(146,390)		
Gains/(losses) for the period recognised in other comprehensive income:													
Revaluation increment / (decrement)	-	44,829	-	-	-	2,296	-	-	-	-	47,125		
Impairment (losses) / reversals	-	-	-	-	-	-	-	-	-	-	-		
Subtotal:	-	44,829	-	-	-	2,296	-	-	-	-	47,125		
Carrying amount at the end of the period*	113,935	287,734	2,572,138	12,150	19,024	146,899	23,934	250,849	6,980	4,670	3,438,313		
Gross carrying amount													
Gross carrying amount	113,935	289,901	2,610,298	12,150	28,056	259,229	40,918	258,249	6,980	4,670	3,624,386		
Accumulated depreciation / amortisation	-	(2,167)	(38,160)	-	(9,032)	(112,330)	(16,984)	(7,400)	-	-	(186,073)		
Carrying amount at the end of the period	113,935	287,734	2,572,138	12,150	19,024	146,899	23,934	250,849	6,980	4,670	3,438,313		

* Included in carrying amount at the end of the period is buildings under finance lease of nil (\$18.377 million). All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment properties and land valued at \$4.670 million (\$3.825 million) (classified as level 2) and capital works in progress (not classified).

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Consolidated

2016-17

	Land and buildings:				Plant and equipment:							Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000		
Carrying amount at the beginning of the period	164,776	323,313	-	90,022	15,539	57,612	5,742	-	45,459	3,825	706,288	
Additions	-	-	2,500,822	48,749	-	4,988	284	258,249	33,044	-	2,846,136	
Assets received free of charge	-	-	-	-	-	4,018	-	-	-	-	4,018	
Disposals	-	-	-	(18,916)	-	(686)	(233)	-	(52)	-	(19,887)	
Donated assets disposal	(310)	(609)	-	-	-	-	-	-	-	-	(919)	
Acquisition / (disposal) through administrative restructuring	-	-	-	-	1,461	-	-	-	-	-	1,461	
Transfers between asset classes	-	11	50,134	(110,578)	1,431	3,947	744	-	23,665	-	(30,646)	
Other movements	-	-	-	-	-	(192)	-	-	-	-	(192)	
Subtotal:	164,466	322,715	2,550,956	9,277	18,431	69,687	6,537	258,249	102,116	3,825	3,506,259	
Gains/(losses) for the period recognised in net result:												
Depreciation and amortisation	-	(26,701)	-	-	(931)	(15,927)	(945)	-	-	-	(44,504)	
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	845	845	
Impairment (losses) / reversals	(23,117)	(7,609)	-	-	-	-	-	-	-	-	(30,726)	
Subtotal:	(23,117)	(34,310)	-	-	(931)	(15,927)	(945)	-	-	845	(74,385)	
Gains/(losses) for the period recognised in other comprehensive income:												
Revaluation increment / (decrement)	1,636	-	-	-	-	-	-	-	-	-	1,636	
Impairment (losses) / reversals	(8,383)	-	-	-	-	-	-	-	-	-	(8,383)	
Subtotal:	(6,747)	-	-	-	-	-	-	-	-	-	(6,747)	
Carrying amount at the end of the period*	134,602	288,405	2,550,956	9,277	17,500	53,760	5,592	258,249	102,116	4,670	3,425,127	
Gross carrying amount												
Gross carrying amount	134,602	341,636	2,550,956	9,277	24,973	182,964	15,597	258,249	102,116	4,670	3,625,040	
Accumulated depreciation / amortisation	-	(53,231)	-	-	(7,473)	(129,204)	(10,005)	-	-	-	(199,913)	
Carrying amount at the end of the period	134,602	288,405	2,550,956	9,277	17,500	53,760	5,592	258,249	102,116	4,670	3,425,127	

* Included in carrying amount at the end of the period is buildings under finance lease of \$18.377 million (\$19.300 million). All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment properties and land valued at \$4.670 million (\$4.670 million) (classified as level 2) capital works in progress (not classified).

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Parent 2017-18	Land and buildings:				Plant and equipment:						
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	134,602	288,405	2,550,956	9,277	17,500	53,761	5,266	258,249	102,078	-	3,420,094
Additions	-	-	-	63,254	-	4,160	27	-	55,728	-	123,169
Assets received free of charge	-	2,326	-	-	-	452	-	-	-	-	2,778
Disposals	-	-	-	-	(116)	(1,572)	(305)	-	(23)	-	(2,016)
Donated assets disposal	(3,050)	(11,973)	-	-	-	-	-	-	-	-	(15,023)
Transfers between asset classes	-	2,953	59,342	(60,381)	2,987	122,603	26,538	-	(150,936)	-	3,106
Subtotal:	131,552	281,711	2,610,298	12,150	20,371	179,404	31,526	258,249	6,847	-	3,532,108
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(24,969)	(38,160)	-	(1,347)	(34,801)	(8,058)	(7,400)	-	-	(114,735)
Revaluation increment / (decrement)	(17,617)	-	-	-	-	-	-	-	-	-	(17,617)
Impairment (losses) / reversals	-	(13,837)	-	-	-	-	-	-	-	-	(13,837)
Subtotal:	(17,617)	(38,806)	(38,160)	-	(1,347)	(34,801)	(8,058)	(7,400)	-	-	(146,189)
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	-	44,829	-	-	-	2,296	-	-	-	-	47,125
Impairment (losses) / reversals	-	-	-	-	-	-	-	-	-	-	-
Subtotal:	-	44,829	-	-	-	2,296	-	-	-	-	47,125
Carrying amount at the end of the period*	113,935	287,734	2,572,138	12,150	19,024	146,899	23,468	250,849	6,847	-	3,433,044
Gross carrying amount											
Gross carrying amount	113,935	289,901	2,610,298	12,150	28,056	259,229	39,226	258,249	6,847	-	3,617,891
Accumulated depreciation / amortisation	-	(2,167)	(38,160)	-	(9,032)	(112,330)	(15,758)	(7,400)	-	-	(184,847)
Carrying amount at the end of the period	113,935	287,734	2,572,138	12,150	19,024	146,899	23,468	250,849	6,847	-	3,433,044

* Included in carrying amount at the end of the period is buildings under finance lease of nil (\$18.377 million). All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified).

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Parent 2016-17	Land and buildings:				Plant and equipment:						
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment property \$'000	Total \$'000
Carrying amount at the beginning of the period	164,776	323,313	-	90,022	15,539	57,612	5,508	-	45,436	-	702,206
Additions	-	-	2,500,822	48,749	-	4,988	53	258,249	33,029	-	2,845,890
Assets received free of charge	-	-	-	-	-	4,018	-	-	-	-	4,018
Disposals	-	-	-	(18,916)	-	(685)	(221)	-	(52)	-	(19,874)
Donated assets disposal	(310)	(609)	-	-	-	-	-	-	-	-	(919)
Acquisition / (disposal) through administrative restructuring	-	-	-	-	1,461	-	-	-	-	-	1,461
Transfers between asset classes	-	11	50,134	(110,578)	1,431	3,947	744	-	23,665	-	(30,646)
Other movements	-	-	-	-	-	(192)	-	-	-	-	(192)
Subtotal:	164,466	322,715	2,550,956	9,277	18,431	69,688	6,084	258,249	102,078	-	3,501,944
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(26,701)	-	-	(931)	(15,927)	(818)	-	-	-	(44,377)
Impairment (losses) / reversals	(23,117)	(7,609)	-	-	-	-	-	-	-	-	(30,726)
Subtotal:	(23,117)	(34,310)	-	-	(931)	(15,927)	(818)	-	-	-	(75,103)
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	1,636	-	-	-	-	-	-	-	-	-	1,636
Impairment (losses) / reversals	(8,383)	-	-	-	-	-	-	-	-	-	(8,383)
Subtotal:	(6,747)	-	-	-	-	-	-	-	-	-	(6,747)
Carrying amount at the end of the period*	134,602	288,405	2,550,956	9,277	17,500	53,761	5,266	258,249	102,078	-	3,420,094
Gross carrying amount											
Gross carrying amount	134,602	341,636	2,550,956	9,277	24,973	182,965	14,247	258,249	102,078	-	3,618,983
Accumulated depreciation / amortisation	-	(53,231)	-	-	(7,473)	(129,204)	(8,981)	-	-	-	(198,889)
Carrying amount at the end of the period	134,602	288,405	2,550,956	9,277	17,500	53,761	5,266	258,249	102,078	-	3,420,094

* Included in carrying amount at the end of the period is buildings under finance lease of \$18.377 million (\$19.300 million). All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified).

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22. Reconciliation of intangible assets

The following table shows the movement:

Consolidated

	2017-18			2016-17		
	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	26,856	38,740	65,596	11,904	18,814	30,718
Additions	-	2,890	2,890	-	7,193	7,193
Disposals	(61)	-	(61)	-	-	-
Amortisation	(9,476)	-	(9,476)	(2,961)	-	(2,961)
Transfers between asset classes	34,637	(37,743)	(3,106)	17,913	12,733	30,646
Carrying amount at the end of the period	51,956	3,887	55,843	26,856	38,740	65,596
Gross carrying amount						
Gross carrying amount	70,071	3,887	73,958	36,087	38,740	74,827
Accumulated amortisation	(18,115)	-	(18,115)	(9,231)	-	(9,231)
Carrying amount at the end of the period	51,956	3,887	55,843	26,856	38,740	65,596
Parent						
Carrying amount at the beginning of the period	26,856	38,740	65,596	11,904	18,814	30,718
Additions	-	2,890	2,890	-	7,193	7,193
Disposals	(61)	-	(61)	-	-	-
Amortisation	(9,476)	-	(9,476)	(2,961)	-	(2,961)
Transfers between asset classes	34,637	(37,743)	(3,106)	17,913	12,733	30,646
Carrying amount at the end of the period	51,956	3,887	55,843	26,856	38,740	65,596
Gross carrying amount						
Gross carrying amount	70,071	3,887	73,958	36,087	38,740	74,827
Accumulated amortisation	(18,115)	-	(18,115)	(9,231)	-	(9,231)
Carrying amount at the end of the period	51,956	3,887	55,843	26,856	38,740	65,596

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23. Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

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

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

In determining fair value, the Hospital has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 21 and 23.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

23.1 Fair value hierarchy

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

Fair value measurements at 30 June 2018

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements (Note 21)						
Land	-	113,935	113,935	-	113,935	113,935
Buildings and improvements	-	2,859,872	2,859,872	-	2,859,872	2,859,872
Leasehold improvements	-	19,024	19,024	-	19,024	19,024
Plant and equipment	-	421,682	421,682	-	421,216	421,216
Investment property	4,670	-	4,670	-	-	-
Total recurring fair value measurements	4,670	3,414,513	3,419,183	-	3,414,047	3,414,047

Fair value measurements at 30 June 2017

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements (Note 21)						
Land	-	134,602	134,602	-	134,602	134,602
Buildings and improvements	-	2,839,361	2,839,361	-	2,839,361	2,839,361
Leasehold improvements	-	17,500	17,500	-	17,500	17,500
Plant and equipment	-	317,601	317,601	-	317,276	317,276
Investment property	4,670	-	4,670	-	-	-
Total recurring fair value measurements	4,670	3,309,064	3,313,734	-	3,308,739	3,308,739

There are no non-recurring fair value measurements.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive Level 2 and 3 fair values are at note 21 and 23.2.

During 2018 and 2017, the Hospital had no valuations categorised into Level 1; there were no transfers of assets between Level 1 and 2 fair value hierarchy levels in 2017-18.

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23.2 Valuation techniques and inputs

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

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

Unobservable inputs used to arrive at final valuation figures included:

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

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

24. Payables

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	71,388	63,816	70,375	63,214
Paid Parental Leave Scheme	27	135	27	135
Staff on-costs*	20,263	16,875	20,213	16,835
Other payables	3,924	5,188	3,924	5,188
Total current payables	95,602	86,014	94,539	85,372
Non-current				
Creditors and accrued expenses	529	410	529	410
Staff on-costs*	8,236	9,832	8,236	9,832
Total non-current payables	8,765	10,242	8,765	10,242
Total payables	104,367	96,256	103,304	95,614

*Staff on-costs include superannuation contributions. The Hospital makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and externally managed superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the portion of long service leave taken as leave has decreased from the 2017 rate of 48% to 35%. Mercer Consulting (Australia) Pty Ltd has determined that the average factors for the calculation of employer superannuation cost on-costs has increased from the 2017 rate of 9.62% to 9.88%. These rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is a decrease in the employment on-cost of \$2.715 million and employee benefits expense of \$2.715 million. The estimated impact on 2019 and 2020 is \$2.823 million and \$2.936 million respectively.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Hospital.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/ received.

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

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owed. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Staff on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Refer to note 35 for further information on risk management.

25. Borrowings

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current					
Finance lease	29.3	61,553	31,973	61,553	31,973
Total current borrowings		61,553	31,973	61,553	31,973
Non-current					
Finance lease	29.3	2,698,866	2,749,519	2,698,866	2,749,519
Total non-current borrowings		2,698,866	2,749,519	2,698,866	2,749,519
Total borrowings		2,760,419	2,781,492	2,760,419	2,781,492

The decrease in the finance lease liability of \$21.073 million arises from a decrease in financing cash flows of \$31.974 million less interest expense of \$10.901 million.

The Hospital measures financial liabilities including borrowings/debt at historical cost.

Refer to note 35 for further information on risk management.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

26. Staff benefits

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Annual leave	127,603	116,501	127,321	116,271
Long service leave	19,490	18,370	19,164	18,106
Accrued salaries and wages	34,769	29,015	34,501	28,767
Fringe benefits tax	9	10	-	-
Skills and experience retention leave	10,308	10,647	10,308	10,647
Other	38	89	38	89
Total current staff benefits	192,217	174,632	191,332	173,880
Non-current				
Long service leave	242,300	228,923	242,281	228,897
Total non-current staff benefits	242,300	228,923	242,281	228,897
Total staff benefits	434,517	403,555	433,613	402,777

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

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

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and SERL liability are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave, as all sick leave is non-vesting, and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

26.2 Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method. AASB 119 contains the calculation methodology for long service leave liability.

The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health sector across government.

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave.

AASB 119 requires the use of a yield on long-term Commonwealth Government bonds which matches the expected duration of the liabilities as the discount rate in the measurement of the long service leave liability.

The appropriate yield on long-term Commonwealth Government bonds has increased from 2017 rate of 2.51% to 2.69%. This increase in the bond yield, which is used as the rate to discount future LSL cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes in the bond yield in the current year is a decrease in the reported long service leave liability of \$4.808 million and employee benefits expense of \$4.975 million. This decrease has largely been offset by changes to the assumptions associated with the duration of the liability resulting in an overall net increase in the reported long service leave liability relative to 2017. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4.0% for long service leave and 3.00% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

27. Provisions

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current					
Workers compensation	27.1	7,686	9,791	7,686	9,791
Total current provisions		7,686	9,791	7,686	9,791
Non-current					
Workers compensation	27.1	18,523	12,255	18,523	12,255
Total non-current provisions		18,523	12,255	18,523	12,255
Total provisions		26,209	22,046	26,209	22,046

27.1 Workers Compensation

Workers compensation statutory provision

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

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Although the Department provides funds to the Hospital for the settlement of lump sum and redemption payments, the cost of these claims, together with other claim costs, are met directly by the Hospital and are thus reflected as an expense from ordinary activities in the Statement of Comprehensive Income.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers compensation non-statutory provision

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

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, for the first time, as at 30 June 2018 provided by a consulting actuary (PricewaterhouseCoopers) engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2018 the Hospital recognised a workers compensation non-statutory provision of \$2.737 million, as this provision was introduced in 2017-18 there are no comparatives available.

Reconciliation of workers compensation (statutory and non-statutory)

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	22,046	28,197	22,046	28,197
Increase in provisions recognised	4,895	-	4,895	-
Reductions arising from payments/other sacrifices of future economic benefits	(732)	(2,251)	(732)	(2,251)
Reductions resulting from re-measurement or settlement without cost	-	(3,900)	-	(3,900)
Carrying amount at the end of the period	26,209	22,046	26,209	22,046

28. Other liabilities

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Unclaimed monies	1	26	1	26
Unearned revenue	1,361	1,142	1,361	1,142
Lease incentive	160	160	160	160
Other	468	475	468	475
Total current other liabilities	1,990	1,803	1,990	1,803
Non-current				
Unearned revenue	690	774	690	774
Lease incentive	1,149	1,246	1,149	1,246
Other	835	714	835	714
Total non-current other liabilities	2,674	2,734	2,674	2,734
Total other liabilities	4,664	4,537	4,664	4,537

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29. Unrecognised contractual commitments

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

29.1 Operating lease revenue commitments

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:				
Within one year	727	462	-	-
Later than one year but not longer than five years	925	-	-	-
Total operating lease revenue commitments	1,652	462	-	-

29.2 Operating lease expenditure commitments

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	9,649	10,190	9,463	10,155
Later than one year but not longer than five years	21,684	25,512	21,484	25,499
Later than five years	17,697	21,028	17,697	21,028
Total operating lease commitments	49,030	56,730	48,644	56,682

Representing:

Non-cancellable operating leases	49,030	56,730	48,644	56,682
Total operating lease commitments	49,030	56,730	48,644	56,682

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

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

29.3 Finance lease liabilities commitments

29.3.1 Finance lease liability commitments - RAH car park

Future minimum lease payments for the Hospital under finance lease and hire purchase contracts together with the present value of net minimum lease payments for the RAH car park are as follows:

	2018		2017	
	Minimum lease payments \$'000	Present value of lease payments \$'000	Minimum lease payments \$'000	Present value of lease payments \$'000
Within one year	2,186	803	2,135	759
Later than one year but not longer than five years	8,743	3,704	8,540	3,502
Later than five years	9,290	4,962	11,208	5,967
Total minimum lease payments	20,219	9,469	21,883	10,228
Less future finance lease charges and contingent rentals	(10,750)		(11,655)	
Total finance lease commitments	9,469	9,469	10,228	10,228

Included in finance lease commitments above is \$0.861 million (\$0.930 million) which is the GST component of the finance lease commitments.

The Hospital has entered into a finance lease for buildings and improvements with a carrying amount that has been impaired to nil during the year (\$18.377 million). The lease is non-cancellable. Rent is payable in arrears.

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29.3.2 Finance lease liability commitments - new RAH building and plant and equipment

Future minimum lease payments for the Consolidated Entity under the PPP arrangement together with the present value of net minimum lease payments for the buildings and plant and equipment at the new RAH are as follows:

	2018		2017	
	Minimum lease payments \$'000	Present value of lease payments \$'000	Minimum lease payments \$'000	Present value of lease payments \$'000
Within one year	313,286	292,851	288,032	268,782
Later than one year but not longer than five years	1,228,958	902,875	1,237,880	913,750
Later than five years	6,595,741	1,555,224	6,900,108	1,588,732
Total minimum lease payments	8,137,985	2,750,950	8,426,020	2,771,264
Less future finance lease charges and contingent rentals	(5,387,035)		(5,654,756)	
Total finance lease commitments	2,750,950	2,750,950	2,771,264	2,771,264

There is nil GST in the finance lease commitments above.

A 35 year contract was entered into in June 2011 with SA Health Partnership Consortium now trading as Celsus to finance, design, build, operate and maintain the new Royal Adelaide Hospital (RAH). Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. This arrangement is referred to as a Public Private Partnership (PPP). Commercial acceptance was achieved on 13 June 2017.

Under the PPP agreement, the Hospital pays the operator over the period of the arrangement, subject to specified performance criteria being met.

The PPP costs are disclosed as:

- a component accounted for as finance lease payment for the buildings and furniture, fitting and equipment provided under the agreement; and
- a component related to the ongoing operation and maintenance of the facilities accounted for as PPP Operating Costs, which are expensed in the Statement of Comprehensive Income.

At the conclusion of the contract in 2046, the Hospital will take ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Included in the Statement of Financial Position as:				
Current borrowings (Note 25)	61,553	31,973	61,553	31,973
Non-current borrowings (Note 25)	2,698,866	2,749,519	2,698,866	2,749,519
Total included in borrowings	2,760,419	2,781,492	2,760,419	2,781,492

29.4 Expenditure commitments

29.4.1 Capital commitments

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:				
Within one year	10,374	63,959	10,374	35,442
Total capital commitments	10,374	63,959	10,374	35,442

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

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29.4.2 Other expenditure commitments

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Within one year	91,106	89,562	91,106	89,562
Later than one year but not longer than five years	315,411	307,382	315,411	307,382
Later than five years	2,523,411	2,605,206	2,523,411	2,605,206
Total other expenditure commitments	2,929,928	3,002,150	2,929,928	3,002,150
Less contingent rentals	(1,190,781)	(1,200,858)	(1,190,781)	(1,200,858)
Total finance lease commitments	1,739,147	1,801,292	1,739,147	1,801,292

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

Included in other expenditure commitments above is \$2,912.588 million (\$2,984.055 million), including contingent rentals, which relates directly to the PPP operations and maintenance commitments.

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2018 have not been quantified.

30. 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. Contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not recoverable or payable the contingencies are disclosed on a gross basis.

30.1 Contingent Assets

The new RAH project is being delivered under a public-private partnership agreement with Celsus. The new RAH PPP agreement contains a number of indexation elements which relate to adjustments to certain service payments i.e. interest rate and refinancing service payment adjustments. Where the indexation element is closely related to a lease contract, such as the interest rate payment adjustment, it is not required to be separately accounted for as a derivative. The change in interest rate is accounted for as a contingent rental and expensed in the period incurred.

Like the interest rate service payment adjustment, the refinancing element is an embedded derivative. However the economic characteristics and risks of this embedded derivative are not closely related to the lease contract and are required to be accounted for separately in the financial statements. The refinancing element could be considered akin to a purchase option in that the Hospital benefits from a portion of gains without exposure to any of the losses. The valuation of this derivative would be derived via the present value of the estimated future cash flows over the life of the project based on observable interest yield curves, basis spread, credit spreads and option pricing models, as appropriate, adjusted for Celsus's credit risk, (i.e. forward curve of credit risk margin).

The estimated value of the contingent asset is unable to be fully determined because of the following uncertain future events that will have an impact on Celsus's credit margin:

- Celsus's credit risk profiling and the number of times Celsus will refinance during the term of the PPP arrangement.
- The type of finance Celsus sources e.g. short term debt from the banking market vs longer term debt potentially sourced via a private placement.
- Uncertainty around the margin negotiated and whether it will be higher or lower than those assumed margins in the financial modelling.
- Whether the State Government will make a Capital Contribution during the first or any refinancing points.
- The lodgement and resolution of any claims under the PPP Agreement.

30.2 Contingent Liabilities

On 1 August 2017, Hansen Yuncken Pty Ltd and CBP Contractors Pty Ltd (formerly known as Leighton Contractors Pty Ltd) filed legal proceedings in the Federal Court of Australia against Celsus Pty Ltd (formerly known as SA Health Partnership Nominees Pty Ltd), independent certifier Donald Cant Watts Corke Pty Ltd and the Crown in right of the State of South Australia for alleged breaches of contract in relation to the construction of the new Royal Adelaide Hospital. In December 2017 the respondents to the builder's Federal Court proceedings successfully obtained a stay of the proceedings pending the outcome of an arbitration process. At the time of this Report, the arbitration process was still in progress. It is not possible to estimate the dollar effect of this claim or whether it will be successful.

On 5 June 2018, Spotless issued Celsus with three Notices of Dispute relating to operational matters. On the same day, Celsus issued corresponding Notices of Dispute to the State. At the time of this Report, the parties are discussing these operational matters. It is not possible to estimate the dollar effect of these disputes.

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30.3 Guarantees

The Hospital has made no guarantees.

31. Related party transactions

The Consolidated Entity is controlled by the SA Government.

Related parties of the Consolidated Entity 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.

31.1 Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In addition, the Consolidated Entity received funding from the SA Government via the Department (note 14), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, inter-health staff recharging, insurance and computing (note 4 and 33). The Department transferred capital works in progress of \$11.749 million (\$2.230 million) to the Consolidated Entity. The Consolidated Entity incurred expenditure with the Department of Planning, Transport and Infrastructure (DPTI) of \$4.739 million (\$2.710 million) which largely reflects occupancy rent and rates (note 4 and 33). As at 30 June the outstanding balance payable to DPTI was \$2.462 million (\$3.835 million) and the value of unrecognised contractual expenditure commitments with DPTI was \$1.072 million (\$2.662 million).

Quantitative information about transactions and balances between the Consolidated Entity and other SA Government controlled entities is disclosed at note 33.

In addition, the Consolidated Entity has lease arrangements (both as lessee and as lessor) with other SA Government controlled entities. The premises are provided/received at nil or nominal rental with outgoings such as utilities being paid by the lessee.

31.2 Transactions with Key Management Personnel and other related parties

Compensation of key management personnel is disclosed in note 3.2.

The Hospital did not enter into any material transactions with key management personnel or their close family in 2017-18 that were not consistent with normal procurement arrangements.

32. Interests in other entities

Controlled Entities

Central Adelaide Local Health Network Incorporated has a 100% interest (1,150,000 shares) in Medvet. Medvet is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia.

Joint arrangements

The Hospital participates in the following joint operations:

Name of arrangement	Nature of the arrangement	Principal activity	Location	Interest
Centre for Cancer Biology Alliance	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Undertake health and medical research in South Australia as an integrated clinical, educational and research activity, with a focus on cancer research.	Adelaide SA	50%

Structured entities

The Hospital participates in the unconsolidated structured entity, CTM@CRC Ltd - the CRC for Cell Therapy Manufacturing (CTM). CTM is a cooperative research centre designed to implement research to provide new treatments and develop new materials-based manufacturing technologies to increase the accessibility, affordability and efficacy of cell therapies for previously incurable, or difficult to treat diseases.

CTM is funded by cash and in-kind resources from a number of partners in the health and research sectors throughout Australia in addition to a \$20.000 million grant from the Australian Government. CTM's headquarters are at the University of South Australia's Mawson Lakes campus.

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33. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities of the Parent where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
EXPENSE						
3 Staff benefits expenses	3,858	4,275	1,403,579	1,325,566	1,407,437	1,329,841
4 Supplies and services	144,345	137,778	700,970	597,327	845,315	735,105
Administration	2,450	2,235	6,705	6,288	9,155	8,523
Advertising	168	352	490	341	658	693
Communication	808	971	2,533	2,330	3,341	3,301
Computing	15,799	15,388	8,142	4,050	23,941	19,438
Consultants	-	-	1,339	2,720	1,339	2,720
Contract of services	-	-	5,437	2,520	5,437	2,520
Contractors	379	414	11,025	19,365	11,404	19,779
Contractors - agency staff	6,539	5,208	49,232	28,768	55,771	33,976
Cost of goods sold	-	-	17	6	17	6
Drug supplies	3,440	1,672	210,487	204,757	213,927	206,429
Electricity, gas and fuel	320	221	20,705	11,649	21,025	11,870
Fee for service	1,157	1,184	41,042	23,793	42,199	24,977
Finance lease contingent rentals	-	11	2	9	2	20
Food supplies	316	343	5,243	8,876	5,559	9,219
Housekeeping	2,299	2,298	25,885	37,291	28,184	39,589
Insurance	9,989	9,423	535	624	10,524	10,047
Internal SA Health SLA payments	17,605	16,250	-	-	17,605	16,250
Interstate patient transfers	-	-	12	35	12	35
Legal	1,043	2,181	1,210	4,129	2,253	6,310
Medical, surgical and laboratory supplies	34,167	32,629	128,118	124,950	162,285	157,579
Minor equipment	1,457	1,466	11,986	13,792	13,443	15,258
Motor vehicle expenses	1,628	1,855	135	101	1,763	1,956
Occupancy rent and rates	9,721	8,280	8,984	9,449	18,705	17,729
Patient transport	7,702	7,161	1,619	1,734	9,321	8,895
Services from Shared Services SA	8,667	10,456	-	-	8,667	10,456
Postage	96	93	10,091	7,399	10,187	7,492
Printing and stationery	1,352	1,741	5,855	4,632	7,207	6,373
PPP operating expenses	-	-	61,786	1,580	61,786	1,580
Rental expense on operating lease	685	701	1,243	980	1,928	1,681
Repairs and maintenance	12,115	11,173	15,000	22,630	27,115	33,803
Security	285	248	15,690	12,474	15,975	12,722
Staff training and development	92	30	16,385	11,229	16,477	11,259
Staff travel expenses	12	7	4,837	7,924	4,849	7,931
Other supplies and services	4,054	3,787	29,200	20,902	33,254	24,689
Depreciation and amortisation expense	-	-	124,211	47,338	124,211	47,338
5 Grants and subsidies	-	-	4,647	5,172	4,647	5,172
Recurrent grants	-	-	-	19	-	19
Funding to non-government organisations	-	-	4,647	5,153	4,647	5,153
6 Borrowing costs	-	-	261,302	12,740	261,302	12,740
12 Net loss from disposal of non-current and other assets	-	-	2,151	19,873	2,151	19,873
Total proceeds from disposal	-	-	(55)	-	(55)	-
Less total value of assets disposed	-	-	2,078	19,873	2,078	19,873
Less other costs of disposal	-	-	128	-	128	-
7 Other expenses	9,471	7,979	50,266	43,136	59,737	51,115
Bad and doubtful debts	-	-	(2,439)	5,491	(2,439)	5,491
Bank fees and charges	(152)	-	207	53	55	53
Donated assets expense	3,050	919	11,973	-	15,023	919
Impairment expense	-	-	13,837	30,726	13,837	30,726
Loss on revaluation of property, plant and equipment	-	-	17,617	-	17,617	-
Net loss on revaluation of investments	-	-	1,172	-	1,172	-
Royalty payments	4,128	5,246	6,227	6,344	10,355	11,590
Other	2,445	1,814	1,672	522	4,117	2,336
TOTAL EXPENSES	157,674	150,032	2,547,126	2,051,152	2,704,800	2,201,184

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
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Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
INCOME						
8 Revenues from fees and charges	131,077	109,203	214,557	207,449	345,634	316,652
Ambulance transport	28	112	32	35	60	147
Fines, fees and penalties	-	-	102	142	102	142
Insurance recoveries	219	318	(1)	-	218	318
Patient and client fees	74,143	72,360	153,200	148,706	227,343	221,066
Private practice fees	-	-	35,863	34,699	35,863	34,699
Recoveries	50,590	31,382	4,946	5,450	55,536	36,832
Sale of goods - medical supplies	688	167	17	29	705	196
Other user charges and fees	5,409	4,864	20,398	18,388	25,807	23,252
9 Grants and contributions	2,029	1,604	181,734	202,097	183,763	203,701
Commonwealth grants and donations	-	-	5,537	5,111	5,537	5,111
Pharmaceutical Benefits Scheme	-	-	157,918	181,540	157,918	181,540
Commonwealth subsidy	-	-	-	-	-	-
Other SA Government grants and contributions	2,029	1,604	-	-	2,029	1,604
Private sector grants and contributions	-	-	18,279	15,446	18,279	15,446
10 Interest revenues	1,346	1,302	-	7	1,346	1,309
11 Resources received free of charge	8,558	-	2,756	4,018	11,314	4,018
13 Other revenues/income	1,044	148	35,098	38,518	36,142	38,666
Commissions revenue	-	-	82	41	82	41
Royalty income	-	-	15,540	17,123	15,540	17,123
Training revenue	3	1	37	32	40	33
Donations	-	2	9,092	7,981	9,092	7,983
Car parking revenue	-	-	4,146	3,386	4,146	3,386
Other	1,041	145	6,201	9,955	7,242	10,100
14 Revenues from SA Government	2,133,036	1,636,837	-	-	2,133,036	1,636,837
TOTAL INCOME	2,277,090	1,749,094	434,145	452,089	2,711,235	2,201,183
FINANCIAL ASSETS						
16 Cash and cash equivalents	154,666	83,852	2,438	2,662	157,104	86,514
17 Receivables	9,547	9,554	68,512	64,841	78,059	74,395
Patient/client fees: compensable	-	-	4,000	5,728	4,000	5,728
Patient/client fees: other	142	175	35,030	36,131	35,172	36,306
Debtors	733	838	9,956	13,586	10,689	14,424
Less: allowance for doubtful debts	-	-	(4,989)	(10,359)	(4,989)	(10,359)
Prepayments	-	-	808	605	808	605
Grants	-	-	124	5	124	5
Workers compensation provision recoverable	8,657	8,541	-	-	8,657	8,541
Sundry receivables and accrued revenue	15	-	20,982	16,389	20,997	16,389
GST input tax recoverable	-	-	2,601	2,756	2,601	2,756
18 Other financial assets	1,150	1,150	3,711	4,865	4,861	6,015
Term deposits	-	-	821	803	821	803
Other investments	1,150	1,150	2,890	4,062	4,040	5,212
TOTAL FINANCIAL ASSETS	165,363	94,556	74,661	72,368	240,024	166,924

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Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
FINANCIAL LIABILITIES						
24 Payables	6,819	7,812	96,485	87,802	103,304	95,614
Creditors and accrued expenses	6,726	7,597	64,178	56,027	70,904	63,624
Paid Parental Leave Scheme	-	-	27	135	27	135
Staff on-costs	-	-	28,449	26,667	28,449	26,667
Other payables	93	215	3,831	4,973	3,924	5,188
25 Borrowings	-	-	2,760,419	2,781,492	2,760,419	2,781,492
Finance lease	-	-	2,760,419	2,781,492	2,760,419	2,781,492
28 Other liabilities	(1,189)	(69)	5,853	4,606	4,664	4,537
Unclaimed monies	-	-	1	26	1	26
Unearned revenue	-	-	2,051	1,916	2,051	1,916
Lease incentive	-	-	1,309	1,406	1,309	1,406
Other	(1,189)	(69)	2,492	1,258	1,303	1,189
TOTAL FINANCIAL LIABILITIES	5,630	7,743	2,862,757	2,873,900	2,868,387	2,881,643

34. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	159,428	88,125	157,104	86,514
Cash as per Statement of Financial Position	159,428	88,125	157,104	86,514
Balance as per Statement of Cash Flows	159,428	88,125	157,104	86,514

Reconciliation of net cash provided by operating activities to net cost of providing services:

Net cash provided by (used in) operating activities	219,941	81,345	221,202	81,545
Department for Health and Wellbeing contributions for the provision of health services	(2,133,036)	(1,636,837)	(2,133,036)	(1,636,837)

Add/less non-cash items

Asset donated free of charge	(15,023)	(919)	(15,023)	(919)
Capital revenues	11,749	2,231	11,749	2,230
Capitalised interest expense on finance lease	(10,901)	(12,193)	(10,901)	(12,193)
Depreciation and amortisation expense of non-current assets	(124,412)	(47,465)	(124,211)	(47,338)
Gain/(loss) on sale or disposal of non-current assets	(2,151)	(19,869)	(2,151)	(19,873)
Impairment of non-current assets	(13,837)	(30,726)	(13,837)	(30,726)
Increments/(decrements) on revaluation of non-current assets	(17,616)	845	(17,616)	-
Resources received free of charge	2,778	4,018	2,778	4,018
Revaluation of investments	(926)	1,960	(1,172)	1,962
Other	-	(194)	-	(194)

Movement in assets/liabilities

Increase/(decrease) in inventories	1,369	(814)	1,306	(768)
Increase/(decrease) in other current assets	-	-	-	-
Increase/(decrease) in receivables	4,205	(11,173)	3,664	(11,026)
(Increase)/decrease in other liabilities	(127)	836	(127)	836
(Increase)/decrease in payables and provisions	(15,577)	31,711	(15,005)	31,471
(Increase)/decrease in staff benefits	(34,348)	793	(34,221)	974
Net cost of providing service	(2,127,912)	(1,636,451)	(2,126,601)	(1,636,838)

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as per the Statement of Financial Position, net of bank overdrafts.

35. Financial instruments/financial risk management

35.1 Financial risk management

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

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

35.2 Liquidity Risk

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

Refer to note 24 and 25 for further information.

35.3 Credit and market risk

The Hospital has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Hospital does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital.

Refer to notes 16, 17 and 18 for further information.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Hospital's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

35.4 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 or the respective financial asset / financial liability note.

The carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan and receivables; and financial liabilities measured at cost are detailed below.

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes , 17 and 24).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer notes 25).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 18).

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Category of financial asset and financial liability	Notes	Consolidated		Parent	
		2018 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000	2018 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000
Financial assets					
Cash and equivalent					
Cash and cash equivalents	16, 34	159,428	88,125	157,104	86,514
Loans and receivables					
Receivables ⁽¹⁾⁽²⁾	17	67,577	63,561	65,754	62,275
Available for sale financial assets					
Other financial assets	18	10,849	14,280	4,861	6,015
Total financial assets		237,854	165,966	227,719	154,804
Financial liabilities					
Financial liabilities at cost					
Payables ⁽¹⁾	24	75,459	69,047	74,443	68,445
Borrowings	25	-	-	-	-
Other financial liabilities	28	2,613	2,621	2,613	2,621
Finance lease liability	25, 29	2,760,419	2,781,492	2,760,419	2,781,492
Total financial liabilities		2,838,491	2,853,160	2,837,475	2,852,558

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

⁽²⁾ Receivable amount disclosed here excludes prepayments. Prepayments are presented in note 17 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

36. Impact of Standards and Statements not yet implemented

The Hospital did not voluntarily change any of its accounting policies during 2017-18.

The Hospital has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. The material impacts on the Hospital are outlined below.

36.1 AASB 9 Financial Instruments

AASB 9 applies to reporting periods commencing after 1 January 2018. The application date for the Hospital is 1 July 2018.

AASB 9 changes the requirements for classification, impairment and disclosures associated with the Hospital's financial assets. AASB 9 introduces different criteria for whether financial assets can be measured at amortised cost or fair value. The Hospital has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact on categorisation and valuation of the amounts reported in notes 16 and 18.

- there will be no change to either the classification or valuation of cash and cash equivalent items;
- term deposits will be classified as 'Sole Payment of Principal and Interest' and measured at amortised cost, similar to the current classification of 'Held to Maturity';
- trade receivables will be classified as 'Debt' and measured at amortised cost, similar to the current classification of 'loans and receivables';
- quoted equity instruments held for trading will continue to be measured at fair value through profit and loss; and
- for quoted equity instruments not held for trading, the Hospital has elected to measure these at fair value through other comprehensive income.

However, the new impairment requirements will result in a provision being applied to all receivables (expected loss) rather than only on those receivables that are credit impaired (incurred loss). The Hospital will be adopting the simplified impairment approach under AASB 9 and will measure the impairment allowance at lifetime expected credit losses on all trade receivables and contract assets using a provision matrix as a practical expedient.

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Applying this approach, the Hospital has estimated the opening impairment provision on 1 July 2018 to be \$2.476 million, a decrease of \$2.609 million compared to the amount reported at 30 June 2018, resulting in net receivables of \$79.602 million on transition and will not restate comparatives on adopting AASB 9.

There will be no additional impairment provisions for State, Territory or Commonwealth Government receivables due to the Governments' high quality credit rating.

36.2 AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 and AASB 1058 apply to reporting periods commencing after 1 January 2019. The application date for the Hospital is 1 July 2019.

AASB 15 establishes a comprehensive framework for determining the nature, amount and timing of revenue arising from contracts with customers. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not for profit entities, in conjunction with AASB 15. These standards replace AASB 111, AASB 118 and a large part of AASB 1004.

The Hospital has commenced consideration and analysis of the new revenue recognition requirements and has not yet finalised its assessment of their impact. The Hospital will continue its assessment of the impact over the next 12 months.

Potential impacts identified at this time are:

- grants presently recognised as revenue upfront may be progressively recognised as the associated performance obligations are satisfied, where those performance obligations are enforceable and sufficiently specific;
- grants that are not enforceable and/or sufficiently specific will continue to be recognised as revenue upfront i.e. no change to current treatment;
- peppercorn lease arrangements currently recognised at nominal amounts, will now be recognised at fair value under AASB 1058;
- depending on the respective contractual terms, AASB 15 may potentially result in a change to the timing of revenue from contracts and fees and charges. Some revenue may need to be deferred to a future reporting period if the Hospital receives funds prior to completing the associated obligations; and
- Contributed services will continue to be recognised by the Hospital when a fair value can be determined reliably and the services would be purchased if they had not been donated.

36.3 AASB 16 Leases

AASB 16 will apply to reporting periods commencing after 1 January 2019. The application date for the Hospital is 1 July 2019. This standard replaces AASB 117 and Interpretation 4, 115 and 127.

AASB 16 largely retains the current lessor accounting model but does introduce a single lessee accounting model. It requires a lessee to recognise assets (representing rights to use the underlying leased asset) and liabilities (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying asset value is low. In effect, the majority of leases presently classified as operating leases will be recognised in the Statement of Financial Position.

The right of use asset will initially be recognised at cost and will give rise to a depreciation expense. The lease liability will initially be recognised as the present value of the lease payments during the term of the lease. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. These payments will now reduce the recognised liability over time and the finance charge component recognised as an expense.

The Hospital has commenced its analysis and assessment of right to use arrangements and notes the significant work involved to capture, assess and report these arrangements due to the large scale of its leasing activities.

The Hospital has not yet quantified the exact impact on the Statement of Comprehensive Income and Statement of Financial Position as a result of applying AASB 16 to its right to use asset arrangements. However, the Hospital's current operating lease commitments note (see note 29.2) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest expense has not yet been estimated.

The Hospital will continue its assessment of the impact over the next 12 months. It is envisaged that the Hospital will apply the cumulative approach via an adjustment to accumulated surplus at date of initial application and will not restate comparatives.

37. Events after balance date

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

The Hospital is aware of the following non-adjusting event: The State Government is reforming SA Health's governance arrangements and accordingly a *Health Care (Governance) Amendment Act* (amending Act) was proclaimed on 2 August 2018 and will come into effect 1 July 2019. The amended Act, amongst other matters, will enable the hospital to be governed by a Board (Governing Board).

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For the year ended 30 June 2018

38. Remuneration of 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 Accounting Policy Framework II *General Purpose Financial Statements* were:

Board/Committee name:	Government employee members*	Other members
BSSA State Quality Committee	8	Bretag A, Cannon A (resigned 06/07/2017), Humeniuk V (resigned 12/09/2017), Muller J, Olver I, Roder D, Rosser G (appointed 1/02/2018)
Central Adelaide Local Health Network Making Care Better	-	Agius P (Chair), Blazewicz T, Cardinali R, Durand M, Fyfe D, Whiteway L
Central Adelaide Local Health Network Consumer Advocates Council	-	Blazewicz T, Chester M, Coulls J, Curry M, Fyfe D (Chair), Heydrich S, Nagel L, Marshall J, Sutton S, Woodley E
Central Adelaide Local Health Network Governing Council	1	Deegan V (Presiding member), Eckert M, Ellery B, Fyfe D, Hubczenko N, Kellie A, Ielasi J
Central Adelaide Local Health Network Consumer Carer Advisory Group	-	Blazewicz T (Co-Chair), Burns T, Hunt D, Jade N, Law D, Lloyd C, Lucas G, O'Brien E, Sexton N, Sutton P, Sutton S (Co-Chair), Tsogas C, Verrall A
Central Adelaide Local Health Network Risk Management & Audit Committee	-	Davies T, Deegan V (Chair), Ellery B, May E
Central Adelaide Local Health Network Challenging Behaviours Committee	27	Chester M
Central Adelaide Local Health Network Human Research Ethics Committee	25	Air T (appointed 26/02/2018), Burgess D (resigned 19/09/2017), Cullen J (appointed 01/01/2018), Crabb A (appointed 01/01/2018), Dale L (appointed 26/05/2018), Fisher A (appointed 01/01/2018), Hewitt A (appointed 01/01/2018), Huxtable E (resigned 31/12/2017), Lee J (appointed 01/01/2018), Lupoi G (resigned 31/12/2017), Macarthur J (resigned 29/09/2017), May J (resigned 31/12/2017), Need A (appointed 01/01/2018), Parry C (appointed 01/01/2018), Prideaux M (appointed 01/01/2018, resigned 08/02/2018), Ruediger C (appointed 01/01/2018), Sewell D, Slater H (appointed 01/01/2018)
Hampstead Rehabilitation Centre Consumer Advocate Group	7	Canavan D, Chester M, Fyfe D, Heydrich S (Chair), Honeychurch P (resigned 26/02/2018), James S, Miller L, Whiteway L
The BIRCH (Brain Injury Rehabilitation, Community and Home) Consumer Advisory Group	3	Angel D (Resigned 14/12/2017), Canavan D (Chair), Chumba B, Dwyer A (resigned 08/02/2018), Francese L (appointed 14/06/2018), Miller L (appointed 12/10/2017), Morgan T, Stewart L
Medvet Science Pty Ltd	3	Flynn P (appointed 08/11/2017), Hinton A (appointed 08/11/2017), Kowalick I (resigned 17/11/2017), Johansen G (re-appointed 10/03/2018)
New RAH Steering Committee (disbanded on 18/09/2017)	6	Michele A
Royal Adelaide Hospital Consumer Advisory Group	-	Anderson R, Bah S, Chester M (Chair), Cocking M, Neale D, O'Brien S, Price J, Priest C
SA Cancer Service - Strategic Committee	10	Beecher I, Christensen C, Frank O Dr, Davis L, Eckert M (Chair), Mitchell A, Olver I, Smith A Dr, Sparrow A
SA Chemotherapy Standards Reference Group	24	Christensen C

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Board/Committee name:	Government employee members*	Other members
SADS Consumer Advisory Committee	-	Beddall P, Brown B, Brown M, Costa D, Dobie K (resigned 28/02/2018), Matiasz S, McMahon J (Chair), Miller P, Priest S, Zerna J
Statewide Clinical Support Services Risk Management & Audit Committee	4	Christley S Dr, Davies T (Chair)
Strategic Mental Health Quality Improvement Committee	13	Camilleri C
The Queen Elizabeth Consumer Advisory Group	-	Byrne K, Chester M, Curry M (Chair), Duffy L, Garth S, Heydrich S, McMahon J, Raschella F
Youth Cancer Advisory Group	1	Armstrong N, Binns T, Contibas M, Fenton R, Fowler N, Hadaway S, Haseloff M, Mitra D, Ryan B

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

	2018	2017
	No. of Members	No. of Members
\$0	171	123
\$1 - \$9,999	62	71
\$10,000 - \$19,999	3	2
\$20,000 - \$29,999	4	-
\$40,000 - \$49,999	-	2
Total	240	198

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$0.153 million (\$0.175 million).

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more 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.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
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39. Schedules of administered items

39.1 Basis of preparation

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

39.2 Categories of categories of administered items

Private Practice represents funds billed on behalf of salaried medical officers and subsequently distributed to the Hospital and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

39.3 Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

Schedule of Administered Expenses and Income

	Private Practice		Consumer Funds		Research Funds		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses										
Staff benefit expenses	-	-	-	-	170	219	-	-	170	219
Supplies and services	(594)	(1,827)	-	-	-	65	3	38	(591)	(1,724)
Other expenses	65,319	66,341	90	668	-	42	-	-	65,409	67,051
Total Administered expenses	64,725	64,514	90	668	170	326	3	38	64,988	65,546
Administered income										
Grants and contributions	-	-	-	-	-	31	-	-	-	31
Revenue from fees and charges	64,264	63,381	-	-	125	-	-	-	64,389	63,381
Interest revenue	-	-	-	-	-	-	3	2	3	2
Other revenue	666	2	71	607	-	-	-	6	737	615
Total Administered income	64,930	63,383	71	607	125	31	3	8	65,129	64,029
Net result	205	(1,131)	(19)	(61)	(45)	(295)	-	(30)	141	(1,517)

Schedule of Administered Assets and Liabilities

	Private Practice		Consumer Funds		Research Funds		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current assets										
Cash and cash equivalents	5,920	5,678	34	52	(334)	(154)	197	197	5,817	5,773
Receivables	5,726	5,387	-	-	81	-	-	-	5,807	5,387
Total Administered current assets	11,646	11,065	34	52	(253)	(154)	197	197	11,624	11,160

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Total administered assets	11,646	11,065	34	52	(253)	(154)	197	197	11,624	11,160
<u>Administered current liabilities</u>										
Payables	5,745	5,355	-	-	68	59	15	15	5,828	5,429
Staff benefits	-	-	-	-	(5)	24	-	-	(5)	24
Other current provisions/liabilities	(42)	(28)	-	-	47	47	(2)	(2)	3	17
Total Administered current liabilities	5,703	5,327	-	-	110	130	13	13	5,826	5,470
<u>Administered non-current liabilities</u>										
Payables	-	-	-	-	(1)	-	-	-	(1)	-
Staff benefits	-	-	-	-	(2)	-	-	-	(2)	-
Other non-current provisions/liabilities	-	-	-	-	-	30	-	-	-	30
Total Administered non-current liabilities	-	-	-	-	(3)	30	-	-	(3)	30
Total administered liabilities	5,703	5,327	-	-	107	160	13	13	5,823	5,500
Net administered assets	5,943	5,738	34	52	(360)	(314)	184	184	5,801	5,660

Schedule of Administered Changes in Equity

	Total 2018 \$'000	Total 2017 \$'000
Balance at the beginning of the reporting period	5,660	7,259
Net result	141	(1,517)
Transfer Oakden Patient Trust to Northern Adelaide Local Health Network	-	(82)
Total comprehensive result for the period	141	(1,599)
Balance at the end of the reporting period	5,801	5,660

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Schedule of Administered Cash Flows

	Total 2018 \$'000	Total 2017 \$'000
<u>Cash flows from operating activities</u>		
Cash inflows		
Grants and contributions	-	51
Fees and charges	63,967	63,027
Interest revenue	3	2
Other revenue	738	614
Total Cash inflows	64,708	63,694
Cash outflows		
Staff benefit payments	231	276
Supplies and services	(599)	(1,698)
Other payments	65,032	64,798
Total Cash outflows	64,664	63,376
Net cash inflows/cash outflows from operating activities	44	318
Net increase/(decrease) in cash held	44	318
Cash at the beginning of the reporting period	5,773	5,455
Cash at the end of the reporting period	5,817	5,773