

Country Health SA
Local Health Network Incorporated

Financial report
for the year ended
30 June 2018



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To the Chief Executive Officer Country Health SA 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 Country Health SA Local Health Network Incorporated and the consolidated entity comprising the Country Health SA Local Health Network Incorporated and its controlled entities 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 Country Health SA Local Health Network Incorporated and its controlled entities 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 Country Health SA Local Health Network Incorporated and its controlled entities. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants 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* 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

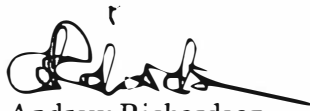
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 'Andrew Richardson', with a long horizontal line extending to the right from the end of the signature.

Andrew Richardson

Auditor-General

20 September 2018

Certification of the financial statements

We certify that the:

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



Maree Geraghty
Chief Executive Officer



Danny De Cesare
Acting Chief Finance Officer

Date 13/9/2018

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
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 | 551,500 | 521,025 | 551,500 | 521,025 |
| Supplies and services | 4 | 318,696 | 302,348 | 318,692 | 302,324 |
| Depreciation and amortisation expense | 20,21 | 34,877 | 34,307 | 19,506 | 18,917 |
| Grants and subsidies | 5 | 2,026 | 833 | 2,026 | 567 |
| Borrowing costs | 6 | 1,185 | 1,396 | 1,185 | 1,396 |
| Net loss from disposal of non-current and other assets | 12 | 790 | 187 | 777 | 118 |
| Other expenses | 7 | 2,491 | 1,973 | 9,222 | 6,178 |
| Total expenses | | 911,565 | 862,069 | 902,908 | 850,525 |
| Income | | | | | |
| Revenues from fees and charges | 8 | 79,744 | 75,437 | 79,765 | 75,437 |
| Grants and contributions | 9 | 135,138 | 131,284 | 136,824 | 132,832 |
| Interest revenues | 10 | 2,473 | 2,377 | 2,166 | 2,077 |
| Resources received free of charge | 11 | 5,496 | 256 | 5,496 | 224 |
| Other revenues/income | 13 | 3,215 | 4,751 | 593 | 630 |
| Total income | | 226,066 | 214,105 | 224,844 | 211,200 |
| Net cost of providing services | | 685,499 | 647,964 | 678,064 | 639,325 |
| Revenues from SA Government | | | | | |
| Revenues from SA Government | 14 | 661,476 | 618,230 | 661,476 | 618,230 |
| Total revenues from SA Government | | 661,476 | 618,230 | 661,476 | 618,230 |
| Net result | | (24,023) | (29,734) | (16,588) | (21,095) |
| Other Comprehensive Income | | | | | |
| Items that will not be reclassified to net result | | | | | |
| Changes in property, plant and equipment asset revaluation surplus | | 60,743 | - | 44,442 | - |
| Total other comprehensive income | | 60,743 | - | 44,442 | - |
| Total comprehensive result | | 36,720 | (29,734) | 27,854 | (21,095) |

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.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2018

| | Note | Consolidated | | Parent | |
|--------------------------------------|------|------------------|----------------|----------------|----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Current assets | | | | | |
| Cash and cash equivalents | 15 | 35,154 | 24,669 | 27,396 | 17,063 |
| Receivables | 16 | 17,683 | 19,071 | 17,651 | 19,016 |
| Other financial assets | 17 | 93,527 | 90,228 | 82,256 | 80,247 |
| Inventories | 18 | 4,599 | 4,722 | 4,599 | 4,722 |
| Total current assets | | 150,963 | 138,690 | 131,902 | 121,048 |
| Non-current assets | | | | | |
| Receivables | 16 | 4,179 | 3,234 | 4,179 | 3,234 |
| Other financial assets | 17 | 77 | 77 | - | - |
| Property, plant and equipment | 20 | 865,794 | 828,852 | 453,820 | 426,327 |
| Intangible assets | 21 | 2,502 | 3,538 | 2,502 | 3,538 |
| Total non-current assets | | 872,552 | 835,701 | 460,501 | 433,099 |
| Total assets | | 1,023,515 | 974,391 | 592,403 | 554,147 |
| Current liabilities | | | | | |
| Payables | 23 | 38,415 | 36,862 | 38,415 | 36,862 |
| Borrowings | 24 | 3,721 | 3,627 | 3,721 | 3,627 |
| Staff benefits | 25 | 66,884 | 63,649 | 66,884 | 63,649 |
| Provisions | 26 | 4,184 | 6,102 | 4,184 | 6,102 |
| Other liabilities | 27 | 81,330 | 70,550 | 81,330 | 70,550 |
| Total current liabilities | | 194,534 | 180,790 | 194,534 | 180,790 |
| Non-current liabilities | | | | | |
| Payables | 23 | 3,109 | 3,671 | 3,109 | 3,671 |
| Borrowings | 24 | 11,278 | 15,002 | 11,278 | 15,002 |
| Staff benefits | 25 | 93,391 | 87,701 | 93,391 | 87,701 |
| Provisions | 26 | 5,041 | 7,785 | 5,041 | 7,785 |
| Total non-current liabilities | | 112,819 | 114,159 | 112,819 | 114,159 |
| Total liabilities | | 307,353 | 294,949 | 307,353 | 294,949 |
| Net assets | | 716,162 | 679,442 | 285,050 | 259,198 |
| Equity | | | | | |
| Asset revaluation surplus | | 238,248 | 178,119 | 143,773 | 99,893 |
| Retained earnings | | 477,914 | 501,323 | 141,277 | 159,305 |
| Total equity | | 716,162 | 679,442 | 285,050 | 259,198 |

The total equity is attributable to the SA Government as owner

| | |
|--------------------------------------|----|
| Unrecognised contractual commitments | 28 |
| Contingent asset and liabilities | 29 |

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

CONSOLIDATED

| | Note | Asset revaluation surplus \$ '000 | Retained earnings \$ '000 | Total equity \$ '000 |
|--------------------------------------------------|------|--------------------------------------------|---------------------------------|----------------------------|
| Balance at 30 June 2016 | | 178,215 | 530,961 | 709,176 |
| Net result for 2016-17 | | - | (29,734) | (29,734) |
| Total comprehensive result for 2016-17 | | - | (29,734) | (29,734) |
| Transfer between equity components | | (96) | 96 | - |
| Balance at 30 June 2017 | | 178,119 | 501,323 | 679,442 |
| Net result for 2017-18 | | - | (24,023) | (24,023) |
| Gain/(loss) on revaluation of land and buildings | 20 | 60,743 | - | 60,743 |
| Total comprehensive result for 2017-18 | | 60,743 | (24,023) | 36,720 |
| Transfer between equity components | | (614) | 614 | - |
| Balance at 30 June 2018 | | 238,248 | 477,914 | 716,162 |

PARENT

| | Note | Asset revaluation surplus \$ '000 | Retained earnings \$ '000 | Total equity \$ '000 |
|-------------------------------------------------------------------------|------|--------------------------------------------|---------------------------------|----------------------------|
| Balance at 30 June 2016 | | 99,893 | 180,400 | 280,293 |
| Net result for 2016-17 | | - | (21,095) | (21,095) |
| Total comprehensive result for 2016-17 | | - | (21,095) | (21,095) |
| Balance at 30 June 2017 | | 99,893 | 159,305 | 259,198 |
| Net result for 2017-18 | | - | (16,588) | (16,588) |
| Gain/(loss) on revaluation of land and buildings | 20 | 44,442 | - | 44,442 |
| Total comprehensive result for 2017-18 | | - | (16,588) | (16,588) |
| Transfer between equity components | | (562) | 562 | - |
| Transactions with SA Government as owner | | | | |
| Net assets transferred out as a result of an administrative restructure | | - | (2,002) | (2,002) |
| Balance at 30 June 2018 | | 143,773 | 141,277 | 285,050 |

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.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

| | Note | Consolidated | | Parent | |
|------------------------------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | | |
| Cash outflows | | | | | |
| Staff benefits payments | | (545,774) | (540,093) | (545,774) | (540,093) |
| Payments for supplies and services | | (266,732) | (246,183) | (266,711) | (246,176) |
| Payments of grants and subsidies | | (3,238) | (2,930) | (3,238) | (2,664) |
| Interest paid | | (1,185) | (1,396) | (1,185) | (1,396) |
| Residential aged care bonds refunded | | (14,698) | (16,299) | (14,698) | (16,299) |
| Other payments | | (2,430) | (1,833) | (2,429) | (2,298) |
| Cash used in operations | | (834,057) | (808,734) | (834,035) | (808,926) |
| Cash inflows | | | | | |
| Fees and charges | | 76,045 | 77,657 | 76,007 | 77,916 |
| Grants and contributions | | 135,814 | 131,920 | 137,500 | 133,468 |
| Interest received | | 221 | 247 | 135 | 187 |
| Residential aged care bonds received | | 24,008 | 23,717 | 24,008 | 23,717 |
| GST recovered from ATO | | 19,893 | 18,406 | 19,893 | 18,406 |
| Other receipts | | 5,429 | 6,601 | 2,807 | 2,480 |
| Cash generated from operations | | 261,410 | 258,548 | 260,350 | 256,174 |
| Cash flows from SA Government | | | | | |
| Receipts from SA Government | | 597,111 | 552,530 | 597,111 | 552,530 |
| Cash generated from SA Government | | 597,111 | 552,530 | 597,111 | 552,530 |
| Net cash provided by operating activities | | 24,464 | 2,344 | 23,426 | (222) |
| Cash flows from investing activities | | | | | |
| Cash outflows | | | | | |
| Purchase of property, plant and equipment | | (9,602) | (9,830) | (9,602) | (9,830) |
| Purchase of intangibles | | - | (3,750) | - | (3,750) |
| Purchase of investments | | (2,537) | (12,056) | (3) | (8,003) |
| Cash used in investing activities | | (12,139) | (25,636) | (9,605) | (21,583) |
| Cash inflows | | | | | |
| Proceeds from sale of property, plant and equipment | | 202 | 325 | - | 4 |
| Proceeds from sale/maturities of investments | | 1,446 | 3,336 | - | 401 |
| Cash generated from investing activities | | 1,648 | 3,661 | - | 405 |
| Net cash provided by/(used in) investing activities | | (10,491) | (21,975) | (9,605) | (21,178) |
| Cash flows from financing activities | | | | | |
| Cash outflows | | | | | |
| Repayment of finance leases | | (2,798) | (2,603) | (2,798) | (2,603) |
| Repayment of borrowings | | (834) | (790) | (834) | (790) |
| Cash used in financing activities | | (3,632) | (3,393) | (3,632) | (3,393) |
| Cash inflows | | | | | |
| Proceeds from borrowings | | 144 | 144 | 144 | 144 |
| Cash generated from financing activities | | 144 | 144 | 144 | 144 |
| Net cash provided by/(used in) financing activities | | (3,488) | (3,249) | (3,488) | (3,249) |

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

| | | Consolidated | | Parent | |
|-------------------------------------------------------------|-------------|---------------------|-----------------|---------------|-----------------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Net increase/(decrease) in cash and cash equivalents | | 10,485 | (22,880) | 10,333 | (24,649) |
| Cash and cash equivalents at the beginning of the period | | 24,669 | 47,549 | 17,063 | 41,712 |
| Cash and cash equivalents at the end of the period | 15 | 35,154 | 24,669 | 27,396 | 17,063 |
| Non-cash transactions | 33 | | | | |

Inter-entity non-cash revenue and expense transactions have been excluded.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
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 *Health Care Act 2008* (the Act) became effective on 1 July 2008 and as a consequence the former Hospitals and Incorporated Health Centres were abolished and became sites of the (then) new Country Health SA Hospital Incorporated. At the same time the incorporated and non-incorporated Health Advisory Councils (HACs) were established. Effective 1st July 2011 Country Health SA Hospital Incorporated was renamed to Country Health SA Local Health Network Incorporated (the Hospital).

The consolidated accounts of the Hospital include the assets, liabilities, revenues and expenses of the parent entity, the HACs and the incorporated HACs gift fund trusts. These funds are trusts administered by each HAC pursuant to a Declaration of Trust. The fund receives donations, gifts and bequests from the public which are applied by the Trustee to improve the services offered by the HAC.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity being the Hospital and the HACs, in accordance with *AASB 10 Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at note 31.

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 Financial Statements 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 controlled 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.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

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.

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 \$43.571 million (\$42.100 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.

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 and achieving equitable health outcomes for all South Australians.

The Hospital is part of the SA Health portfolio providing health services for Country and Regional Adelaide, and is responsible to the Minister for Health and Wellbeing (the Minister).

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the country region including primary health services to Aboriginal communities in Ceduna, Port Augusta and surrounding areas and financial assistance to individuals through the Patient Assistance Transport Scheme.

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

HACs may be incorporated or non-incorporated. Incorporated HACs in country South Australia hold assets, manage bequests and provide advice on local health service needs and priorities. The Country Health SA Local Health Network Advisory Council Incorporated holds assets on behalf of non-incorporated HACs.

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department and is accountable to the Chief Executive of the Department.

2.2 Administrative Restructure – Transferred out

2016-17

- There were no transfers in during this period.

2017-18

- As discussed in Note 1, the assets, rights and liabilities of the former Hospitals and Incorporated Health Centres were vested in the Hospital and the Health Advisory Councils on 1 July 2008. Due to the need to seek clarification from Crown Law it was not possible to transfer all of the assets vested in the Health Advisory Councils in the previous financial year and as a result additional transfers of assets from the Parent Entity to the Health Advisory Councils occurred in the 2017/2018 year. This resulted in net assets of \$2.002 million transferred out of the Parent to the Consolidated entity for land and buildings.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

3. Staff benefits expenses

| | Consolidated | | Parent | |
|------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Salaries and wages | 445,690 | 425,716 | 445,690 | 425,716 |
| Targeted Voluntary Separation Packages (refer below) | - | 724 | - | 724 |
| Long Service Leave | 15,988 | 7,602 | 15,988 | 7,602 |
| Annual leave | 41,239 | 40,754 | 41,239 | 40,754 |
| Skills and Experience Retention Leave | 2,279 | 2,198 | 2,279 | 2,198 |
| Staff on-costs - superannuation* | 47,142 | 44,534 | 47,142 | 44,534 |
| Workers compensation** | (910) | (820) | (910) | (820) |
| Board and committee fees | 88 | 75 | 88 | 75 |
| Other staff related expenses | (16) | 242 | (16) | 242 |
| Total staff benefits expenses | 551,500 | 521,025 | 551,500 | 521,025 |

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

** 2018 workers compensation expenditure includes statutory workers compensation obligations under the Return to Work Act 2014 (-\$1.368 million) and the new workers compensation non-statutory liability introduced in 2017-18 via various enterprise bargaining agreements and awards (\$0.458 million). Refer to note 26 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 | - | 724 | - | 724 |
| Leave paid to those employees | - | 317 | - | 317 |
| | - | 1,041 | - | 1,041 |

| | | | | |
|---------------------------------------------------------------------|---|----------|---|----------|
| The number of staff who received a TVSP during the reporting period | - | 8 | - | 8 |
|---------------------------------------------------------------------|---|----------|---|----------|

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 ten (seventeen) 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:

- 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.

| Compensation | 2018 | 2017 |
|-------------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Salaries and other short term employee benefits | 1,733 | 3,352 |
| Post-employment benefits | 511 | 810 |
| Total | 2,244 | 4,162 |

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

3.3 Remuneration of staff

| | Consolidated | | Parent | |
|-------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 Number | 2017 Number | 2018 Number | 2017 Number |
| The number of staff whose remuneration received or receivable falls within the following bands: | | | | |
| \$147,000 - \$149,000* | n/a | 7 | n/a | 7 |
| \$149,001 - \$159,000 | 21 | 27 | 21 | 27 |
| \$159,001 - \$169,000 | 23 | 19 | 23 | 19 |
| \$169,001 - \$179,000 | 4 | 5 | 4 | 5 |
| \$179,001 - \$189,000 | 6 | 3 | 6 | 3 |
| \$189,001 - \$199,000 | 5 | 3 | 5 | 3 |
| \$199,001 - \$209,000 | 1 | 4 | 1 | 4 |
| \$209,001 - \$219,000 | 5 | 4 | 5 | 4 |
| \$219,001 - \$229,000 | 5 | 1 | 5 | 1 |
| \$229,001 - \$239,000 | 1 | - | 1 | - |
| \$239,001 - \$249,000 | 2 | 2 | 2 | 2 |
| \$249,001 - \$259,000 | 1 | 1 | 1 | 1 |
| \$259,001 - \$269,000 | 1 | 1 | 1 | 1 |
| \$269,001 - \$279,000 | 3 | 3 | 3 | 3 |
| \$279,001 - \$289,000 | 2 | 2 | 2 | 2 |
| \$299,001 - \$309,000 | 2 | 1 | 2 | 1 |
| \$309,001 - \$319,000 | 3 | 3 | 3 | 3 |
| \$319,001 - \$329,000 | 2 | 5 | 2 | 5 |
| \$329,001 - \$339,000 | 5 | 6 | 5 | 6 |
| \$339,001 - \$349,000 | 3 | 2 | 3 | 2 |
| \$349,001 - \$359,000 | - | 2 | - | 2 |
| \$359,001 - \$369,000 | 1 | 2 | 1 | 2 |
| \$369,001 - \$379,000 | 2 | - | 2 | - |
| \$379,001 - \$389,000 | 2 | 2 | 2 | 2 |
| \$389,001 - \$399,000 | 1 | - | 1 | - |
| \$399,001 - \$409,000 | 2 | 2 | 2 | 2 |
| \$409,001 - \$419,000 | 2 | - | 2 | - |
| \$419,001 - \$429,000 | - | 2 | - | 2 |
| \$429,001 - \$439,000 | 1 | 2 | 1 | 2 |
| \$439,001 - \$449,000 | 3 | 1 | 3 | 1 |
| \$449,001 - \$459,000 | 1 | 1 | 1 | 1 |
| \$459,001 - \$469,000 | - | 2 | - | 2 |
| \$469,001 - \$479,000 | 1 | 3 | 1 | 3 |
| \$479,001 - \$489,000 | 1 | - | 1 | - |
| \$489,001 - \$499,000 | - | 1 | - | 1 |
| \$509,001 - \$519,000 | 2 | 3 | 2 | 3 |
| \$519,001 - \$529,000 | 1 | 2 | 1 | 2 |
| \$529,001 - \$539,000 | 2 | - | 2 | - |
| \$539,001 - \$549,000 | 2 | 1 | 2 | 1 |
| \$549,001 - \$559,000 | - | 1 | - | 1 |
| \$569,001 - \$579,000 | 1 | 1 | 1 | 1 |
| \$579,001 - \$589,000 | - | 2 | - | 2 |
| \$589,001 - \$599,000 | 1 | - | 1 | - |
| \$609,001 - \$619,000 | 1 | - | 1 | - |
| \$629,001 - \$639,000 | - | 1 | - | 1 |
| \$639,001 - \$649,000 | - | 1 | - | 1 |
| \$669,001 - \$679,000 | - | 1 | - | 1 |
| Total number of staff | 122 | 132 | 122 | 132 |

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

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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) | 67 | 22,694 | 65 | 24,181 | 67 | 22,694 | 65 | 24,181 |
| Executive | 14 | 3,045 | 12 | 2,661 | 14 | 3,045 | 12 | 2,661 |
| Nursing | 37 | 5,917 | 52 | 8,708 | 37 | 5,917 | 52 | 8,708 |
| Non-medical (i.e. administration) | 4 | 630 | 3 | 488 | 4 | 630 | 3 | 488 |
| Total | 122 | 32,286 | 132 | 36,038 | 122 | 32,286 | 132 | 36,038 |

4. Supplies and services

| | Consolidated | | Parent | |
|-------------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Administration | 1,484 | 2,030 | 1,483 | 2,018 |
| Advertising | 735 | 1,096 | 735 | 1,096 |
| Communication | 3,815 | 3,748 | 3,815 | 3,748 |
| Computing | 10,336 | 10,026 | 10,336 | 10,026 |
| Consultants | 7 | 95 | 6 | 95 |
| Contract of services | 20,580 | 21,166 | 20,580 | 21,166 |
| Contractors | 1,698 | 1,695 | 1,698 | 1,695 |
| Contractors - agency staff | 9,965 | 13,351 | 9,965 | 13,351 |
| Drug supplies | 8,798 | 8,028 | 8,798 | 8,028 |
| Electricity, gas and fuel | 12,202 | 8,615 | 12,202 | 8,615 |
| Fee for service | 85,656 | 75,390 | 85,656 | 75,390 |
| Finance lease contingent rentals | 2,460 | 2,359 | 2,460 | 2,359 |
| Food supplies | 9,752 | 9,461 | 9,752 | 9,461 |
| Housekeeping | 7,557 | 7,350 | 7,557 | 7,350 |
| Insurance | 7,567 | 7,567 | 7,567 | 7,567 |
| Internal SA Health SLA payments | 4,147 | 4,727 | 4,147 | 4,727 |
| Interstate patient transfers | 9 | 3 | 9 | 3 |
| Legal | 212 | 175 | 212 | 175 |
| Medical, surgical and laboratory supplies | 45,947 | 43,473 | 45,947 | 43,473 |
| Minor equipment | 5,636 | 5,434 | 5,636 | 5,434 |
| Motor vehicle expenses | 1,964 | 1,664 | 1,964 | 1,664 |
| Occupancy rent and rates | 3,982 | 3,713 | 3,982 | 3,713 |
| Patient transport | 20,068 | 19,464 | 20,068 | 19,464 |
| Services from Shared Services SA | 5,465 | 6,855 | 5,465 | 6,855 |
| Postage | 1,300 | 1,145 | 1,300 | 1,145 |
| Printing and stationery | 3,038 | 2,908 | 3,038 | 2,908 |
| Rental expense on operating lease* | 5,436 | 5,485 | 5,436 | 5,485 |
| Repairs and maintenance | 26,808 | 25,304 | 26,808 | 25,304 |
| Security | 915 | 983 | 915 | 983 |
| Staff training and development | 2,928 | 2,495 | 2,928 | 2,495 |
| Staff travel expenses | 2,334 | 2,272 | 2,334 | 2,272 |
| Other supplies and services | 5,895 | 4,271 | 5,893 | 4,259 |
| Total supplies and services | 318,696 | 302,348 | 318,692 | 302,324 |

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.

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.

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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 | 2 | 7 | 1 | 9 | 1 | 6 | 1 | 9 |
| Above \$10,000 | - | - | 1 | 86 | - | - | 1 | 86 |
| Total paid/payable to consultants engaged | 2 | 7 | 2 | 95 | 1 | 6 | 2 | 95 |

5. Grants and subsidies

| | Consolidated | | Parent | |
|-----------------------------------------|--------------|------------|--------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Capital grants | - | 14 | - | 14 |
| Subsidies | - | 2 | - | 2 |
| Funding to non-government organisations | 1,990 | 515 | 1,990 | 515 |
| Other | 36 | 302 | 36 | 36 |
| Total grants and subsidies | 2,026 | 833 | 2,026 | 567 |

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 | 1,125 | 1,306 | 1,125 | 1,306 |
| Interest paid/payable on borrowings | 55 | 86 | 55 | 86 |
| Other finance charges | 5 | 4 | 5 | 4 |
| Total borrowing cost | 1,185 | 1,396 | 1,185 | 1,396 |

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the profit and loss was \$1.185 million (\$1.396 million).

7. Other expenses

| | Note | Consolidated | | Parent | |
|-----------------------------|------|--------------|--------------|--------------|--------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Bad and doubtful debts | 16 | 653 | 285 | 653 | 285 |
| Bank fees and charges | | 19 | 24 | 18 | 24 |
| Donated assets expense | | 22 | - | 6,754 | 3,740 |
| Other* | | 1,797 | 1,664 | 1,797 | 2,129 |
| Total other expenses | | 2,491 | 1,973 | 9,222 | 6,178 |

Donated assets expense includes transfer of buildings and improvements 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* were \$0.454 million (\$0.528 million). No other services were provided by the Auditor-General's Department. Payments to Galpins Accountants Auditors and Business Consultants were \$0.288 million (\$0.227) for other audit services.

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8. Revenues from fees and charges

| | Consolidated | | Parent | |
|---------------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Insurance recoveries | 119 | 9 | 119 | 9 |
| Patient and client fees | 20,735 | 19,351 | 20,735 | 19,351 |
| Private practice fees | 1,098 | 1,620 | 1,098 | 1,620 |
| Recoveries | 18,192 | 15,843 | 18,192 | 15,843 |
| Residential and other aged care charges | 26,913 | 26,835 | 26,913 | 26,835 |
| Sale of goods - medical supplies | 1,521 | 1,469 | 1,521 | 1,469 |
| Other user charges and fees | 11,166 | 10,310 | 11,187 | 10,310 |
| Total revenues from fees and charges | 79,744 | 75,437 | 79,765 | 75,437 |

9. Grants and contributions

| | Consolidated | | Parent | |
|----------------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Commonwealth grants and donations | 46,253 | 41,206 | 46,253 | 41,206 |
| Commonwealth aged care subsidies | 73,028 | 74,080 | 73,028 | 74,080 |
| SA Government capital contributions | - | - | 811 | 969 |
| Other SA Government grants and contributions | 7,025 | 7,474 | 7,900 | 8,053 |
| Private sector grants and contributions | 8,832 | 8,524 | 8,832 | 8,524 |
| Total grants and contributions | 135,138 | 131,284 | 136,824 | 132,832 |

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 \$135.138 million (\$131.284 million) received in 2017-18 for grants and contributions, \$135.942 million (\$131.284 million) was provided for specific purposes such as aged care, community health services and other related health services.

10. Interest revenues

| | Consolidated | | Parent | |
|-----------------------------------|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Bank interest | 2,446 | 2,353 | 2,139 | 2,053 |
| Interest from SAFA | 25 | 24 | 25 | 24 |
| Interest on Special Purpose Funds | 2 | - | 2 | - |
| Total interest revenues | 2,473 | 2,377 | 2,166 | 2,077 |

11. Resources received free of charge

| | Consolidated | | Parent | |
|------------------------------------------------|--------------|------------|--------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Land and buildings | - | 200 | - | 200 |
| Plant and equipment | 65 | 24 | 65 | 24 |
| Services | 5,431 | - | 5,431 | - |
| Other | - | 32 | - | - |
| Total resources received free of charge | 5,496 | 256 | 5,496 | 224 |

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

The Hospital 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 | 212 | 307 | - | - |
| Less net book value of assets disposed | (508) | (457) | (293) | (98) |
| Less other costs of disposal | (10) | (17) | - | - |
| Net gain/(loss) from disposal of land and buildings | (306) | (167) | (293) | (98) |
| Plant and equipment: | | | | |
| Proceeds from disposal | - | 4 | - | 4 |
| Less net book value of assets disposed | (484) | (23) | (484) | (23) |
| Less other costs of disposal | - | (1) | - | (1) |
| Net gain/(loss) from disposal of plant and equipment | (484) | (20) | (484) | (20) |
| Non-current assets held for sale: | | | | |
| Proceeds from disposal | - | 32 | - | - |
| Less net book value of assets disposed | - | (32) | - | - |
| Net gain/(loss) from disposal of non-current assets held for sale | - | - | - | - |
| Total assets: | | | | |
| Total proceeds from disposal | 212 | 343 | - | 4 |
| Less total value of assets disposed | (992) | (512) | (777) | (121) |
| Less other costs of disposal | (10) | (18) | - | (1) |
| Total net gain/(loss) from disposal of assets | (790) | (187) | (777) | (118) |

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 | 2 | 17 | 2 | 17 |
| Dividend revenue | 3 | 2 | 3 | 2 |
| Training revenue | 9 | 5 | 9 | 5 |
| Donations | 2,927 | 4,583 | 408 | 548 |
| Car parking revenue | 8 | 3 | 8 | 3 |
| Other | 266 | 141 | 163 | 55 |
| Total other revenues/income | 3,215 | 4,751 | 593 | 630 |

14. Revenues from SA Government

| | Consolidated | | Parent | |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Capital funding | 9,950 | 14,009 | 9,950 | 14,009 |
| Recurrent funding | 651,526 | 604,221 | 651,526 | 604,221 |
| Total revenues from Department for Health and Wellbeing | 661,476 | 618,230 | 661,476 | 618,230 |

The Department for Health and Wellbeing (DHW) provides recurrent and capital funding under a service level agreement to the Hospital for the provision of general health services. Contributions from DHW 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. Cash and cash equivalents

| | Consolidated | | Parent | |
|----------------------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank or on hand: non-government financial institutions | 19,858 | 19,354 | 12,101 | 11,807 |
| Deposits with Treasurer | 15,288 | 5,209 | 15,288 | 5,209 |
| Imprest account/cash on hand | 8 | 106 | 7 | 47 |
| Total cash | 35,154 | 24,669 | 27,396 | 17,063 |

Cash is measured at nominal amounts.

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.

16. Receivables

| Current | Note | Consolidated | | Parent | |
|--------------------------------------------|------|---------------|---------------|---------------|---------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Patient/client fees: compensable | | 1,412 | 623 | 1,412 | 623 |
| Patient/client fees: aged care | | 3,621 | 3,774 | 3,621 | 3,774 |
| Patient/client fees: other | | 2,790 | 3,553 | 2,790 | 3,553 |
| Debtors | | 4,325 | 3,526 | 4,325 | 3,517 |
| Less: allowance for doubtful debts | 16.1 | (1,370) | (1,446) | (1,370) | (1,446) |
| Prepayments | | 185 | 655 | 185 | 655 |
| Loans | | - | 144 | - | 144 |
| Interest | | 712 | 650 | 618 | 575 |
| Workers compensation provision recoverable | | 1,554 | 3,385 | 1,554 | 3,385 |
| Sundry receivables and accrued revenue | | 3,205 | 3,208 | 3,268 | 3,223 |
| GST input tax recoverable | | 1,249 | 999 | 1,248 | 1,013 |
| Total current receivables | | 17,683 | 19,071 | 17,651 | 19,016 |
| Non-current | | | | | |
| Debtors | | 49 | 89 | 49 | 89 |
| Workers compensation provision recoverable | | 3,143 | 1,884 | 3,143 | 1,884 |
| GST input tax recoverable | | 987 | 1,261 | 987 | 1,261 |
| Total non-current receivables | | 4,179 | 3,234 | 4,179 | 3,234 |
| Total receivables | | 21,862 | 22,305 | 21,830 | 22,250 |

16.1 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 | 1,446 | 2,095 | 1,446 | 2,095 |
| Amounts written off | (218) | (294) | (218) | (294) |
| Increase/(Decrease) in allowance recognised in profit or loss | 142 | (355) | 142 | (355) |
| Carrying amount at the end of the period | 1,370 | 1,446 | 1,370 | 1,446 |

The Hospital has recognised a bad and doubtful debt expense of \$0.653 million (\$0.285 million)

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16.2 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 34 for further information on risk management.

17. Other financial assets

| | Consolidated | | Parent | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Term deposits | 93,419 | 90,141 | 82,148 | 80,160 |
| Other investments | 108 | 87 | 108 | 87 |
| Total current investments | 93,527 | 90,228 | 82,256 | 80,247 |
| Non-current | | | | |
| Other investments | 77 | 77 | - | - |
| Total non-current investments | 77 | 77 | - | - |
| Total investments | 93,604 | 90,305 | 82,256 | 80,247 |

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

Refer to note 34 for further information on risk management.

18. Inventories

| | Consolidated | | Parent | |
|----------------------------------------------------------|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Drug supplies | 1,343 | 1,312 | 1,343 | 1,312 |
| Medical, surgical and laboratory supplies | 2,501 | 2,641 | 2,501 | 2,641 |
| Food and hotel supplies | 567 | 553 | 567 | 553 |
| Engineering supplies | 29 | 36 | 29 | 36 |
| Other | 159 | 180 | 159 | 180 |
| Total current inventories - held for distribution | 4,599 | 4,722 | 4,599 | 4,722 |

All inventories are held for distribution at no or nominal consideration and are measured at the lower of average weighted cost and replacement cost.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised as an expense reduction.

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

19.1 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.

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19.2 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 | 10 - 80 |
| Leasehold improvements | Life of lease |
| Plant and equipment: | |
| • Medical, surgical, dental and biomedical equipment and furniture | 2 - 20 |
| • Computing equipment | 3 - 5 |
| • Vehicles | 2 - 20 |
| • Other plant and equipment | 3 - 30 |
| Intangibles | 5 - 10 |

19.3 Revaluation of non-current assets

All non-current tangible assets are valued at fair value.

The Hospital revalues all land, buildings and site improvements triennially via a Certified Practising Valuer. A triennial revaluation of other non-current assets by a Certified Practising 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.

19.4 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.

There were no indications of impairment of property, plant and equipment or intangibles as at 30 June 2018.

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19.5 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 Hospital has aged care bed licences which have an indefinite useful life therefore no amortisation is recognised.

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.

19.6 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 AssetVal (JLT) Pty Ltd, as at 1 June 2018.

19.7 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.

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20. Reconciliation of property, plant and equipment

The following table shows the movement:

Consolidated

2017-18

| | Land and buildings: | | | | Plant and equipment: | | | | | Total \$'000 |
|--------------------------------------------------------------------------------|---------------------|---------------------|--------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|-----------------|
| | Land \$'000 | Buildings \$'000 | Buildings under finance lease \$'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 finance lease \$'000 | Capital works in progress plant and equipment \$'000 | |
| Carrying amount at the beginning of the period | 46,751 | 676,255 | 86,661 | 3,696 | - | 5,821 | 6,358 | 8 | 3,302 | 828,852 |
| Additions | - | 38 | - | 7,287 | - | 1,381 | 1,028 | - | 1,255 | 10,989 |
| Assets received free of charge | - | - | - | - | - | 43 | 22 | - | - | 65 |
| Disposals | (28) | (187) | - | (293) | - | (7) | (64) | - | (413) | (992) |
| Donated assets disposal | - | - | - | - | - | - | - | - | (22) | (22) |
| Transfers between asset classes | - | 9,087 | - | (9,087) | - | 2,429 | 451 | (6) | (2,874) | - |
| Subtotal: | 46,723 | 685,193 | 86,661 | 1,603 | - | 9,667 | 7,795 | 2 | 1,248 | 838,892 |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | |
| Depreciation and amortisation | - | (28,034) | (1,840) | - | - | (2,688) | (1,278) | (1) | - | (33,841) |
| Subtotal: | - | (28,034) | (1,840) | - | - | (2,688) | (1,278) | (1) | - | (33,841) |
| Gains/(losses) for the period recognised in other comprehensive income: | | | | | | | | | | |
| Revaluation increment / (decrement) | (1,028) | 71,594 | (9,823) | - | - | - | - | - | - | 60,743 |
| Subtotal: | (1,028) | 71,594 | (9,823) | - | - | - | - | - | - | 60,743 |
| Carrying amount at the end of the period* | 45,695 | 728,753 | 74,998 | 1,603 | - | 6,979 | 6,517 | 1 | 1,248 | 865,794 |
| Gross carrying amount | | | | | | | | | | |
| Gross carrying amount | 45,695 | 731,694 | 75,194 | 1,603 | 741 | 38,578 | 19,327 | 81 | 1,248 | 914,161 |
| Accumulated depreciation / amortisation | - | (2,941) | (196) | - | (741) | (31,599) | (12,810) | (80) | - | (48,367) |
| Carrying amount at the end of the period | 45,695 | 728,753 | 74,998 | 1,603 | - | 6,979 | 6,517 | 1 | 1,248 | 865,794 |

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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Consolidated

2016-17

| | Land and buildings: | | | | Plant and equipment: | | | Plant and equipment under finance lease \$'000 | Capital works in progress plant and equipment \$'000 | Total \$'000 |
|----------------------------------------------------------------|---------------------|------------------|--------------------------------------|-----------------------------------------------------|-------------------------------|-------------------------------------------|----------------------------------|------------------------------------------------|------------------------------------------------------|-----------------|
| | Land \$'000 | Buildings \$'000 | Buildings under finance lease \$'000 | Capital works in progress land and buildings \$'000 | Leasehold improvements \$'000 | Medical/surgical/dental/biomedical \$'000 | Other plant and equipment \$'000 | | | |
| Carrying amount at the beginning of the period | 46,911 | 695,443 | 88,571 | 6,680 | 74 | 5,770 | 6,556 | 9 | 1,703 | 851,717 |
| Additions | - | 83 | - | 5,677 | - | 924 | 298 | - | 3,680 | 10,662 |
| Assets received free of charge | 120 | 80 | - | - | - | 24 | - | - | - | 224 |
| Disposals | (280) | (79) | - | (98) | - | (3) | (16) | - | (4) | (480) |
| Transfers between asset classes | - | 8,564 | 72 | (8,563) | - | 1,607 | 397 | - | (2,077) | - |
| Subtotal: | 46,751 | 704,091 | 88,643 | 3,696 | 74 | 8,322 | 7,235 | 9 | 3,302 | 862,123 |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | |
| Depreciation and amortisation | - | (27,836) | (1,982) | - | (74) | (2,501) | (877) | (1) | - | (33,271) |
| Subtotal: | - | (27,836) | (1,982) | - | (74) | (2,501) | (877) | (1) | - | (33,271) |
| Carrying amount at the end of the period* | 46,751 | 676,255 | 86,661 | 3,696 | - | 5,821 | 6,358 | 8 | 3,302 | 828,852 |
| Gross carrying amount | | | | | | | | | | |
| Gross carrying amount | 46,751 | 735,654 | 90,802 | 3,696 | 741 | 36,119 | 18,238 | 131 | 3,302 | 935,434 |
| Accumulated depreciation / amortisation | - | (59,399) | (4,141) | - | (741) | (30,298) | (11,880) | (123) | - | (106,582) |
| Carrying amount at the end of the period | 46,751 | 676,255 | 86,661 | 3,696 | - | 5,821 | 6,358 | 8 | 3,302 | 828,852 |

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land (classified as level 2) and capital works in progress (not classified).

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Parent

2017-18

| | Land and buildings: | | | | Plant and equipment: | | | | Total \$'000 | |
|--------------------------------------------------------------------------------|---------------------|---------------------|--------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------|-----------------|---------------------------------------------------------------------|
| | Land \$'000 | Buildings \$'000 | Buildings under finance lease \$'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 finance lease \$'000 | | Capital works in progress plant and equipment \$'000 |
| Carrying amount at the beginning of the period | 18,925 | 301,556 | 86,661 | 3,696 | - | 5,821 | 6,358 | 8 | 3,302 | 426,327 |
| Additions | - | 38 | - | 7,287 | - | 1,381 | 1,028 | - | 1,255 | 10,989 |
| Assets received free of charge | - | - | - | - | - | 43 | 22 | - | - | 65 |
| Disposals | - | - | - | (293) | - | (7) | (64) | - | (413) | (777) |
| Donated assets disposal | - | - | - | (6,732) | - | - | - | - | (22) | (6,754) |
| Acquisition / (disposal) through administrative restructuring | (125) | (1,877) | - | - | - | - | - | - | - | (2,002) |
| Transfers between asset classes | - | 2,355 | - | (2,355) | - | 2,429 | 451 | (6) | (2,874) | - |
| Subtotal: | 18,800 | 302,072 | 86,661 | 1,603 | - | 9,667 | 7,795 | 2 | 1,248 | 427,848 |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | |
| Depreciation and amortisation | - | (12,663) | (1,840) | - | - | (2,688) | (1,278) | (1) | - | (18,470) |
| Subtotal: | - | (12,663) | (1,840) | - | - | (2,688) | (1,278) | (1) | - | (18,470) |
| Gains/(losses) for the period recognised in other comprehensive income: | | | | | | | | | | |
| Revaluation increment / (decrement) | (432) | 54,697 | (9,823) | - | - | - | - | - | - | 44,442 |
| Subtotal: | (432) | 54,697 | (9,823) | - | - | - | - | - | - | 44,442 |
| Carrying amount at the end of the period | 18,368 | 344,106 | 74,998 | 1,603 | - | 6,979 | 6,517 | 1 | 1,248 | 453,820 |
| Gross carrying amount | | | | | | | | | | |
| Gross carrying amount | 18,368 | 345,516 | 75,194 | 1,603 | 741 | 38,578 | 19,327 | 81 | 1,248 | 500,656 |
| Accumulated depreciation / amortisation | - | (1,410) | (196) | - | (741) | (31,599) | (12,810) | (80) | - | (46,836) |
| Carrying amount at the end of the period | 18,368 | 344,106 | 74,998 | 1,603 | - | 6,979 | 6,517 | 1 | 1,248 | 453,820 |

All property, plant and equipment are classified in the level 3 fair value hierarchy except capital works in progress (not classified).

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Parent

2016-17

| | Land and buildings: | | | | Plant and equipment: | | | Plant and equipment under finance lease \$'000 | Capital works in progress plant and equipment \$'000 | Total \$'000 |
|----------------------------------------------------------------|---------------------|------------------|--------------------------------------|-----------------------------------------------------|-------------------------------|-------------------------------------------|----------------------------------|------------------------------------------------|------------------------------------------------------|-----------------|
| | Land \$'000 | Buildings \$'000 | Buildings under finance lease \$'000 | Capital works in progress land and buildings \$'000 | Leasehold improvements \$'000 | Medical/surgical/dental/biomedical \$'000 | Other plant and equipment \$'000 | | | |
| Carrying amount at the beginning of the period | 18,805 | 309,015 | 88,571 | 6,680 | 74 | 5,770 | 6,556 | 9 | 1,703 | 437,183 |
| Additions | - | 83 | - | 5,677 | - | 924 | 298 | - | 3,680 | 10,662 |
| Assets received free of charge | 120 | 80 | - | - | - | 24 | - | - | - | 224 |
| Disposals | - | - | - | (98) | - | (3) | (16) | - | (4) | (121) |
| Donated assets disposal | - | - | - | (3,740) | - | - | - | - | - | (3,740) |
| Transfers between asset classes | - | 4,824 | 72 | (4,823) | - | 1,607 | 397 | - | (2,077) | - |
| Subtotal: | 18,925 | 314,002 | 88,643 | 3,696 | 74 | 8,322 | 7,235 | 9 | 3,302 | 444,208 |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | |
| Depreciation and amortisation | - | (12,446) | (1,982) | - | (74) | (2,501) | (877) | (1) | - | (17,881) |
| Subtotal: | - | (12,446) | (1,982) | - | (74) | (2,501) | (877) | (1) | - | (17,881) |
| Carrying amount at the end of the period | 18,925 | 301,556 | 86,661 | 3,696 | - | 5,821 | 6,358 | 8 | 3,302 | 426,327 |
| Gross carrying amount | | | | | | | | | | |
| Gross carrying amount | 18,925 | 328,791 | 90,802 | 3,696 | 741 | 36,119 | 18,238 | 131 | 3,302 | 500,745 |
| Accumulated depreciation / amortisation | - | (27,235) | (4,141) | - | (741) | (30,298) | (11,880) | (123) | - | (74,418) |
| Carrying amount at the end of the period | 18,925 | 301,556 | 86,661 | 3,696 | - | 5,821 | 6,358 | 8 | 3,302 | 426,327 |

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land (classified as level 2) and capital works in progress (not classified).

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21. Reconciliation of intangible assets

The following table shows the movement:
 Consolidated

| | Computer software \$'000 | 2017-18 Bed licences \$'000 | Total \$'000 | Computer software \$'000 | 2016-17 Bed licences \$'000 | Total \$'000 |
|-------------------------------------------------------|--------------------------------|--------------------------------------|-----------------|--------------------------------|--------------------------------------|-----------------|
| Carrying amount at the beginning of the period | 2,838 | 700 | 3,538 | 124 | 700 | 824 |
| Additions | - | - | - | 3,750 | - | 3,750 |
| Amortisation | (1,036) | - | (1,036) | (1,036) | - | (1,036) |
| Carrying amount at the end of the period | 1,802 | 700 | 2,502 | 2,838 | 700 | 3,538 |
| Gross carrying amount | | | | | | |
| Gross carrying amount | 3,931 | 700 | 4,631 | 3,931 | 700 | 4,631 |
| Accumulated amortisation | (2,129) | - | (2,129) | (1,093) | - | (1,093) |
| Carrying amount at the end of the period | 1,802 | 700 | 2,502 | 2,838 | 700 | 3,538 |
| Parent | | | | | | |
| Carrying amount at the beginning of the period | 2,838 | 700 | 3,538 | 124 | 700 | 824 |
| Additions | - | - | - | 3,750 | - | 3,750 |
| Amortisation | (1,036) | - | (1,036) | (1,036) | - | (1,036) |
| Carrying amount at the end of the period | 1,802 | 700 | 2,502 | 2,838 | 700 | 3,538 |
| Gross carrying amount | | | | | | |
| Gross carrying amount | 3,931 | 700 | 4,631 | 3,931 | 700 | 4,631 |
| Accumulated amortisation | (2,129) | - | (2,129) | (1,093) | - | (1,093) |
| Carrying amount at the end of the period | 1,802 | 700 | 2,502 | 2,838 | 700 | 3,538 |

*Residential aged care bed licences that are purchased are initially recorded at cost. Bed licences that are received for no consideration from the Commonwealth Government are recognised at their fair value at the date of implementation, having regard to recent sale activity within SA's country areas and the relaxation of ceiling limits on bed licenses, the Hospital has recorded these licences at Nil value.

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22. 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 19 and 22.2 and for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

22.1 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 20) | | | | | | |
| Land | - | 45,695 | 45,695 | - | 18,368 | 18,368 |
| Buildings and improvements | - | 803,751 | 803,751 | - | 419,104 | 419,104 |
| Plant and equipment | - | 13,497 | 13,497 | - | 13,497 | 13,497 |
| Total recurring fair value measurements | - | 862,943 | 862,943 | - | 450,969 | 450,969 |

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 20) | | | | | | |
| Land | 46,751 | - | 46,751 | 18,925 | - | 18,925 |
| Buildings and improvements | - | 762,916 | 762,916 | - | 388,217 | 388,217 |
| Plant and equipment | - | 12,187 | 12,187 | - | 12,187 | 12,187 |
| Total recurring fair value measurements | 46,751 | 775,103 | 821,854 | 18,925 | 400,404 | 419,329 |

There are no non-recurring fair value measurements.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 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 2018-17.

In 2018, land was transferred from Level 2 to Level 3 as there were unobservable inputs.

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22.2 Valuation techniques and inputs

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

23. Payables

| | Consolidated | | Parent | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Creditors and accrued expenses | 29,059 | 29,578 | 29,059 | 29,578 |
| Paid Parental Leave Scheme | 123 | 69 | 123 | 69 |
| Staff on-costs* | 8,529 | 6,383 | 8,529 | 6,383 |
| Other payables | 704 | 832 | 704 | 832 |
| Total current payables | 38,415 | 36,862 | 38,415 | 36,862 |
| Non-current | | | | |
| Staff on-costs* | 3,109 | 3,671 | 3,109 | 3,671 |
| Total non-current payables | 3,109 | 3,671 | 3,109 | 3,671 |
| Total payables | 41,524 | 40,533 | 41,524 | 40,533 |

*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 the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has decreased from the 2017 rate of 48% to 35%. Further, Mercer Consulting (Australia) Pty Ltd has determined that the average factor for the calculation of employer superannuation cost on-cost has decreased from the 2017 rate of 9.94% to 9.85%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$1.137 million and employee benefits expense of \$1.137 million. The estimated impact on 2019 and 2020 is \$1.182 million and \$1.229 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.

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.

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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 34 for further information on risk management.

24. Borrowings

| | Note | Consolidated | | Parent | |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Current | | | | | |
| Loans | | 713 | 829 | 713 | 829 |
| Finance lease | 28.2 | 3,008 | 2,798 | 3,008 | 2,798 |
| Total current borrowings | | 3,721 | 3,627 | 3,721 | 3,627 |
| Non-current | | | | | |
| Loans | | 418 | 1,135 | 418 | 1,135 |
| Finance lease | 28.2 | 10,860 | 13,867 | 10,860 | 13,867 |
| Total non-current borrowings | | 11,278 | 15,002 | 11,278 | 15,002 |
| Total borrowings | | 14,999 | 18,629 | 14,999 | 18,629 |

*The contractual maturities for loans (financial liabilities at cost) is within 5 years.

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

The movement in loans liability of \$0.834 million (\$0.790 million) and the movement in finance lease liability of \$2.798 million (\$2.603 million) arises from financing cash flows.

Refer to note 34 for further information on risk management.

Defaults and breaches

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

25. Staff benefits

| | Consolidated | | Parent | |
|-----------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Current | | | | |
| Annual leave | 44,579 | 43,823 | 44,579 | 43,823 |
| Long service leave | 7,437 | 6,984 | 7,437 | 6,984 |
| Accrued salaries and wages | 10,843 | 8,875 | 10,843 | 8,875 |
| Skills and experience retention leave | 3,965 | 3,948 | 3,965 | 3,948 |
| Other | 60 | 19 | 60 | 19 |
| Total current staff benefits | 66,884 | 63,649 | 66,884 | 63,649 |
| Non-current | | | | |
| Long service leave | 93,391 | 87,701 | 93,391 | 87,701 |
| Total non-current staff benefits | 93,391 | 87,701 | 93,391 | 87,701 |
| Total staff benefits | 160,275 | 151,350 | 160,275 | 151,350 |

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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25.1 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.

25.2 Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. AASB 119 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 the yield on long term Commonwealth Government bonds which matches the expected term 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 (2.27%) to 2018 (2.65%). This increase of the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the change in the bond yield in the current financial year is a decrease in the long service leave liability of \$3.582 million and staff benefit expense of \$3.706 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 LSL 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 4.00% for long service leave liability 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.

26. Provisions

| | Note | Consolidated | | Parent | |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Current | | | | | |
| Workers compensation | 26.1 | 4,184 | 6,102 | 4,184 | 6,102 |
| Total current provisions | | 4,184 | 6,102 | 4,184 | 6,102 |
| Non-current | | | | | |
| Workers compensation | 26.1 | 5,041 | 7,785 | 5,041 | 7,785 |
| Total non-current provisions | | 5,041 | 7,785 | 5,041 | 7,785 |
| Total provisions | | 9,225 | 13,887 | 9,225 | 13,887 |

26.1 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.

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.

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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. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). 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 for certain work related injuries has 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 \$0.458 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 | 13,887 | 19,387 | 13,887 | 19,387 |
| Reductions resulting from re-measurement or settlement without cost | (4,662) | (5,500) | (4,662) | (5,500) |
| Carrying amount at the end of the period | 9,225 | 13,887 | 9,225 | 13,887 |

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

27. Other liabilities

| | Consolidated | | Parent | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Unclaimed monies | 56 | 133 | 56 | 133 |
| Unearned revenue | 6,007 | 3,822 | 6,007 | 3,822 |
| Residential aged care bonds | 75,144 | 66,549 | 75,144 | 66,549 |
| Other | 123 | 46 | 123 | 46 |
| Total other liabilities | 81,330 | 70,550 | 81,330 | 70,550 |

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

28. 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 or payable. If GST is not recoverable or payable, the commitments are disclosed on a gross basis.

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28.1 Operating lease expenditure commitments

| | Consolidated | | Parent | |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows: | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 5,241 | 5,006 | 5,241 | 5,006 |
| Later than one year but not longer than five years | 5,883 | 6,067 | 5,883 | 6,067 |
| Later than five years | 1,581 | 1,217 | 1,581 | 1,217 |
| Total operating lease commitments | 12,705 | 12,290 | 12,705 | 12,290 |
| Representing: | | | | |
| Cancellable operating leases | 6,336 | 6,524 | 6,336 | 6,524 |
| Non-cancellable operating leases* | 6,369 | 5,766 | 6,369 | 5,766 |
| Total operating lease commitments | 12,705 | 12,290 | 12,705 | 12,290 |

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.

28.2 Finance lease liabilities commitments

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

| | 2018 | | 2017 | |
|----------------------------------------------------------|------------------------|---------------------------------|------------------------|---------------------------------|
| | Minimum lease payments | Present value of lease payments | Minimum lease payments | Present value of lease payments |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 6,749 | 3,768 | 6,624 | 3,768 |
| Later than one year but not longer than five years | 20,927 | 10,100 | 22,969 | 9,794 |
| Later than five years | - | - | 4,193 | 3,103 |
| Total minimum lease payments | 27,676 | 13,868 | 33,786 | 16,665 |
| Less future finance lease charges and contingent rentals | (13,808) | - | (17,121) | - |
| Total finance lease commitments | 13,868 | 13,868 | 16,665 | 16,665 |

| | Consolidated | | Parent | |
|-----------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Included in the Statement of Financial Position as: | \$'000 | \$'000 | \$'000 | \$'000 |
| Current borrowings (Note 24) | 3,008 | 2,798 | 3,008 | 2,798 |
| Non-current borrowings (Note 24) | 10,860 | 13,867 | 10,860 | 13,867 |
| Total included in borrowings | 13,868 | 16,665 | 13,868 | 16,665 |

The Hospital has entered into a number of finance leases. These finance leases are for buildings. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

28.3 Expenditure commitments

28.3.1 Other expenditure commitments

| Expenditure commitments | Consolidated | | Parent | |
|----------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 20,734 | 18,477 | 20,734 | 18,477 |
| Later than one year but not longer than five years | 17,344 | 18,497 | 17,344 | 18,497 |
| Later than five years | - | 558 | - | 558 |
| Total other expenditure commitments | 38,078 | 37,532 | 38,078 | 37,532 |

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

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 has not been quantified.

29. 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 or payable. If GST is not recoverable or payable, the contingencies are disclosed on a gross basis.

29.1 Contingent Assets

The Hospital is not aware of any contingent assets.

29.2 Contingent Liabilities

Under the Act, all real property except for property associated with Crown Land of the former Hospitals and Health Centre entities was to be transferred to the associated Health Advisory Council. To date a limited number of real properties have not transferred to the Health Advisory Councils as the vesting instruments have not been finalised or there is a requirement to seek clarification from Crown Law regarding encumbrances on some properties and whether a Health Advisory Council can hold property that is encumbered. Given the uncertainty of the outcome of the advice sought from Crown Law it is not possible to reliably measure the value of the real property that could transfer to the Health Advisory Councils in the future. Similarly, it is not possible to determine when the vesting instruments will be finalised or to reliably measure the value of the real property that will transfer to the Health Advisory Councils at that time.

29.3 Guarantees

The Hospital has made no guarantees.

30. Related party transactions

The Hospital is controlled by the SA Government.

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

30.1 Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In addition, the Hospital 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 and insurance (note 4 and 32). The Hospital had an outstanding loan balance payable to the Department at 30 June of \$1.134 million (\$1.964 million). The Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$5.540 million (\$5.189 million) and for property repairs and maintenance of \$15.152 million (\$12.154 million) (note 4 and 32). As at 30 June the outstanding balance payable to DPTI was \$5.045 million (\$5.702 million) (note 23) and unrecognised contractual expenditure commitments of \$2.372 million (\$3.122 million).

Quantitative information about transactions and balances between the Hospital and other SA Government controlled entities is disclosed at note 32.

The Hospital 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.

30.2 Transactions with Key Management Personnel and other related parties

Compensation of key management personnel is disclosed at note 3

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

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31. Interests in other entities

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

Controlled Entities

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

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

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

The above assets, rights and liabilities of the former Hospitals whose HAC elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc.

The HAC have no powers to direct or make decisions with respect to the management and administration of Country Health SA Local Health Network.

| Health Advisory Council | | |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------|
| Incorporated HACs | | |
| Balaklava Riverton Health Advisory Council Inc | Barossa and Districts Health Advisory Council Inc | Berri Barmera District Health Advisory Council Inc |
| Bordertown and District Health Advisory Council Inc | Ceduna District Health Services Health Advisory Council Inc | Coorong Health Service Health Advisory Council Inc |
| Country Health SA Local Health Network Health Advisory Council Inc | Eastern Eyre Health Advisory Council Inc | Eudunda Kapunda Health Advisory Council Inc |
| Gawler District Health Advisory Council Inc | Hills Area Health Advisory Council Inc | Kangaroo Island Health Advisory Council Inc |
| Kingston/Robe Health Advisory Council Inc | Lower Eyre Health Advisory Council Inc | Lower North Health Advisory Council Inc |
| Loxton and Districts Health Advisory Council Inc | Mallee Health Service Health Advisory Council Inc | Mannum District Hospital Health Advisory Council Inc |
| Mid North Health Advisory Council Inc | Mid West Health Advisory Council Inc | Millicent and Districts Health Advisory Council Inc |
| Mount Gambier and Districts Health Advisory Council Inc | Naracoorte Area Health Advisory Council Inc | Northern Yorke Peninsula Health Advisory Council Inc |
| Penola and Districts Health Advisory Council Inc | Port Broughton District Hospital and Health Services Health Advisory Council Inc | Renmark Paringa District Health Advisory Council Inc |
| South Coast Health Advisory Council Inc | The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc | Waikerie and Districts Health Advisory Council Inc |
| Yorke Peninsula Health Advisory Council Inc | | |
| Unincorporated HACs | | |
| Far North Health Advisory Council | Hawker District Memorial Health Advisory Council | Leigh Creek Health Service Health Advisory Council |
| Port Augusta, Roxby Downs, Woomera Health Advisory Council | Port Lincoln Health Advisory Council | Port Pirie Health Service Health Advisory Council |
| Quorn Health Services Health Advisory Council | Southern Flinders Health Advisory Council | Whyalla Hospital and Health Services Health Advisory Council |

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32. Transactions with SA Government

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

Parent

| Parent Note | SA Government | | Non-SA Government | | Total | |
|-----------------------------------------------------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| EXPENSE | | | | | | |
| 3 Staff benefits expenses | 164 | 239 | 551,336 | 520,786 | 551,500 | 521,025 |
| 4 Supplies and services | 101,537 | 102,738 | 217,155 | 199,586 | 318,692 | 302,324 |
| Administration | 229 | 303 | 1,254 | 1,715 | 1,483 | 2,018 |
| Advertising | 214 | 491 | 521 | 605 | 735 | 1,096 |
| Communication | 1,503 | 1,787 | 2,312 | 1,961 | 3,815 | 3,748 |
| Computing | 9,310 | 9,296 | 1,026 | 730 | 10,336 | 10,026 |
| Consultants | - | - | 6 | 95 | 6 | 95 |
| Contract of services | (18) | 73 | 20,598 | 21,093 | 20,580 | 21,166 |
| Contractors | - | - | 1,698 | 1,695 | 1,698 | 1,695 |
| Contractors - agency staff | 5,425 | 7,766 | 4,540 | 5,585 | 9,965 | 13,351 |
| Drug supplies | 4,366 | 798 | 4,432 | 7,230 | 8,798 | 8,028 |
| Electricity, gas and fuel | 38 | 24 | 12,164 | 8,591 | 12,202 | 8,615 |
| Fee for service | 4,753 | 4,157 | 80,903 | 71,233 | 85,656 | 75,390 |
| Finance lease contingent rentals | - | - | 2,460 | 2,359 | 2,460 | 2,359 |
| Food supplies | 330 | 287 | 9,422 | 9,174 | 9,752 | 9,461 |
| Housekeeping | 1,943 | 1,932 | 5,614 | 5,418 | 7,557 | 7,350 |
| Insurance | 6,265 | 6,122 | 1,302 | 1,445 | 7,567 | 7,567 |
| Internal SA Health SLA payments | 4,147 | 4,727 | - | - | 4,147 | 4,727 |
| Interstate patient transfers | - | - | 9 | 3 | 9 | 3 |
| Legal | 131 | 168 | 81 | 7 | 212 | 175 |
| Medical, surgical and laboratory supplies | 18,982 | 19,493 | 26,965 | 23,980 | 45,947 | 43,473 |
| Minor equipment | 713 | 470 | 4,923 | 4,964 | 5,636 | 5,434 |
| Motor vehicle expenses | 1,518 | 1,283 | 446 | 381 | 1,964 | 1,664 |
| Occupancy rent and rates | 2,872 | 2,647 | 1,110 | 1,066 | 3,982 | 3,713 |
| Patient transport | 10,770 | 10,568 | 9,298 | 8,896 | 20,068 | 19,464 |
| Services from Shared Services SA | 5,465 | 6,855 | - | - | 5,465 | 6,855 |
| Postage | 60 | 34 | 1,240 | 1,111 | 1,300 | 1,145 |
| Printing and stationery | 750 | 819 | 2,288 | 2,089 | 3,038 | 2,908 |
| Rental expense on operating lease | 4,049 | 4,129 | 1,387 | 1,356 | 5,436 | 5,485 |
| Repairs and maintenance | 16,336 | 17,319 | 10,472 | 7,985 | 26,808 | 25,304 |
| Security | 90 | 73 | 825 | 910 | 915 | 983 |
| Staff training and development | 312 | 245 | 2,616 | 2,250 | 2,928 | 2,495 |
| Staff travel expenses | 31 | 22 | 2,303 | 2,250 | 2,334 | 2,272 |
| Other supplies and services | 953 | 850 | 4,940 | 3,409 | 5,893 | 4,259 |
| Depreciation and amortisation expense | - | - | 19,506 | 18,917 | 19,506 | 18,917 |
| 5 Grants and subsidies | 36 | 36 | 1,990 | 531 | 2,026 | 567 |
| Capital grants | - | - | - | 14 | - | 14 |
| Subsidies | - | - | - | 2 | - | 2 |
| Funding to non-government organisations | - | - | 1,990 | 515 | 1,990 | 515 |
| Other | 36 | 36 | - | - | 36 | 36 |
| 6 Borrowing costs | 60 | 90 | 1,125 | 1,306 | 1,185 | 1,396 |
| 12 Net loss from disposal of non-current and other assets | - | - | 777 | 118 | 777 | 118 |
| Total proceeds from disposal | - | - | - | (4) | - | (4) |
| Less total value of assets disposed | - | - | 777 | 121 | 777 | 121 |
| Less other costs of disposal | - | - | - | 1 | - | 1 |
| 7 Other expenses | 7,615 | 5,208 | 1,607 | 970 | 9,222 | 6,178 |
| Bad and doubtful debts | - | - | 653 | 285 | 653 | 285 |
| Bank fees and charges | - | - | 18 | 24 | 18 | 24 |
| Donated assets expense | 6,754 | 3,740 | - | - | 6,754 | 3,740 |
| Other | 861 | 1,468 | 936 | 661 | 1,797 | 2,129 |
| TOTAL EXPENSES | 109,412 | 108,311 | 793,496 | 742,214 | 902,908 | 850,525 |

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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 | 4,879 | 3,516 | 74,886 | 71,921 | 79,765 | 75,437 |
| Ambulance transport | - | 1 | - | (1) | - | - |
| Insurance recoveries | 119 | 8 | - | 1 | 119 | 9 |
| Patient and client fees | 25 | - | 20,710 | 19,351 | 20,735 | 19,351 |
| Private practice fees | - | - | 1,098 | 1,620 | 1,098 | 1,620 |
| Recoveries | 4,358 | 3,238 | 13,834 | 12,605 | 18,192 | 15,843 |
| Residential and other aged care charges | - | - | 26,913 | 26,835 | 26,913 | 26,835 |
| Sale of goods - medical supplies | 186 | 115 | 1,335 | 1,354 | 1,521 | 1,469 |
| Other user charges and fees | 191 | 154 | 10,996 | 10,156 | 11,187 | 10,310 |
| 9 Grants and contributions | 8,711 | 9,022 | 128,113 | 123,810 | 136,824 | 132,832 |
| Commonwealth grants and donations | - | - | 46,253 | 41,206 | 46,253 | 41,206 |
| Commonwealth aged care subsidies | - | - | 73,028 | 74,080 | 73,028 | 74,080 |
| SA Government capital contributions | 811 | 969 | - | - | 811 | 969 |
| Other SA Government grants and contributions | 7,900 | 8,053 | - | - | 7,900 | 8,053 |
| Private sector grants and contributions | - | - | 8,832 | 8,524 | 8,832 | 8,524 |
| 10 Interest revenues | 27 | 24 | 2,139 | 2,053 | 2,166 | 2,077 |
| 11 Resources received free of charge | 5,431 | 200 | 65 | 24 | 5,496 | 224 |
| 13 Other revenues/income | 50 | 5 | 543 | 625 | 593 | 630 |
| Commissions revenue | - | - | 2 | 17 | 2 | 17 |
| Dividend revenue | - | - | 3 | 2 | 3 | 2 |
| Training revenue | 8 | - | 1 | 5 | 9 | 5 |
| Donations | - | 1 | 408 | 547 | 408 | 548 |
| Car parking revenue | - | - | 8 | 3 | 8 | 3 |
| Other | 42 | 4 | 121 | 51 | 163 | 55 |
| 14 Revenues from SA Government | 661,476 | 618,230 | - | - | 661,476 | 618,230 |
| TOTAL INCOME | 680,574 | 630,997 | 205,746 | 198,433 | 886,320 | 829,430 |
| FINANCIAL ASSETS | | | | | | |
| 15 Cash and cash equivalents | 15,288 | 5,209 | 12,108 | 11,854 | 27,396 | 17,063 |
| 16 Receivables | 5,229 | 5,776 | 16,601 | 16,474 | 21,830 | 22,250 |
| Patient/client fees: compensable | - | - | 1,412 | 623 | 1,412 | 623 |
| Patient/client fees: aged care | - | - | 3,621 | 3,774 | 3,621 | 3,774 |
| Patient/client fees: other | - | - | 2,790 | 3,553 | 2,790 | 3,553 |
| Debtors | 437 | 470 | 3,937 | 3,136 | 4,374 | 3,606 |
| Less: allowance for doubtful debts | - | - | (1,370) | (1,446) | (1,370) | (1,446) |
| Prepayments | - | - | 185 | 655 | 185 | 655 |
| Loans | - | - | - | 144 | - | 144 |
| Interest | 2 | 2 | 616 | 573 | 618 | 575 |
| Workers compensation provision recoverable | 4,697 | 5,269 | - | - | 4,697 | 5,269 |
| Sundry receivables and accrued revenue | 93 | 35 | 3,175 | 3,188 | 3,268 | 3,223 |
| GST input tax recoverable | - | - | 2,235 | 2,274 | 2,235 | 2,274 |
| 17 Other financial assets | 1,302 | 1,279 | 80,954 | 78,968 | 82,256 | 80,247 |
| Term deposits | 1,302 | 1,279 | 80,846 | 78,881 | 82,148 | 80,160 |
| Other investments | - | - | 108 | 87 | 108 | 87 |
| TOTAL FINANCIAL ASSETS | 21,819 | 12,264 | 109,663 | 107,296 | 131,482 | 119,560 |

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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 | | | | | | |
| 23 Payables | 9,496 | 5,961 | 32,028 | 34,572 | 41,524 | 40,533 |
| Creditors and accrued expenses | 9,496 | 5,961 | 19,563 | 23,617 | 29,059 | 29,578 |
| Paid Parental Leave Scheme | - | - | 123 | 69 | 123 | 69 |
| Staff on-costs | - | - | 11,638 | 10,054 | 11,638 | 10,054 |
| Other payables | - | - | 704 | 832 | 704 | 832 |
| 24 Borrowings | 1,131 | 1,964 | 13,868 | 16,665 | 14,999 | 18,629 |
| Loans | 1,131 | 1,964 | - | - | 1,131 | 1,964 |
| Finance lease | - | - | 13,868 | 16,665 | 13,868 | 16,665 |
| 27 Other liabilities | 1,900 | 892 | 79,430 | 69,658 | 81,330 | 70,550 |
| Unclaimed monies | - | - | 56 | 133 | 56 | 133 |
| Unearned revenue | 1,899 | 891 | 4,108 | 2,931 | 6,007 | 3,822 |
| Residential aged care bonds | - | - | 75,144 | 66,549 | 75,144 | 66,549 |
| Other | 1 | 1 | 122 | 45 | 123 | 46 |
| TOTAL FINANCIAL LIABILITIES | 12,527 | 8,817 | 125,326 | 120,895 | 137,853 | 129,712 |

33. 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 | 35,154 | 24,669 | 27,396 | 17,063 |
| Cash as per Statement of Financial Position | 35,154 | 24,669 | 27,396 | 17,063 |
| Balance as per Statement of Cash Flows | 35,154 | 24,669 | 27,396 | 17,063 |

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

| | | | | |
|----------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Net cash provided by (used in) operating activities | 24,464 | 2,344 | 23,426 | (222) |
| Department for Health and Wellbeing contributions for the provision of health services | (661,476) | (618,230) | (661,476) | (618,230) |

Add/less non-cash items

| | | | | |
|-------------------------------------------------------------|----------|----------|----------|----------|
| Asset donated free of charge | (22) | - | (6,754) | (3,740) |
| Capital revenues | 92 | 1,499 | 92 | 1,499 |
| Depreciation and amortisation expense of non-current assets | (34,877) | (34,307) | (19,506) | (18,917) |
| Gain/(loss) on sale or disposal of non-current assets | (790) | (187) | (777) | (118) |
| Interest credited directly to investments | 2,190 | 2,119 | 1,988 | 1,905 |
| Resources received free of charge | 65 | 256 | 65 | 224 |
| Revaluation of investments | 18 | 16 | 18 | 16 |

Movement in assets/liabilities

| | | | | |
|------------------------------------------------|------------------|------------------|------------------|------------------|
| Increase/(decrease) in inventories | (122) | 229 | (122) | 229 |
| Increase/(decrease) in receivables | (302) | (8,122) | (276) | (8,390) |
| (Increase)/decrease in other liabilities | (10,779) | (6,609) | (10,779) | (6,609) |
| (Increase)/decrease in payables and provisions | 4,966 | 11,876 | 4,963 | 11,876 |
| (Increase)/decrease in staff benefits | (8,926) | 1,152 | (8,926) | 1,152 |
| Net cost of providing service | (685,499) | (647,964) | (678,064) | (639,325) |

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.

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34. Financial instruments/financial risk management

34.1 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.

34.2 Liquidity Risk

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

Refer to note 23 and 24 for further information.

34.3 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 15, 16 and 17 for further information.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. There is no exposure to foreign currency or other price risks.

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

34.4 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 , 16 and 23).
- 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 and 24).
- 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 and 17).

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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 | 15,33 | 35,154 | 24,669 | 27,396 | 17,063 |
| Loans and receivables | | | | | |
| Receivables ⁽¹⁾⁽²⁾ | 16 | 14,649 | 13,981 | 14,618 | 13,912 |
| Held to maturity investments | | | | | |
| Other financial assets | 17 | 93,604 | 90,305 | 82,256 | 80,247 |
| Total financial assets | | 143,407 | 128,955 | 124,270 | 111,222 |
| Financial liabilities | | | | | |
| Financial liabilities at cost | | | | | |
| Payables ⁽¹⁾ | 23 | 29,122 | 29,733 | 29,120 | 29,733 |
| Borrowings | 24 | 1,131 | 1,964 | 1,131 | 1,964 |
| Other financial liabilities | 27 | 75,323 | 66,728 | 75,323 | 66,728 |
| Finance lease liability | 24,28 | 13,868 | 16,665 | 13,868 | 16,665 |
| Total financial liabilities | | 119,444 | 115,090 | 119,442 | 115,090 |

⁽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 21 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* 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.

35. 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.

35.1 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 17.

- 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'; and
- the measurement basis for quoted equity instruments not held for trading will change from the current measurement basis using fair value through profit and loss as 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 \$0.313m, a decrease of \$1.057m compared to the amount reported at 30 June 2018, resulting in net receivables of \$22.919m 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.

35.2 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.

35.3 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 Department's current operating lease commitments note (see note 28) 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.

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36. 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:

On 2 August, the State Government created the following hospitals:

- Barossa Hills Fleurieu Local Health Network Incorporated
- Eyre and Far North Local Health Network Incorporated
- Flinders and Upper North Local Health Network Incorporated
- Riverland Mallee Coorong Local Health Network Incorporated
- South East Local Health Network Incorporated
- Yorke and Northern Local Health Network Incorporated

In addition, 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 hospitals (above) to be governed by a Board (Governing Board). The Hospital has commenced consideration and analysis of amendments to the Act and has not yet finalised its assessment of their impact. The Hospital will continue its assessment of the impact over the next 12 months.

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37. 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 |
|-------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Country Health SA Local Health Network Advisory Council Inc | - | Blacker P (Chair), Evans L, Gregurke K, Healy R, Mearthur A (appointed 01/07/2017), Fuller J (appointed 01/07/2017), Johnston J (appointed 01/07/2017), Mackay M (appointed 01/07/2017) |
| Country Health SA Risk Management and Audit Committee | - | Stubbs T Dr (Chair), Martin M, Wilson R (resigned 20/11/2017), Brown G, Christley S (appointed 25/02/2018) |

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

| | 2018 No. of Members | 2017 No. of Members |
|---------------------|------------------------|------------------------|
| \$0 | 1 | 2 |
| \$1 - \$9,999 | 10 | 6 |
| \$10,000 - \$19,999 | 1 | 2 |
| \$20,000 - \$29,999 | 1 | 1 |
| Total | 13 | 11 |

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 \$0.088 million (\$0.075 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.

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38. Schedules of administered items

38.1 Basis of preparation

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

The following incomes, expenses, assets and liabilities were administered but not controlled by the Hospital and have not been included in the financial statements. In accordance with Accounting Policy Framework II General Purpose Financial Statements para. APS 3.13.2, these items are regarded as insignificant to the Hospital's overall performance and are disclosed in the following schedules.

38.2 Categories of administered items

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

Consumer Funds represents funds held by the Hospital on behalf of consumers that reside in a Hospital facility whilst the consumer is receiving residential aged care services. The Hospital performs only a custodial role in respect of these funds.

The Hospital cannot use these administered funds for the achievement of its objectives.

38.3 Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

Schedule of Administered Expenses and Income

| | Private Practice | | Consumer Funds | | Total | |
|------------------------------------|------------------|--------------|----------------|------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Administered expenses | | | | | | |
| Other expenses | 3,205 | 3,252 | 274 | 327 | 3,479 | 3,579 |
| Total Administered expenses | 3,205 | 3,252 | 274 | 327 | 3,479 | 3,579 |
| Administered income | | | | | | |
| Revenue from fees and charges | 3,215 | 3,298 | 284 | 331 | 3,499 | 3,629 |
| Total Administered income | 3,215 | 3,298 | 284 | 331 | 3,499 | 3,629 |
| Net result | 10 | 46 | 10 | 4 | 20 | 50 |

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Schedule of Administered Assets and Liabilities

| | Private Practice | | Consumer Funds | | Total | |
|------------------------------------------|------------------|------------|----------------|------------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Administered current assets | | | | | | |
| Cash and cash equivalents | 277 | 267 | 150 | 140 | 427 | 407 |
| Receivables | 1 | 1 | - | - | 1 | 1 |
| Total Administered current assets | 278 | 268 | 150 | 140 | 428 | 408 |
| Total administered assets | 278 | 268 | 150 | 140 | 428 | 408 |
| Net administered assets | 278 | 268 | 150 | 140 | 428 | 408 |

Schedule of Administered Changes in Equity

| | Total 2018 \$'000 | Total 2017 \$'000 |
|--------------------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the reporting period | 408 | 358 |
| Restated Opening Balance | 408 | 358 |
| Total comprehensive result for the period | 20 | 50 |
| Balance at the end of the reporting period | 428 | 408 |

Schedule of Administered Cash Flows

| | Total 2018 \$'000 | Total 2017 \$'000 |
|-----------------------------------------------------------------|-------------------------|-------------------------|
| <u>Cash flows from operating activities</u> | | |
| Cash inflows | | |
| Fees and charges | 3,499 | 3,659 |
| Total Cash inflows | 3,499 | 3,659 |
| Cash outflows | | |
| Other payments | 3,479 | 3,711 |
| Total Cash outflows | 3,479 | 3,711 |
| Net cash inflows/cash outflows from operating activities | 20 | (52) |
| Net increase/(decrease) in cash held | 20 | (52) |
| Cash at the beginning of the reporting period | 407 | 459 |
| Cash at the end of the reporting period | 427 | 407 |