

Department for Health and Wellbeing

Financial report
for the year ended
30 June 2020



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To the Chief Executive Department for Health and Wellbeing

Opinion

I have audited the financial report of Department for Health and Wellbeing and the consolidated entity comprising the Department for Health and Wellbeing and its controlled entities for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Health and Wellbeing and its controlled entities as at 30 June 2020, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2020
- a Certificate from the Chief Executive and the Chief Finance Officer.

Basis for opinion

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

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

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Department for Health and Wellbeing and its controlled entities for the financial year ended 30 June 2020.

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

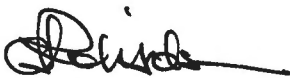
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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



Andrew Richardson

Auditor-General

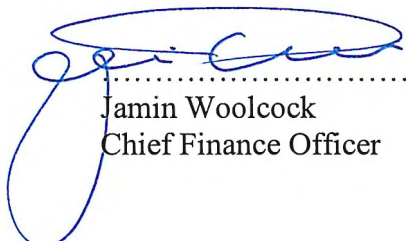
24 September 2020

Certification of the financial statements

We certify that the:

- financial statements of the Department for Health and Wellbeing:
 - 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 Department for Health and Wellbeing over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


.....
Christopher McGowan
Chief Executive


.....
Jamin Woolcock
Chief Finance Officer

Date 18-9-2020

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

| | Note | Consolidated | | Parent | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Income | | | | | |
| Revenues from SA Government | 13 | 4,328,640 | 4,203,772 | 4,328,640 | 4,203,772 |
| Fees and charges | 7 | 637,103 | 678,167 | 322,468 | 357,453 |
| Grants and contributions | 8 | 2,083,751 | 1,775,452 | 1,683,791 | 1,397,136 |
| Interest | 9 | 5,529 | 8,515 | 2,671 | 4,242 |
| Resources received free of charge | 10 | 63,975 | 50,459 | 31,803 | 24,027 |
| Other revenues/income | 12 | 49,899 | 39,723 | 585 | 1,603 |
| Total income | | 7,168,897 | 6,756,088 | 6,369,958 | 5,988,233 |
| Expenses | | | | | |
| Employee benefits expenses | 2 | 4,247,291 | 4,221,026 | 172,088 | 200,495 |
| Supplies and services | 3 | 2,096,473 | 1,995,434 | 583,940 | 539,744 |
| Depreciation and amortisation | 20,21 | 317,461 | 287,485 | 16,585 | 16,545 |
| Grants and subsidies | 4 | 132,916 | 35,034 | 5,375,128 | 4,835,286 |
| Borrowing costs | 5 | 152,552 | 169,345 | 98 | 412 |
| Payments to SA Government | 13 | 136,944 | 36,113 | 136,944 | 36,113 |
| Net loss from disposal of non-current and other assets | 11 | 2,539 | 2,679 | 6 | 27 |
| Impairment loss on receivables | 15.1 | 2,326 | 7,513 | (8) | 9 |
| Other expenses | 6 | 58,995 | 65,333 | 29,565 | 25,139 |
| Total expenses | | 7,147,497 | 6,819,962 | 6,314,346 | 5,653,770 |
| Net result | | 21,400 | (63,874) | 55,612 | 334,463 |
| Other Comprehensive Income | | | | | |
| Items that will not be reclassified to net result | | | | | |
| Changes in property, plant and equipment asset revaluation surplus | | - | 84 | - | - |
| Items that will be reclassified subsequently to net result when specific conditions are met | | | | | |
| Gains or losses recognised directly in equity | | 14,908 | (14,231) | - | - |
| Total other comprehensive income | | 14,908 | (14,147) | - | - |
| Total comprehensive result | | 36,308 | (78,021) | 55,612 | 334,463 |

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

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

| | Note | Consolidated | | Parent | |
|--|-------|------------------|------------------|------------------|----------------|
| | | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Current assets | | | | | |
| Cash and cash equivalents | 14 | 1,069,611 | 839,942 | 769,206 | 633,360 |
| Receivables | 15 | 347,526 | 394,521 | 178,258 | 224,602 |
| Other financial assets | 16 | 113,326 | 109,758 | - | - |
| Inventories | 17 | 66,607 | 48,814 | 29,223 | 17,230 |
| Contract assets | 18 | 13,009 | 25,426 | - | - |
| Other assets | 19 | - | 188 | - | - |
| Total current assets | | 1,610,098 | 1,418,649 | 976,687 | 875,192 |
| Non-current assets | | | | | |
| Receivables | 15 | 3,358 | 4,908 | 25 | 203 |
| Other financial assets | 16 | 4,446 | 6,207 | - | - |
| Property, plant and equipment | 19,20 | 5,938,033 | 5,862,307 | 48,783 | 46,010 |
| Investment property | 19,20 | 23,500 | 22,012 | - | - |
| Intangible assets | 19,21 | 77,657 | 96,596 | 39,054 | 48,754 |
| Total non-current assets | | 6,046,994 | 5,992,030 | 87,862 | 94,967 |
| Total assets | | 7,657,092 | 7,410,679 | 1,064,549 | 970,159 |
| Current liabilities | | | | | |
| Payables | 23 | 386,946 | 385,084 | 187,526 | 150,567 |
| Financial liabilities | 24 | 86,361 | 67,475 | 781 | 3,007 |
| Employee benefits | 25 | 652,384 | 591,415 | 23,319 | 24,293 |
| Provisions | 26 | 38,725 | 40,770 | 13,622 | 17,695 |
| Contract liabilities and other liabilities | 27 | 109,631 | 93,942 | 2,890 | 597 |
| Total current liabilities | | 1,274,047 | 1,178,686 | 228,138 | 196,159 |
| Non-current liabilities | | | | | |
| Payables | 23 | 33,593 | 27,374 | 17,527 | 18,618 |
| Financial liabilities | 24 | 2,786,696 | 2,657,657 | 98 | - |
| Employee benefits | 25 | 849,561 | 838,572 | 34,444 | 42,471 |
| Provisions | 26 | 201,971 | 195,364 | 119,104 | 114,228 |
| Contract liabilities and other liabilities | 27 | 1,045 | 3,814 | 302 | 977 |
| Total non-current liabilities | | 3,872,866 | 3,722,781 | 171,475 | 176,294 |
| Total liabilities | | 5,146,913 | 4,901,467 | 399,613 | 372,453 |
| Net assets | | 2,510,179 | 2,509,212 | 664,936 | 597,706 |
| Equity | | | | | |
| Contributed capital | | 1,700,853 | 1,700,853 | 1,700,853 | 1,700,853 |
| Retained earnings | | 226,970 | 239,661 | (1,067,851) | (1,135,081) |
| Asset revaluation surplus | | 535,658 | 536,908 | 31,934 | 31,934 |
| Other reserves | | 46,698 | 31,790 | - | - |
| Total equity | | 2,510,179 | 2,509,212 | 664,936 | 597,706 |

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

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

CONSOLIDATED

| Note | Asset | | Other reserves \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|-------------------------------|-------------------------------|--------------------------|-----------------------------|------------------------|
| | Contributed capital \$'000 | revaluation surplus \$'000 | | | |
| Balance at 30 June 2018 | 1,700,853 | 536,105 | 46,114 | 293,976 | 2,577,048 |
| Adjustments on initial adoption of Accounting Standards | - | - | (50) | 4,252 | 4,202 |
| Adjusted balance at 1 July 2018 | 1,700,853 | 536,105 | 46,064 | 298,228 | 2,581,250 |
| Net result for 2018-19 | - | - | - | (63,874) | (63,874) |
| Gain/(loss) on revaluation of land and buildings | - | 84 | - | - | 84 |
| Gain/(loss) on revaluation of other financial assets | - | - | 141 | - | 141 |
| Gain/(loss) on revaluation of defined benefit fund liability | - | - | (14,372) | - | (14,372) |
| Total comprehensive result for 2018-19 | - | 84 | (14,231) | (63,874) | (78,021) |
| Transfer between equity components | - | 719 | (43) | (676) | - |
| Balance at 30 June 2019 | 1,700,853 | 536,908 | 31,790 | 233,678 | 2,503,229 |
| Error correction | - | - | - | 5,983 | 5,983 |
| Restated balance at 30 June 2019 | 1,700,853 | 536,908 | 31,790 | 239,661 | 2,509,212 |
| Adjustments on initial adoption of Accounting Standards | - | - | - | (41,252) | (41,252) |
| Adjusted balance at 1 July 2019 | 1,700,853 | 536,908 | 31,790 | 198,409 | 2,467,960 |
| Net result for 2019-20 | - | - | - | 21,400 | 21,400 |
| Gain/(loss) on revaluation of other financial assets | - | - | (216) | - | (216) |
| Gain/(loss) on revaluation of defined benefit fund liability | - | - | 15,124 | - | 15,124 |
| Total comprehensive result for 2019-20 | - | - | 14,908 | 21,400 | 36,308 |
| Transfer between equity components | - | (1,250) | - | 1,250 | - |
| Net assets transferred out as a result of an administrative restructure | - | - | - | 5,911 | 5,911 |
| Balance at 30 June 2020 | 1,700,853 | 535,658 | 46,698 | 226,970 | 2,510,179 |

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

PARENT

| Note | Contributed capital \$ '000 | Asset revaluation surplus \$ '000 | Other reserves \$'000 | Retained earnings \$ '000 | Total equity \$ '000 |
|---|-----------------------------------|--|-----------------------------|---------------------------------|----------------------------|
| Balance at 30 June 2018 | 1,700,853 | 31,163 | - | (1,468,970) | 263,046 |
| Adjustments on initial adoption of Accounting Standards | - | - | - | 197 | 197 |
| Adjusted balance at 1 July 2018 | 1,700,853 | 31,163 | - | (1,468,773) | 263,243 |
| Net result for 2018-19 | - | - | - | 334,463 | 334,463 |
| Total comprehensive result for 2018-19 | - | - | - | 334,463 | 334,463 |
| Transfer between equity components | - | 771 | - | (771) | - |
| Balance at 30 June 2019 | 1,700,853 | 31,934 | - | (1,135,081) | 597,706 |
| Net result for 2019-20 | - | - | - | 55,612 | 55,612 |
| Total comprehensive result for 2019-20 | - | - | - | 55,612 | 55,612 |
| Net assets transferred out as a result of an administrative restructure | - | - | - | 11,618 | 11,618 |
| Balance at 30 June 2020 | 1,700,853 | 31,934 | - | (1,067,851) | 664,936 |

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

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

| | Note | Consolidated | | Parent | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | | |
| Cash inflows | | | | | |
| Fees and charges | | 708,970 | 586,056 | 93,373 | 59,879 |
| Grants and contributions | | 2,088,638 | 1,786,906 | 1,686,408 | 1,398,674 |
| Interest received | | 5,167 | 7,958 | 2,664 | 3,923 |
| Residential aged care bonds received | | 25,217 | 23,511 | - | - |
| GST recovered from ATO | | 178,975 | 153,742 | 53,780 | 48,611 |
| Other receipts | | 48,578 | 48,685 | 2,564 | 1,522 |
| Receipts from SA Government | | 4,328,640 | 4,203,772 | 4,328,640 | 4,203,772 |
| Cash generated from operations | | 7,384,185 | 6,810,630 | 6,167,429 | 5,716,381 |
| Cash outflows | | | | | |
| Employee benefits payments | | (4,143,920) | (4,018,344) | (171,468) | (190,673) |
| Payments to SA Government | | (136,944) | (36,113) | (136,944) | (36,113) |
| Payments for supplies and services | | (2,239,731) | (2,052,451) | (574,928) | (544,608) |
| Payments of grants and subsidies | | (162,290) | (42,928) | (5,135,875) | (4,599,144) |
| Interest paid | | (140,512) | (157,383) | (98) | (412) |
| Residential aged care bonds refunded | | (21,771) | (19,801) | - | - |
| Other payments | | (33,150) | (66,539) | (1,960) | (3,603) |
| Cash used in operations | | (6,878,318) | (6,393,559) | (6,021,273) | (5,374,553) |
| Net cash provided by operating activities | | 505,867 | 417,071 | 146,156 | 341,828 |
| Cash flows from investing activities | | | | | |
| Cash inflows | | | | | |
| Proceeds from sale of property, plant and equipment | | 378 | 1,149 | 3 | 501 |
| Proceeds from sale/maturities of investments | | 8,207 | 5,099 | - | - |
| Cash generated from investing activities | | 8,585 | 6,248 | 3 | 501 |
| Cash outflows | | | | | |
| Purchase of property, plant and equipment | | (182,946) | (89,780) | (7,856) | (2,003) |
| Purchase of intangible assets | | (946) | (1,083) | - | (283) |
| Purchase of investments | | (6,266) | (11,550) | - | - |
| Cash used in investing activities | | (190,158) | (102,413) | (7,856) | (2,286) |
| Net cash provided by/(used in) investing activities | | (181,573) | (96,165) | (7,853) | (1,785) |
| Cash flows from financing activities | | | | | |
| Cash inflows | | | | | |
| Proceeds from borrowings | | - | - | 3,227 | 4,623 |
| Cash generated from financing activities | | - | - | 3,227 | 4,623 |
| Cash outflows | | | | | |
| Repayment of borrowings | | (3,007) | (3,908) | (3,007) | (3,908) |
| Cash transferred as a result of restructuring activities | | (1,337) | - | (1,337) | - |
| Repayment of lease liability | | (90,281) | (62,115) | (1,340) | - |
| Cash used in financing activities | | (94,625) | (66,023) | (5,684) | (3,908) |
| Net cash provided by/(used in) financing activities | | (94,625) | (66,023) | (2,457) | 715 |

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

| | Note | Consolidated | | Parent | |
|---|------|------------------|----------------|----------------|----------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Net increase/(decrease) in cash and cash equivalents | | 229,669 | 254,883 | 135,846 | 340,758 |
| Cash and cash equivalents at the beginning of the period | | 839,942 | 585,059 | 633,360 | 292,602 |
| Cash and cash equivalents at the end of the period | 14 | 1,069,611 | 839,942 | 769,206 | 633,360 |
| Non-cash transactions | 28 | | | | |

The accompanying notes form part of these financial statements.

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

1. About SA Health

The Consolidated Entity – SA Health

The not-for-profit Consolidated Entity known as SA Health, consists of the following controlled entities:

- The Department for Health and Wellbeing (Parent);
- Barossa Hills Fleurieu Local Health Network incorporated
- Central Adelaide Local Health Network Incorporated (CALHN Inc) (includes the subsidiary AusHealth Corporate Pty Ltd (AusHealth));
- Eyre and Far North Local Health Network Incorporated;
- Flinders and Upper Local Health Network Incorporated;
- Limestone Coast Local Health Network Incorporated;
- Northern Adelaide Local Health Network Incorporated;
- Riverland Mallee Coorong Local Health Network Incorporated;
- SA Ambulance Service Inc (includes SA Ambulance Development Fund);
- Southern Adelaide Local Health Network Incorporated; and
- Women's and Children's Health Network Incorporated; and
- Yorke and Northern Local Health Network Incorporated

The Consolidated Entity operates within the *Public Sector Act 2009* and the *Health Care Act 2008*.

The consolidated financial statements have been prepared in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the Consolidated Entity have been eliminated in full. Information on the Consolidated Entity's interest in other entities is at note 37.

The Department for Health and Wellbeing (the Department) – Parent Entity

The Department is a not-for-profit government department of the State of South Australia, established pursuant to the *Public Sector Act 2009* as an administrative unit acting on behalf of the Crown.

Administered items

The Department has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedules of Administered Items – refer note 39. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for the Department and Consolidated Entity transactions.

Country Health SA Local Health Network Incorporated (CHSALHN)

Effective from 1 July 2019, there were changes to the structure of SA Health's controlled entities, that being the controlled entity known as CHSALHN was dissolved and six new controlled regional local health networks were created. All the assets, rights and liabilities of CHSALHN were vested with the respective regional area's local health network. Accordingly, the 2018-19 comparatives reflect the transactions and balances of the CHSALHN, whereas the current years transactions and balances reflect the six new controlled regional local health networks.

1.1 Objectives and activities

1.1.1 Objectives of the Department for Health and Wellbeing

SA Health is the brand name for the health portfolio of services and agencies (i.e. Consolidated Entity) responsible to the Minister for Health and Wellbeing (the Minister). SA Health is committed to protecting and improving the health of all South Australians by delivering a system that balances the provision of safe, high-quality and accessible services that are sustainable and reflective of local values, needs and priorities with strategic system leadership, regulatory responsibilities and an increased focus on wellbeing, illness prevention, early intervention and quality care.

The Department (i.e. Parent Entity) assists the Minister to set the policy framework and strategic direction for SA Health. The Department is committed to protecting and improving the health of all South Australians by leading and serving the SA Health system through setting strategy and policy, delivering innovative reform and improvement programs, setting standards and undertaking regulation activities, providing commissioning, purchasing and performance managing services and providing state-wide system support services.

The Department is comprised of seven divisions:

- Health Regulation and Protection;
- System Leadership and Design;
- Commissioning and Performance;
- Corporate and System Support Services;
- Office of the Chief Psychiatrist / Mental Health

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

- Office of the Chief Executive; and
- Digital Health SA.

1.1.2 Activities of the Consolidated Entity

In achieving its objectives, the Consolidated Entity provides a range of goods and services classified into the following activities:

Policy, Clinical Services, System Transformation and Administration

Responsible for health policy and promotion, clinical services and administration associated with the provision of health services across South Australia.

This Activity largely reflects the activities of the Department itself (refer to Parent column on the face of the Statements and also the notes accompanying the Statements).

Health Services

The provision of hospital-based tertiary care and other acute services as well as rehabilitation, mental health and other community health services within the metropolitan and country areas, the provision of grants to non-government organisations for the provision of health services, and responsibility for Aboriginal controlled primary health services in Ceduna, Port Augusta and surrounding areas.

This Activity largely reflects the activities of the Local Health Networks (LHNs) and SA Ambulance Service (SAAS), refer to the Consolidated Entity column less the Parent column on the face of the Statements and the notes accompanying the Statements.

Accordingly, additional disaggregated disclosure schedules by major class of income, expense, asset and liability have not been included in the financial statements, as information can be reliably determined from the face of the Statements and the notes accompanying the Statements. It is noted that there are minor and immaterial variances between the two Activities due to inter-entity eliminations upon consolidation, with the exceptions of supplies and services and grants (expenditure), fees and charges (income), inter-entity loans receivable (asset) and workers compensation payable (liability) - refer to notes 3, 4, 7, 15 and 23 respectively for further information.

1.2 Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

The financial statements have been prepared based on a 12 month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rates at the date the transaction occurs. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

1.3 Taxation

The Consolidated Entity is not subject to income tax. The Consolidated Entity is liable for fringe benefits tax (FBT) and goods and services tax (GST). The Department is additionally liable for payroll tax and emergency services levy.

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.

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

1.4 Continuity of operations

As at 30 June 2020, the Consolidated Entity had working capital of \$336.050 million (\$239.963 million). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Consolidated Entity to enable it to perform its functions.

1.5 Equity

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

Other reserves includes Branch Reserves, Country Capital Reserves, Defined Benefit Fund Remeasurement and Investment Revaluation Reserve.

1.5.1 Prior Period Adjustment

During 2019-20 SAAS reconciled certain leave arrangements between the Comprehensive Human Resources Integrated Software (CHRIS 21) with the Global Rostering Systems (GRS). This resulted in a prior period adjustment to equity of \$5.983 million. There was no impact on net result or cash flows. Reconciliations continue and may result in further adjustments.

| | 2019 Balance \$'000 | Prior Period Adjustment \$'000 | Restated 2019 Balance \$'000 |
|--------------------------|--------------------------------|---|---|
| Staff benefits liability | 596,864 | 5,449 | 591,415 |
| Payables | 385,618 | 534 | 385,084 |

1.6 Changes to SA Health

Transferred Out

2019-20

- As a result of administrative arrangements outlined in the Chief Executive Agreement (28 June 2019), the Department relinquished responsibility for Health Accounting and Taxation Services, a business unit of the Department. Assets and liabilities relating to this business unit were transferred to Department of Treasury and Finance (DTF) effective 1 July 2019. Net liabilities of \$3.947 million were transferred out of the Department, consisting of payables (\$0.345 million) and employee benefits (\$3.602 million). This included the transfer of 86 employees from the Department.
- As a result of administrative arrangements outlined in the Chief Executive Agreement (2 December 2019), the Department relinquished responsibility for Oracle Debt Management and Receipting, a business unit of the Department. Assets and liabilities relating to this business unit were transferred to DTF effective 1 December 2019. Net liabilities of \$0.241 million were transferred out of the Department, consisting of payables (\$0.019 million), employee benefits (\$0.216 million) and provisions (\$0.006 million). This included the transfer of 15 employees from the Department.
- As a result of administrative arrangements outlined in the *Public Sector (Reorganisation of Public Sector Operations)* Gazettal (5 December 2019), the Department relinquished responsibility for Wellbeing SA, a business unit of the Department. Assets and liabilities relating to this business unit were transferred to Wellbeing SA effective 6 January 2020. Net liabilities of \$1.091 million were transferred out of the Department, consisting of cash (\$1.192 million), receivables (\$0.570 million), property plant and equipment (\$0.003 million), payables (\$0.277 million), employee benefits (\$2.530 million), provisions (\$0.046 million) and lease liability (\$0.003 million). This included the transfer of 81 employees from the Department.
- As a result of administrative arrangements outlined in the *Public Sector (Reorganisation of Public Sector Operations)* Gazettal (5 December 2019), the Department relinquished responsibility for Commission on Excellence and Innovation in Health, a business unit of the Department. Assets and liabilities relating to this business unit were transferred to Commission on Excellence and Innovation in Health effective 6 January 2020. Net liabilities of \$0.632 million were transferred out of the Department, consisting of cash (\$0.145 million), payables (\$0.077 million), employee benefits (\$0.691 million) and provisions (\$0.009 million). This included the transfer of 17 employees from the Department.
- Net assets transferred by the Department as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

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1.7 Impact of COVID-19 pandemic on SA Health

COVID-19 has been classified as a global pandemic by the World Health Organisation. SA Health is the Control Agency in SA for human disease pursuant to the State Emergency Management Plan.

As at 30 June 2020, SA has had a total of 444 confirmed COVID cases. Noteworthy, since the 22 April, SA has only had five new cases as at 30 June 2020. Accordingly, SA has minimised transmission of the virus and maintained containment of COVID-19 infection.

As the lead agency, SA Health has:

- activated COVID-19 clinics in metro and regional SA
- increased hospital capacity through commissioning of temporary hospital and the capacity to divert activity to the private hospital system
- secured medical supplies and personal protective equipment to deliver COVID-19 services to a very high demand environment
- maximised community engagement
- managed workforce surge planning and up-skill training.

The material impacts on the Department's financial performance and financial position are outlined below:

- Financial Assistance from the Commonwealth of \$115 million via the National Partnership on COVID-19 response. This funding is for additional costs incurred by SA Health in responding to the COVID-19 outbreak, including the diagnosis and treatment of patients with or suspected of having COVID-19, and efforts to minimise the spread in the Australian community.
- Department Local Health Network staff accessing special leave with pay for up to 15 days for absences related to COVID-19 situations (\$3.734 million)
- The Department has entered into service model arrangements with two private hospitals (Wakefield Hospital and Calvary College Grove) to ensure appropriate medical care for patients, if required, during the pandemic (\$3.104 million).
- The Department entered into an Agreement for the supply of disposable, non-sterile healthcare apparel products with Detmold. This Agreement ensures SA Health has a minimum 3 year supply of medical facemasks. SA Health made an upfront payment to Detmold to assist with the purchasing of manufacturing equipment (\$2.893 million).
- The Department has purchased various plant and equipment and ICT infrastructure to assist with responding to SA Health COVID-19 matters (\$9 million). The Local Health Networks purchased various plant and equipment e.g. new ventilators and ICT infrastructure to assist with responding to SA Health COVID-19 matters (\$5.636 million);
- The Local Health Networks recorded additional net costs associated with public health activities (e.g. preparation of hospitals to respond and establishing testing clinics), purchases of personal protective equipment for staff, and non-clinical costs (e.g. additional hospital cleaning costs), establishment of a Rapid Response Nursing Service (Airport Border Nurses Program, Medi-Hotel Nursing Service program, Residential Aged Care Facility, Group Homes and APY Lands) (\$28.633 million); and
- The Local Health Networks recorded additional costs associated with the diversion of activity to the private hospital system (\$2.1 million).

Business continuity information is note 1.4, impairment information is at note 15.1 and 19.4, estimates and judgements are at notes 15.1, 23, 25.2 and 26.

1.8 Change in accounting policy

AASB 16 Leases

AASB 16 *Leases* sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 replaces AASB 117 *Leases* and related Interpretations.

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The adoption of AASB 16 from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements and changes to accounting policies:

- AASB 117 required the recognition of an asset and liability in relation to only finance leases (not operating leases). AASB 16 will result in leases previously classified as an operating lease having right-of-use assets and lease liability being recognised in the Statement of Financial Position.
- AASB 117 required lessors to classify sub lease arrangements on the basis of whether substantially all the risks and rewards incidental to ownership of the underlying asset had been transferred to the sublessee. Under AASB 16 classification is made on the basis of whether substantially all the risks and rewards associated with the right of use asset arising from the head lease have been transferred to the lessee. AASB 16 has resulted in the Consolidated Entity continuing to classify sub leases arrangements as operating leases.
- AASB 117 resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 largely replaces this with depreciation expense that represents the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

The total impact on the Consolidated Entity's retained earnings as at 1 July 2019 is as follows:

| | Consolidated | Parent |
|--|---------------------|--------------------|
| | \$'000 | \$'000 |
| Closing retained earnings 30 June 2019 – AASB 117 | 233,678 | (1,135,081) |
| Adjustment of Regional buildings under finance lease | (43,440) | - |
| Assets | | |
| Right of use assets | 223,223 | 2,069 |
| Liabilities | | |
| Lease liabilities | (223,223) | (2,069) |
| Other liabilities (lease incentive liabilities) | 2,189 | - |
| Opening retained earnings 1 July 2019 – AASB 16 | 192,427 | (1,135,081) |

The initial measurement of right of use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments. Lease incentive liabilities have been written off against retained earnings at transition date. The initial measurement of the lease liability was the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate as at 1 July 2019. The average weighted incremental borrowing rate for this purpose was 1.54%.

The Consolidated Entity disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$247.328 million under AASB 117. The Consolidated Entity has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of a lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitment should have been disclosed as \$165.123 million under AASB 117.

The misclassification did not impact on the Statement of Comprehensive Income or the Statement of Financial Position in prior years. The misclassification impacted items within the supplies and services expense line. Note 29.3 applies the correct classification for both the current and comparative years. Commitments related to accommodation services provided by DPTI are included in note 29.1.2

The difference between operating lease commitments disclosed under AASB 117 at 30 June 2019, adjusted to be discounted using incremental borrowing rates used on transition to AASB 16, and the lease liabilities recognised on 1 July 2019 under AASB 16 is as follows:

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| | Consolidated | Parent |
|--|----------------|--------------|
| | \$'000 | \$'000 |
| Total Operating Lease Commitments disclosed as of 30 June 2019 (AASB 117) | 165,123 | 3,460 |
| Adjustments: | | |
| <i>Less:</i> service components included in operating lease commitments | (755) | - |
| <i>Less:</i> short term leases for which no lease liability is recognised | (2,459) | (1,295) |
| <i>Less:</i> low value asset leases for which no lease liability is recognised | (11) | (11) |
| <i>Add:</i> adjustments as a result of different treatment of extension options | 5,841 | - |
| Commitments for lease payments | 167,739 | 2,154 |
| Discounted using the incremental borrowing rate of 1.6% - 2.8% | (19,584) | (85) |
| Lease liability recognised in statement of financial position 1 July 2019 (AASB 16) | 148,155 | 2,069 |

Accounting policy on transition

AASB 16 sets out accounting policies on transition. *Treasurer's Instructions (Accounting Policy Statements)*, required the Consolidated Entity to: apply AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives have not been restated); apply AASB 16 to contracts that were previously identified as containing a lease under AASB 117; and not transitioned operating leases for which the lease term ends before 30 June 2020 (with the exception of vehicles leased through South Australian Financing Authority (SAFA)).

Ongoing accounting policies

As per *Treasurer's Instructions (Accounting Policy Statements)*, the Consolidated entity will not apply AASB 16 to intangible assets; has adopted a \$15,000 threshold for determining whether an underlying asset is a low value asset; will apply the short term lease recognition exemption (with the exception of vehicles leased through SAFA); will adopt a cost model and not record at fair value on initial recognition, leases that have significantly below market terms and conditions principally to enable the Consolidated Entity to further its objectives.

Significant accounting policies relating to the application of AASB 16 are disclosed under relevant notes and are referenced at note 19.9, 20 and 24.

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

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to entity the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes the current income recognition requirements contained in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

The Consolidated Entity adopted AASB 15 and AASB 1058 on 1 July 2019 and where applicable applied the transitional provisions specified in the standard.

The adoption of these standards did not have an impact on the timing or recognition of the Consolidated Entity's revenues, as detailed below:

- Revenues from SA Government (60.0%) largely reflects Appropriations and continues to be recognised as income when the Consolidated entity obtains control of the funds (ie upon receipt);
- Commonwealth revenues and other grants (29.4%) continue to be recognised as service/performance obligations are satisfied, or alternatively where there are no service/performance obligations, upon receipt;
- Fees and Charges (9.0%) continue to be recognised as the service/performance obligations are satisfied;

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- Taxes, rates and fines continue to be recognised as income when the taxable event occurs
- Contributed services (resources received free of charge) continues to be recognised where they would have been purchased if they were not donated under AASB 1058 (previously AASB 1004) and contributed assets that do not have sufficiently specific performance obligations will continue to be accounted for as a donation via AASB 1058 (previously AASB 1004);
- Interest income continues to be recognised via AASB 9.

In addition, revenue earned in prior periods but not yet receivable (previously recorded as an accrual), is now recorded as a contract asset in the Statement of Financial Position and revenue received in prior periods but not yet recognised (previously recorded as unearned revenue), is now recorded as a contract liability in the Statement of Financial Position.

Concessional (peppercorn) lease arrangements will continue to be recognised at nominal amounts until such time as the AASB develops valuation guidance.

1.9 Changes in presentation of financial statements

Treasurer's Instructions (Accounting Policy Statements) issued 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The Statement of Comprehensive Income and Statement of Cash Flows now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

2. Employee benefits expenses

| | Consolidated | | Parent | |
|--|------------------|------------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Salaries and wages | 3,354,695 | 3,231,816 | 121,182 | 133,625 |
| Targeted voluntary separation packages (refer below) | 30,689 | 4,866 | 903 | 884 |
| Long service leave | 87,693 | 247,698 | 2,952 | 13,986 |
| Annual leave | 342,128 | 328,488 | 12,161 | 13,222 |
| Skills and experience retention leave | 16,493 | 15,091 | 745 | 828 |
| Employment on-costs - superannuation* | 364,271 | 341,713 | 14,861 | 16,591 |
| Employment on-costs - other | 6,221 | 7,064 | 5,894 | 6,671 |
| Workers compensation | 34,784 | 29,977 | 4,654 | 5,612 |
| Board and committee fees | 2,936 | 1,765 | 370 | 314 |
| Other employee related expenses | 7,381 | 12,548 | 8,366 | 8,762 |
| Total employee benefits expenses | 4,247,291 | 4,221,026 | 172,088 | 200,495 |

* The superannuation employment on-cost charge represents the Consolidated Entity's contribution to superannuation plans in respect of current services of employees. DTF centrally recognises the superannuation liability in the whole-of-government financial statements except for SAAS staff who are members of the SAAS defined benefit scheme.

Expenses recognised in profit and loss for the Consolidated Entity in respect of the SAAS defined benefit scheme was \$10.969 million (\$9.975 million), comprising current service cost of \$10.500 million (\$9.456 million) and interest cost of \$0.469 million (\$0.519 million).

2.1 Key Management Personnel

Key management personnel (KMP) of the Consolidated Entity and the Department includes the Minister, the Chief Executive and nine members (twelve members) of the Executive Management team who have responsibility for the strategic direction and management of the Consolidated Entity.

The compensation detailed below excludes salaries and other benefits received by the Minister. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of South Australia, respectively, and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

| Compensation | 2020 | 2019 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Salaries and other short term employee benefits | 2,524 | 3,457 |
| Post-employment benefits | 1,006 | 1,361 |
| Total | 3,530 | 4,818 |

The Consolidated Entity did not enter into any transactions with key management personnel or their close family during the reporting period that were not consistent with normal procurement arrangements.

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2.2 Remuneration of Boards and Committees

| | 2020 | 2019 |
|----------------------|--------------|--------------|
| | No. of | No. of |
| | Members | Members |
| \$0 | 1,007 | 938 |
| \$1 - \$20,000 | 261 | 267 |
| \$20,001 - \$40,000 | 57 | 12 |
| \$40,001 - \$60,000 | 7 | 4 |
| \$60,001 - \$80,000 | 6 | 4 |
| \$80,001 - \$100,000 | 1 | - |
| Total | 1,339 | 1,225 |

The total remuneration received or receivable by members was \$3.046 million (\$1.628 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. 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 with members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Refer to note 38 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

2.3 Remuneration of employees

| | Consolidated | | Parent | |
|---|--------------|--------|--------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| The number of employees whose remuneration received or receivable falls within the following bands: | Number | Number | Number | Number |
| \$151,000 - \$154,999* | n/a | 198 | n/a | 5 |
| \$155,000 - \$174,999 | 833 | 813 | 28 | 25 |
| \$175,000 - \$194,999 | 500 | 470 | 6 | 7 |
| \$195,000 - \$214,999 | 290 | 272 | 7 | 7 |
| \$215,000 - \$234,999 | 178 | 190 | 4 | 3 |
| \$235,000 - \$254,999 | 157 | 155 | 2 | 5 |
| \$255,000 - \$274,999 | 119 | 115 | 4 | 5 |
| \$275,000 - \$294,999 | 109 | 95 | - | 4 |
| \$295,000 - \$314,999 | 111 | 85 | 4 | 2 |
| \$315,000 - \$334,999 | 74 | 88 | 2 | - |
| \$335,000 - \$354,999 | 103 | 94 | 2 | - |
| \$355,000 - \$374,999 | 82 | 85 | - | - |
| \$375,000 - \$394,999 | 89 | 83 | 2 | 3 |
| \$395,000 - \$414,999 | 83 | 106 | 1 | 3 |
| \$415,000 - \$434,999 | 105 | 79 | - | - |
| \$435,000 - \$454,999 | 77 | 72 | 2 | - |
| \$455,000 - \$474,999 | 78 | 67 | 2 | 2 |
| \$475,000 - \$494,999 | 51 | 54 | - | - |
| \$495,000 - \$514,999 | 49 | 46 | - | - |
| \$515,000 - \$534,999 | 47 | 39 | - | - |
| \$535,000 - \$554,999 | 31 | 44 | - | - |
| \$555,000 - \$574,999 | 47 | 28 | 1 | 1 |
| \$575,000 - \$594,999 | 31 | 22 | - | - |
| \$595,000 - \$614,999 | 15 | 22 | - | - |
| \$615,000 - \$634,999 | 24 | 21 | - | - |
| \$635,000 - \$654,999 | 18 | 12 | - | - |
| \$655,000 - \$674,999 | 12 | 11 | - | - |
| \$675,000 - \$694,999 | 6 | 5 | - | - |
| \$695,000 - \$714,999 | 11 | 6 | - | 1 |
| \$715,000 - \$734,999 | 5 | 3 | - | - |
| \$735,000 - \$754,999 | 3 | 5 | - | - |
| \$755,000 - \$774,999 | 2 | 2 | - | - |
| \$775,000 - \$794,999 | 2 | - | - | - |
| \$795,000 - \$814,999 | 1 | - | - | - |
| \$815,000 - \$834,999 | - | 1 | - | - |
| \$855,000 - \$874,999 | 1 | - | - | - |
| \$875,000 - \$894,999 | - | 1 | - | - |
| \$895,000 - \$914,999 | 1 | - | - | - |

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| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2020 Number | 2019 Number | 2020 Number | 2019 Number |
| The number of employees whose remuneration received or receivable falls within the following bands: | | | | |
| \$915,000 - \$934,999 | - | 1 | - | - |
| \$935,000 - \$954,999 | - | 1 | - | - |
| \$975,000 - \$994,999 | 1 | - | - | - |
| \$1,035,000 - \$1,054,999 | - | 1 | - | - |
| \$1,075,000 - \$1,094,999 | - | 1 | - | - |
| \$1,215,000 - \$1,234,999 | - | 1 | - | - |
| \$1,235,000 - \$1,254,999 | 1 | - | - | - |
| \$1,355,000 - \$1,374,999 | 1 | - | - | - |
| \$1,615,000 - \$1,634,999 | - | 1 | - | - |
| Total number of employees | 3,348 | 3,395 | 67 | 73 |

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

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

2.4 Remuneration of employees by classification

The total remuneration received by these employees, included above:

| | Consolidated | | | | Parent | | | |
|-----------------------------------|--------------|----------------|--------------|----------------|-----------|---------------|-----------|---------------|
| | 2020 | | 2019 | | 2020 | | 2019 | |
| | No. | \$'000 | No. | \$'000 | No. | \$'000 | No. | \$'000 |
| Executive | 110 | 26,187 | 104 | 24,524 | 43 | 10,634 | 39 | 9,714 |
| Medical (excluding Nursing) | 2,609 | 802,496 | 2,512 | 756,512 | 7 | 2,184 | 8 | 2,558 |
| Non-medical (i.e. administration) | 99 | 18,061 | 121 | 21,301 | 15 | 2,572 | 21 | 3,747 |
| Nursing | 243 | 41,170 | 271 | 45,643 | 2 | 318 | 5 | 1,129 |
| Operational | 287 | 53,606 | 387 | 73,309 | - | - | - | - |
| Total | 3,348 | 941,520 | 3,395 | 921,289 | 67 | 15,708 | 73 | 17,148 |

2.5 Targeted voluntary separation packages (TVSP)

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Amount paid/payable to separated employees: | | | | |
| Targeted voluntary separation packages | 30,689 | 4,866 | 903 | 884 |
| Leave paid/payable to separated employees | 14,448 | 4,203 | 337 | 561 |
| | 45,137 | 9,069 | 1,240 | 1,445 |
| Recovery from DTF | 20,818 | 1,718 | 903 | 866 |
| Net cost to the Consolidated entity | 24,319 | 7,351 | 337 | 579 |

| | | | | |
|---|-----|----|---|---|
| The number of employees who accepted a TVSP during the reporting period | 393 | 97 | 9 | 8 |
|---|-----|----|---|---|

3. Supplies and services

| | Consolidated | | Parent | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Administration | 11,222 | 9,852 | 3,386 | 1,542 |
| Advertising | 6,616 | 5,553 | 3,078 | 1,537 |
| Communication | 25,459 | 25,069 | 12,511 | 12,047 |
| Computing | 112,756 | 104,295 | 100,637 | 96,057 |
| Consultants | 9,503 | 9,418 | 4,072 | 3,179 |
| Contract of services | 143,976 | 148,703 | 103,235 | 115,610 |
| Contractors | 34,370 | 30,549 | 8,427 | 7,922 |
| Contractors - agency staff | 83,181 | 87,926 | 25,711 | 18,661 |
| Cost of goods sold | 3,103 | 2,628 | 105,530 | 105,342 |
| Drug supplies | 278,485 | 264,624 | 9,173 | 12,752 |
| Electricity, gas and fuel | 48,081 | 49,325 | 198 | 143 |
| Fee for service | 190,033 | 169,502 | 550 | - |
| Finance lease contingent rentals | - | 2,573 | - | - |

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| | Consolidated | | Parent | |
|---|------------------|------------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Food supplies | 35,205 | 32,098 | 98 | 64 |
| Housekeeping | 81,217 | 79,371 | 708 | 472 |
| Insurance | 44,640 | 50,660 | 42,286 | 49,041 |
| Interstate patient transfers | 95,731 | 42,930 | 95,718 | 42,886 |
| Legal | 14,571 | 12,756 | 12,260 | 10,544 |
| Low value lease expense | 3,447 | - | 3,408 | - |
| Medical, surgical and laboratory supplies | 322,362 | 318,614 | 686 | 64 |
| Minor equipment | 27,806 | 22,763 | 7,389 | 3,299 |
| Motor vehicle expenses | 12,487 | 19,199 | 181 | 567 |
| Occupancy rent and rates | 35,785 | 54,473 | 15,007 | 14,005 |
| Patient transport | 31,119 | 32,234 | 57 | - |
| Postage | 16,697 | 15,633 | 3,653 | 2,386 |
| Printing and stationery | 16,738 | 16,903 | 1,237 | 1,323 |
| PPP operating expenses | 94,943 | 85,775 | - | - |
| Rental expense on operating lease | - | 3,005 | - | 1,389 |
| Repairs and maintenance | 103,234 | 102,210 | 935 | 23,033 |
| Security | 44,775 | 39,614 | 1,013 | 466 |
| Services from Shared Services SA | 35,167 | 28,228 | 2,559 | 1,688 |
| Short term lease expense | 2,617 | - | 265 | - |
| Training and development | 48,019 | 49,431 | 3,050 | 3,820 |
| Travel expenses | 11,171 | 12,811 | 1,511 | 1,011 |
| Other supplies and services | 71,957 | 66,709 | 15,411 | 8,894 |
| Total supplies and services | 2,096,473 | 1,995,434 | 583,940 | 539,744 |

Due to inter-entity eliminations upon consolidation, supplies and services of \$13.503 million (\$9.082 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 1.1.2 for further information.

Accommodation – a part of the Consolidated Entity’s accommodation is provided by DPTI under MoAA issued in accordance with Government wide accommodation policies. These arrangements do not meet the definition of a lease. In prior years expenses associated with these arrangements and accommodation operating lease expenses have been classified as occupancy rent and rates. DPTI accommodation expenses will continue to be disclosed under occupancy rent and rates and any accommodation operating lease expenses have been reclassified to rental expense on operating lease for the comparative year. Any operating lease payments are recognised on a straight line basis over the lease term.

From 1 July 2019, the Consolidated Entity recognises lease payments associated with short term leases (12 months or less) and leases for which the underlying asset is low value (less than \$15,000) as an expense on a straight line basis over the lease term. Lease commitments for short term leases is similar to short term lease expenses disclosed.

Consultants

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

| | Consolidated | | | | Parent | | | |
|----------------|--------------|--------------|------------|--------------|-----------|--------------|-----------|--------------|
| | 2020 | | 2019 | | 2020 | | 2019 | |
| | No. | \$'000 | No. | \$'000 | No. | \$'000 | No. | \$'000 |
| Below \$10,000 | 21 | 88 | 18 | 71 | 3 | 23 | 2 | 11 |
| Above \$10,000 | 90 | 9,415 | 82 | 9,347 | 31 | 4,049 | 41 | 3,168 |
| Total | 111 | 9,503 | 100 | 9,418 | 34 | 4,072 | 43 | 3,179 |

4. Grants and subsidies

| | Note | Consolidated | | Parent | |
|---|------|----------------|---------------|------------------|------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Recurrent funding to incorporated Health Services | 4.1 | - | - | 5,080,965 | 4,704,496 |
| Capital funding to incorporated Health Services | 4.1 | - | - | 168,501 | 102,768 |
| Subsidies | | 106,131 | 7,478 | 105,742 | 7,070 |
| Funding to non-government organisations | | 25,330 | 22,262 | 18,544 | 15,799 |
| Other | | 1,455 | 5,294 | 1,376 | 5,153 |
| Total grants and subsidies | | 132,916 | 35,034 | 5,375,128 | 4,835,286 |

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4.1 Funding by the Department (Parent) to incorporated Health Services

| | Recurrent | | Capital | |
|--|------------------|------------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Barossa Hills Fleurieu Local Health Network Incorporated | 189,400 | - | 3,515 | - |
| Eyre and Far North Local Health Network Incorporated | 80,836 | - | 2,000 | - |
| Flinders and Upper North Local Health Network Incorporated | 113,585 | - | 3,159 | - |
| Riverland Mallee Coorong Local Health Network Incorporated | 109,036 | - | 13,654 | - |
| Limestone Coast Local Health Network Incorporated | 118,871 | - | 4,831 | - |
| Yorke and Northern Local Health Network Incorporated | 121,469 | - | 7,379 | - |
| SA Ambulance Service Incorporated | 150,911 | 160,438 | 9,563 | 4,292 |
| Country Health SA Local Health Network Incorporated | - | 692,089 | - | 14,289 |
| Southern Adelaide Local Health Network Incorporated | 1,045,341 | 943,767 | 25,828 | 13,964 |
| Central Adelaide Local Health Network Incorporated | 1,948,051 | 1,853,329 | 30,847 | 45,998 |
| Women's and Children's Health Network Incorporated | 451,355 | 402,453 | 30,464 | 10,721 |
| Northern Adelaide Local Health Network Incorporated | 752,110 | 652,420 | 37,261 | 13,504 |
| Total funding to incorporated Health Services | 5,080,965 | 4,704,496 | 168,501 | 102,768 |

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

Due to inter-entity eliminations upon consolidation, grants and subsidies of \$5,249.466 million (\$4,807.264 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 1.1.2 for further information.

5. Borrowing costs

| | Consolidated | | Parent | |
|------------------------------|----------------|----------------|-----------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Lease costs | 152,477 | 168,935 | 23 | 2 |
| Interest paid/payable | 74 | 406 | 74 | 406 |
| Other finance charges | 1 | 4 | 1 | 4 |
| Total borrowing costs | 152,552 | 169,345 | 98 | 412 |

The consolidated entity does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was \$152.552 million (\$169.345 million). Included in the lease costs is a reduction in contingent rental amounts of \$110.092 million (\$94.311 million) relating to CALHN Inc.

6. Other expenses

| | Consolidated | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Debts written off | 21,369 | 22,201 | 56 | 30 |
| Bank fees and charges | 366 | 338 | - | - |
| Donated drug vaccine expense | 27,930 | 22,574 | 27,930 | 22,574 |
| Net loss on revaluation of investments | 196 | 68 | - | - |
| Net loss on sale of investments | 23 | 15 | - | - |
| Royalty payments | 2,587 | 13,028 | - | - |
| Other* | 6,524 | 7,109 | 1,579 | 2,535 |
| Total other expenses | 58,995 | 65,333 | 29,565 | 25,139 |

* Includes audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$3.215 million (\$2.837 million). No other services were provided by the Auditor-General's Department. Also includes fees paid or payable to Galpins Accountants, Auditors and Business Consultants of \$0.219 million (\$0.220 million) for audits of the HACs and aged care and BDO for audit services for AusHealth of \$0.029 million (\$0.035).

Donated drug vaccine expense

Donated drug expense includes various anti-viral and highly specialised drugs to health providers to distribute free of charge to the South Australian community.

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7. Fees and charges

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Ambulance cover | 29,471 | 28,244 | - | - |
| Ambulance transport | 86,286 | 75,298 | - | - |
| Business services | 1,540 | 1,549 | 1,540 | 1,549 |
| Call Direct | 976 | 1,092 | - | - |
| Car parking revenue | 18,514 | 19,728 | 47 | 51 |
| Commissions revenue | 241 | 201 | 15 | 19 |
| Fines, fees and penalties | 1,428 | 1,267 | 1,162 | 1,084 |
| Insurance recoveries | 191 | 180 | 35,786 | 34,976 |
| Interstate patient transfers | 49,989 | 77,773 | 49,989 | 77,770 |
| Patient and client fees | 288,549 | 296,956 | - | 20,659 |
| Private practice fees | 52,648 | 55,869 | 4,210 | 4,584 |
| Recoveries | 36,351 | 32,905 | 121,994 | 109,462 |
| Residential and other aged care charges | 26,861 | 27,903 | - | - |
| Royalty income | 4,372 | 19,273 | - | - |
| Sale of goods - medical supplies | 1,816 | 1,917 | 104,835 | 105,198 |
| Training revenue | 1,498 | 1,222 | 627 | 483 |
| Other user charges and fees | 36,372 | 36,790 | 2,263 | 1,618 |
| Total fees and charges | 637,103 | 678,167 | 322,468 | 357,453 |

Due to inter-entity eliminations upon consolidation, revenue from fees and charges of \$264.456 million (\$252.042 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 1.1.2 for further information.

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

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

Consolidated

| Contracts with Customers disaggregated by pattern of revenue recognition and type of customer | 2020 | 2020 | 2019 | 2019 |
|---|---|--|---|--|
| | Goods/Services transferred at a point in time | Goods/Services transferred over a period of time | Goods/Services transferred at a point in time | Goods/Services transferred over a period of time |
| Ambulance cover | - | 29,471 | - | 28,244 |
| Ambulance transport | 82,321 | - | 74,963 | - |
| Business services | 1,537 | - | 1,549 | - |
| Call Direct | - | 976 | - | 1,092 |
| Car parking revenue | 9,783 | 8,717 | 11,290 | 8,438 |
| Commissions revenue | 236 | - | 195 | - |
| Interstate patient transfers | 49,989 | - | 77,773 | - |
| Patient and client fees | 263,311 | - | 274,923 | - |
| Private practice fees | 52,648 | - | 55,869 | - |
| Residential and other aged care charges | 26,861 | - | 27,903 | - |
| Royalty income | 4,372 | - | 19,263 | - |
| Sale of goods - medical supplies | 1,798 | - | 1,908 | - |
| Training revenue | 1,295 | - | 1,017 | - |
| Other user charges and fees | 35,385 | 6 | 34,835 | 12 |
| Total contracts with external customers | 529,536 | 39,170 | 581,488 | 37,786 |
| Ambulance transport | 3,965 | - | 335 | - |
| Business services | 3 | - | - | - |
| Car parking revenue | 14 | - | - | - |
| Commissions revenue | 5 | - | 6 | - |
| Patient and client fees | 25,238 | - | 22,033 | - |
| Royalty income | - | - | 10 | - |
| Sale of goods - medical supplies | 18 | - | 9 | - |
| Training revenue | 203 | - | 205 | - |
| Other user charges and fees | 981 | - | 1,943 | - |
| Total contracts with SA Government customers | 30,427 | - | 24,541 | - |

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| | | | | |
|---------------------------------------|----------------|---------------|----------------|---------------|
| Total contracts with customers | 559,963 | 39,170 | 606,029 | 37,786 |
|---------------------------------------|----------------|---------------|----------------|---------------|

The Consolidated Entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 27). Similarly, if the Consolidated Entity satisfies a performance obligation before it receives the consideration, The Consolidated Entity recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due (refer to note 18 and 15 respectively).

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

Patient and Client Fees

Public health care is free for medicare eligible customers. Non-medicare eligible customers pay in arrears to stay overnight in a public hospital and to receive medical assessment, advice, treatment and care from a health professional. These charges may include doctors, surgeons, anaesthetist, pathology, radiology services etc Revenue from these services is recognized on a time-and-material basis as services are provided. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

Ambulance transport

Ambulance transport revenue comprises revenue earned from the provision of first aid and patient transportation that are considered non-emergency and are not covered by Medicare. Ambulance transport revenue recognition occurs under AASB 15 at the point in time that the performance obligation is discharged, which will be once the service is provided.

Private practice fees

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

Interstate patient Transfers

Under the National Health Reform Agreement – When a resident of one state/territory receives hospital treatment in another state/territory, the ‘resident state/territory’ compensates the treating or ‘provider state/territory’ for the cost of that care via a ‘cross-border’ payment. Contributions by the resident state/territory are made to the ‘provider state/territory’ through the National Health Funding Pool via activity estimates.

8. Grants and contributions

| | Consolidated | | Parent | |
|---|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Commonwealth grants and donations | 993 | (2,200) | - | - |
| Commonwealth aged care subsidies | 43,786 | 75,724 | - | - |
| Pharmaceutical Benefits Scheme Commonwealth subsidy | 206,333 | 186,800 | - | - |
| Commonwealth National Health Reform Agreement | 1,480,120 | 1,306,079 | 1,480,120 | 1,306,079 |
| Department of Veterans' Affairs (Commonwealth) | 36,840 | 40,027 | 36,840 | 40,027 |
| Commonwealth Transition Care Program | 25,065 | 24,785 | 25,065 | 24,785 |
| Other Commonwealth sourced grants and contributions | 226,580 | 70,794 | 132,555 | 16,808 |
| SA Government Community Development Fund | 7,000 | 7,000 | 7,000 | 7,000 |
| SA Government capital contributions | (76) | - | - | - |
| Emergency Services Levy | 1,454 | 1,419 | - | - |
| Other SA Government grants and contributions | 16,141 | 24,449 | 1,410 | 1,721 |
| Private sector capital contributions | 603 | 535 | - | - |
| Other grants and contributions | 38,912 | 40,040 | 801 | 716 |
| Total grants and contributions | 2,083,751 | 1,775,452 | 1,683,791 | 1,397,136 |

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

Of the \$2,083.751 million (\$1,775.452 million) received during the reporting period \$1,452.977 million (\$1,415.460 million) was provided for specific purposes, including State and Commonwealth Health initiatives-Health reforms, research and other associated activities.

9. Interest

Consolidated Parent

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| | Consolidated | | Parent | |
|-----------------------------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest on operating accounts | 4,579 | 6,514 | 2,589 | 3,810 |
| Interest from SAFA on investments | 13 | 25 | - | - |
| Interest on financial liabilities | - | - | 82 | 432 |
| Interest on Special Purpose Funds | 937 | 1,976 | - | - |
| Total interest | 5,529 | 8,515 | 2,671 | 4,242 |

10. Resources received free of charge

| | Consolidated | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Plant and equipment | 193 | 385 | - | - |
| Inventory | 29,312 | 22,367 | 29,312 | 22,367 |
| Services | 34,470 | 27,707 | 2,491 | 1,660 |
| Total resources received free of charge | 63,975 | 50,459 | 31,803 | 24,027 |

Resources received free of charge includes property, plant and equipment and immunisation drugs recorded at their fair value. Where inventory is received free of charge, all amounts held are recognised as an asset during the period.

Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The Consolidated Entity receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging.

11. Net loss from disposal of non-current and other assets

| | Consolidated | | Parent | |
|---|----------------|----------------|------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Land and buildings: | | | | |
| Proceeds from disposal | 143 | - | - | - |
| Less carrying amount of assets disposed | (2,209) | (2,132) | - | - |
| Less other costs of disposal | (17) | - | - | - |
| Net loss from disposal of land and buildings | (2,083) | (2,132) | - | - |
| Plant and equipment: | | | | |
| Proceeds from disposal | 345 | 696 | 3 | - |
| Less carrying amount of assets disposed | (708) | (1,190) | (9) | (22) |
| Less other costs of disposal | (93) | (48) | - | - |
| Net loss from disposal of plant and equipment | (456) | (542) | (6) | (22) |
| Non-current assets held for sale: | | | | |
| Proceeds from disposal | - | 505 | - | 505 |
| Less carrying amount of assets disposed | - | (506) | - | (506) |
| Less other costs of disposal | - | (4) | - | (4) |
| Net loss from disposal of non-current assets held for sale | - | (5) | - | (5) |
| Total assets: | | | | |
| Total proceeds from disposal | 488 | 1,201 | 3 | 505 |
| Less total carrying amount of assets disposed | (2,917) | (3,828) | (9) | (528) |
| Less other costs of disposal | (110) | (52) | - | (4) |
| Total net loss from disposal of assets | (2,539) | (2,679) | (6) | (27) |

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

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12. Other revenues/income

| | Consolidated | | Parent | |
|--|---------------|---------------|------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Dividend revenue | 240 | 267 | - | - |
| Donations | 9,438 | 9,726 | - | 2 |
| Gain on revaluation of investment property | 1,488 | 430 | - | - |
| Other | 38,733 | 29,300 | 585 | 1,601 |
| Total other revenues/income | 49,899 | 39,723 | 585 | 1,603 |

13. Revenues from SA Government

| | Consolidated | | Parent | |
|---|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenues from SA Government | \$'000 | \$'000 | \$'000 | \$'000 |
| Contingency funds from Department of Treasury and Finance | 39,021 | 83,155 | 39,021 | 83,155 |
| TVSP recovery funds from Department of Treasury and Finance | 20,818 | 1,718 | 20,818 | 1,718 |
| Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i> | 4,241,121 | 4,102,164 | 4,241,121 | 4,102,164 |
| Commonwealth capital grants received via Treasury | 5,350 | 2,500 | 5,350 | 2,500 |
| Commonwealth recurrent grants received via Treasury | 22,330 | 14,235 | 22,330 | 14,235 |
| Total revenues from SA Government | 4,328,640 | 4,203,772 | 4,328,640 | 4,203,772 |

Payments to SA Government

| | | | | |
|--|----------------|---------------|----------------|---------------|
| Return of surplus cash pursuant to cash alignment policy | 136,944 | 36,113 | 136,944 | 36,113 |
| Total payments to SA Government | 136,944 | 36,113 | 136,944 | 36,113 |

The Department is the administrative unit of the Consolidated Entity and as such receives all appropriation from DTF. Appropriations are recognised upon receipt. The Department provides recurrent and capital funding under a service level agreement to the LHNs and SAAS for the provision of services.

Transactions with the SA Government as owner are set out in Statement of Changes in Equity.

14. Cash and cash equivalents

| | Consolidated | | Parent | |
|---|------------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank or on hand | 501,337 | 335,646 | 473,600 | 309,383 |
| Deposits with Treasurer: general operating | 199,803 | 209,833 | 83,794 | 182,207 |
| Deposits with Treasurer: accrual appropriation excess funds | 211,812 | 141,770 | 211,812 | 141,770 |
| Deposits with Treasurer: special purpose funds | 156,659 | 152,693 | - | - |
| Total cash | 1,069,611 | 839,942 | 769,206 | 633,360 |

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

Deposits with the Treasurer

Although the Consolidated Entity controls the money reported above in the Accrual Appropriation Excess Funds Account, its use must be approved by the Treasurer. The Consolidated Entity earns interest on the special purpose funds account.

15. Receivables

| | Note | Consolidated | | Parent | |
|--|------|--------------|----------|---------|---------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | | |
| Patient/client fees: compensable | | 11,792 | 12,852 | - | 1,748 |
| Patient/client fees: aged care | | 4,660 | 3,203 | - | - |
| Patient/client fees: other | | 49,694 | 62,649 | - | - |
| Debtors | | 73,841 | 57,493 | 3,102 | 1,507 |
| Less: allowance for impairment loss on receivables | 15.1 | (36,944) | (34,618) | (63) | (71) |
| Interstate patient transfers | | 137,704 | 175,448 | 137,704 | 175,448 |
| Prepayments | | 29,271 | 40,358 | 15,860 | 27,597 |
| Loans | 15.2 | - | - | 178 | 3,224 |
| Dividends | | 19 | 19 | - | - |
| Interest | | 172 | 522 | - | 67 |

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| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| Grants | 4 | 45 | - | - |
| Sundry receivables and accrued revenue | 54,292 | 57,619 | 911 | 134 |
| GST input tax recoverable | 23,020 | 18,931 | 20,566 | 14,948 |
| Total current receivables | 347,525 | 394,521 | 178,258 | 224,602 |
| Non-Current | | | | |
| Debtors | 1,814 | 1,827 | 7 | 4 |
| Prepayments | 1,544 | 1,600 | - | - |
| Loans | 15.2 | - | 18 | 199 |
| GST input tax recoverable | - | 1,481 | - | - |
| Total non-current receivables | 3,358 | 4,908 | 25 | 203 |
| Total receivables | 350,883 | 399,429 | 178,283 | 224,805 |

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

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

Interstate patient transfers

Under the National Health Reform Agreement - When a resident of one state/territory receives hospital treatment in another state/territory, the 'resident state/territory' compensates the treating or 'provider state/territory' for the cost of that care via a 'cross-border' payment. Contributions by the resident state/territory are made to the provider state/territory through the National Health Funding Pool via activity estimates. Consistent with past years, the amounts disclosed are current estimates and may change. The department is continuing to refine its calculations of receivables and payables, which are based on the cross-border activity from the latest data available and the national efficient pricing rates from each year accrued. Prior year receivables are based on actual cross-border activity data. The current year receivable is based on the average of the actual data outcomes for 2016-17 to 2018-19.

Receivables between state and territory governments are expected to have an insignificant, and therefore immaterial, level of credit risk exposure, accordingly the department has not measured or recognised an allowance for impairment loss on this receivable.

15.1 Impairment of receivables

The Consolidated Entity has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all trade receivables using a provision matrix as a practical expedient to measure the impairment provision

Movement in the allowance for impairment loss on receivables:

| | Consolidated | | Parent | |
|---|---------------|---------------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 34,618 | 27,105 | 71 | 62 |
| Increase/(Decrease) in allowance recognised in profit or loss | 2,326 | 7,513 | (8) | 9 |
| Carrying amount at the end of the period | 36,944 | 34,618 | 63 | 71 |

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 34 for details regarding credit risk and the methodology for determining impairment.

15.2 Reconciliation of loans receivable by the Parent and related movements

| | Health Services | | Back-to-Back | |
|---------------------------|-----------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July | 3,423 | 8,046 | 3,007 | 6,915 |
| Principal repayments | (3,227) | (4,623) | (3,007) | (3,908) |
| Balance at 30 June | 196 | 3,423 | - | 3,007 |

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As at 30 June 2020 the Department has financed two Health Services with loans of \$0.196 million (\$0.416 million) for aged care housing and nil (\$3.007 million) for the Flinders Medical Centre (FMC) carpark from departmental funds with a back-to-back loan arrangement with DTF for the FMC carpark loan.

Due to inter-entity eliminations upon consolidation, loans receivables of \$0.196 million (\$3.423 million) between the Activities of the Department and the LHNs and SAAS were eliminated. Refer to note 1.1.2 for further information.

16. Other financial assets

| | Consolidated | | Parent | |
|---|----------------|----------------|--------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Term deposits | 103,060 | 102,994 | - | - |
| Other investments FVPL | 10,266 | 6,764 | - | - |
| Total current financial assets | 113,326 | 109,758 | - | - |
| Non-current | | | | |
| Joint venture | 2,670 | 2,678 | - | - |
| Term deposits | 80 | 1,618 | - | - |
| Other investments FVOCI | 1,248 | 1,460 | - | - |
| Other investments FVPL | 448 | 451 | - | - |
| Total non-current financial assets | 4,446 | 6,207 | - | - |
| Total financial assets | 117,772 | 115,965 | - | - |

The Consolidated Entity measures term deposits at amortised cost, listed equities and other investments are measured as fair value represented by market value. This includes shares in other corporations, floating rate notes, listed securities, managed funds not present in consolidation. The Consolidated Entity holds term deposits of \$103.140 million (\$104.612 million) of which \$60.467 million relates to aged care refundable deposits within Regional SA LHNs.

The joint venture represents the Consolidated Entity's share of beneficial entitlement of Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility and equity interest in property at Cleve.

According to the terms of the joint venture, profit earned during the financial year is to be distributed to the beneficiaries, resulting in immaterial net assets being held by the trust. However, it has previously been agreed that rather than paying out these distributions, they be retained in Flinders Fertility as a liability to the beneficiaries to facilitate growth within the business. Therefore the Consolidated Entity recognises their ownership interest of the distribution as a financial asset. Refer to note 37 for further information on interests in other entities.

The Consolidated Entity has a 12.28% equity interest in property at Whyte Street, Cleve in the State of South Australia by way of a mortgage on certificate of title volume 5902 folio 901. The registered proprietor of the property is the Cornerstone Housing Ltd, formerly Lutheran Community Housing Support Unit Inc.

There is no impairment on other financial assets. Refer to note 34 for information on risk management not present in consolidation.

17. Inventories

| | Consolidated | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Drug supplies | 26,159 | 22,169 | 7,227 | 7,753 |
| Medical, surgical and laboratory supplies | 2,792 | 2,505 | - | - |
| Food and hotel supplies | 636 | 617 | - | - |
| Engineering supplies | 21 | 32 | - | - |
| SA Health Distribution Centre and bulk warehouses | 21,975 | 9,459 | 21,975 | 9,459 |
| Inventory imprest stock | 13,234 | 13,161 | - | - |
| Other | 1,790 | 871 | 21 | 18 |
| Total current inventories - held for distribution | 66,607 | 48,814 | 29,223 | 17,230 |

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.

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18. Contract assets

| | Consolidated | | Parent | |
|------------------------------|---------------|---------------|----------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Contract assets | 13,009 | 25,426 | - | - |
| Total contract assets | 13,009 | 25,426 | - | - |

Contract assets primarily relate to the Consolidated Entity's rights to consideration for work completed but not yet billable at the reporting date. The Consolidated Entity has recognised revenue for pathology services and ambulance services provided but not yet processed through the billing system. Payments for pathology and ambulance services are not due from the customer until the services are correctly coded and therefore a contract asset is recognised over the period in which pathology and ambulance services are performed to represent the Consolidated Entity's right to consideration for the services transferred to date. Any amounts previously recognised as a contract asset are transferred to receivables when the rights become unconditional (ie at the point at which it is invoiced to the customer).

There were no impairment losses recognised on contract assets in the reporting period.

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

19.1 Acquisition and recognition

Property, plant and equipment owned are initially recorded on a cost basis, and subsequently measured at fair value. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. Where assets are acquired at no or nominal value as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

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

19.2 Depreciation and amortisation

The residual values, useful lives, depreciation and amortisation methods of all major assets held by the Consolidated Entity are reviewed and adjusted if appropriate 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.

Depreciation and amortisation is calculated on a straight line basis.

Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

| <u>Class of asset</u> | <u>Useful life (years)</u> |
|--|----------------------------|
| Buildings and improvements | 10 – 200 |
| Right of use buildings | Lease term |
| Accommodation and Leasehold improvements | Lease term |
| Plant and equipment: | |
| • Medical, surgical, dental and biomedical equipment and furniture | 2 – 25 |
| • Computing equipment | 3 – 5 |
| • Vehicles | 2 – 25 |
| • Other plant and equipment | 3 – 50 |
| Right of use plant and equipment | Lease term |
| Intangibles | 5 – 30 |

19.3 Revaluation

All non-current tangible assets are subsequently measured at fair value after allowing for accumulated depreciation (written down current cost).

Revaluation of non-current assets or a group of assets is only performed when the owned asset's fair value at the time of acquisition is greater than \$1 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 valuation 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.

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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 Consolidated Entity holds its property, plant and equipment and intangible assets for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, fair value is assessed each year.

There were no indications of impairment of property, plant and equipment or intangibles as at 30 June 2020.

19.5 Intangible assets

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

The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed on an annual basis. The Consolidated Entity has intangibles with indefinite useful lives, amortisation is not recognised against these intangible assets.

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 buildings

Leased land and buildings previously classified as operating leases have been included in the Statement of Financial Position for the first time in 2019-20.

An independent valuation of land and buildings, including site improvements, was performed in March and April 2018 by Certified Practising Valuers from Jones Lang Lasalle (SA) Pty Ltd and AssetVal (JLT) Pty Ltd as at 1 June 2018.

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

For land classified as restricted in use, fair value was determined using an adjustment to factors to reflect the restriction.

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

19.7 Plant and equipment

Leased plant and equipment previously classified as operating leases have been included on the Statement of Financial Position for the first time in 2019-20.

The Consolidated Entity's plant and equipment assets with a fair value greater than \$1 million or had an estimated useful life of greater than three years were revalued using the fair value methodology, as at 1 June 2018, based on independent valuations performed by a Certified Practising Valuer from Jones Lang Lasalle (SA) Pty Ltd. The value of other plant and equipment is deemed to approximate fair value. These assets are classified as Level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

19.8 Investment property

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

An independent valuation was performed on the investment property at Unit 1, 27 Kermode St North Adelaide by a Certified Practising Valuer from AssetVal (JLT) Pty Ltd, as at 30 June 2020. Fair value has been determined by the income approach, where the net income is capitalised at an appropriate yield with recent experience in the local market and equivalent properties.

The valuation of investment property located at Dalgleish St, Thebarton was performed by a Certified Practising Valuer from Knight Frank Valuations, as at March 2020. The valuer arrived at a fair value based on recent market transactions for similar properties in the area taking in to account zoning and restricted use.

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

Amounts recognised in profit or loss

The Consolidated Entity recognised rental income from investment property during the period of \$2.060 million (\$2.270 million).

19.9 Right-of-use assets

Right-of-use assets (including concessional arrangements) are recorded at cost and there were no indications for impairment. Additions to right of use assets during 2019-20 were \$17.101 million.

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

The following tables show the movement:

Consolidated

2019-20

| | Land and buildings: | | | | Plant and equipment: | | | | | | | Investment property \$'000 | Total \$'000 |
|--|---------------------|---------------------|-------------------------------------|---|--|--|---|--|---|---------------|------------------|-------------------------------|-----------------|
| | Land \$'000 | Buildings \$'000 | Right-of-use buildings \$'000 | Capital works in progress land and buildings \$'000 | Accommo- dation and Leasehold improve- ments \$'000 | Medical/ surgical/ dental/ biomedical \$'000 | Other plant and equipment \$'000 | Right-of- use plant and equipment \$'000 | Capital works in progress plant and equipment \$'000 | | | | |
| Carrying amount at the beginning of the period | 344,347 | 2,354,312 | 2,748,242 | 49,380 | 55,083 | 184,503 | 42,502 | 252,932 | 10,495 | 22,012 | 6,063,808 | | |
| Additions | - | 507 | 10,902 | 136,286 | 23 | 15,760 | 512 | 6,199 | 27,166 | - | 197,355 | | |
| Assets received free of charge | - | - | - | - | - | 193 | - | - | - | - | 193 | | |
| Disposals | (41) | (2,169) | (118) | - | - | (531) | (166) | (196) | (11) | - | (3,232) | | |
| Donated assets disposal | - | - | - | - | - | - | - | - | - | - | - | | |
| Transfers between asset classes | - | 46,408 | - | (47,949) | 1,913 | 16,561 | 849 | - | (17,782) | - | - | | |
| Other movements | - | - | (466) | - | - | - | - | - | (63) | - | (529) | | |
| Subtotal: | 344,306 | 2,399,058 | 2,758,560 | 137,717 | 57,019 | 216,486 | 43,697 | 258,935 | 19,805 | 22,012 | 6,257,595 | | |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | | | | |
| Depreciation and amortisation | - | (138,321) | (69,546) | - | (4,838) | (52,646) | (16,393) | (15,806) | - | - | (297,550) | | |
| Revaluation increment / (decrement)** | - | - | - | - | - | - | - | - | - | 1,488 | 1,488 | | |
| Subtotal: | - | (138,321) | (69,546) | - | (4,838) | (52,646) | (16,393) | (15,806) | - | 1,488 | (296,062) | | |
| Gains/(losses) for the period recognised in other comprehensive income: | | | | | | | | | | | | | |
| Revaluation increment / (decrement) | - | - | - | - | - | - | - | - | - | - | - | | |
| Impairment (losses) / reversals | - | - | - | - | - | - | - | - | - | - | - | | |
| Subtotal: | - | - | - | - | - | - | - | - | - | - | - | | |
| Carrying amount at the end of the period* | 344,306 | 2,260,737 | 2,689,014 | 137,717 | 52,181 | 163,840 | 27,304 | 243,129 | 19,805 | 23,500 | 5,961,533 | | |
| Gross carrying amount | | | | | | | | | | | | | |
| Gross carrying amount | 344,306 | 2,528,450 | 2,842,288 | 137,717 | 82,622 | 426,153 | 132,634 | 274,196 | 19,805 | 23,500 | 6,811,671 | | |
| Accumulated depreciation / amortisation | - | (267,713) | (153,274) | - | (30,441) | (262,313) | (105,330) | (31,067) | - | - | (850,138) | | |
| Carrying amount at the end of the period | 344,306 | 2,260,737 | 2,689,014 | 137,717 | 52,181 | 163,840 | 27,304 | 243,129 | 19,805 | 23,500 | 5,961,533 | | |

*All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$36.600 million, buildings valued at \$4.609 million (classified as level 2,) investments valued at \$23.500 million (classified as level 2,) and capital works in progress (not classified). Refer to note 1.8 for details about the lease liability for right-of-use assets.

**Revaluations increment includes gains recognised directly in equity of \$0.550 million – refer to the Statement of changes in equity and gains on revaluation of investment property of \$0.938 million – refer to note 12.

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Consolidated

2018-19

| | Land and buildings: | | | | Plant and equipment: | | | | | | |
|--|---------------------|---------------------|-------------------------------------|--|---|--|---|--|---|----------------------------------|------------------|
| | Land \$'000 | Buildings \$'000 | Buildings under PPP \$'000 | Capital works in progress land and buildings \$'000 | Accommo dation and Leasehold improve- ments \$'000 | Medical/ surgical/ dental/ biomedical \$'000 | Other plant and equipment \$'000 | Plant and equipment under PPP \$'000 | Capital works in progress plant and equipment \$'000 | Investment property \$'000 | Total \$'000 |
| Carrying amount at the beginning of the period | 344,128 | 2,512,963 | 2,572,137 | 48,313 | 40,504 | 194,300 | 60,072 | 250,849 | 18,835 | 21,582 | 6,063,683 |
| Additions | 219 | 205 | - | 56,608 | 29 | 15,192 | 1,087 | - | 17,154 | - | 90,494 |
| Assets received free of charge | - | - | - | - | - | 336 | 49 | - | - | - | 385 |
| Disposals | - | (42) | - | (873) | (1,217) | (625) | (511) | - | (55) | - | (3,323) |
| Transfers between asset classes | - | 52,364 | 2,126 | (54,668) | 456 | 25,499 | (766) | - | (25,408) | - | (397) |
| Other movements | - | - | (1,821) | - | - | - | - | (188) | (32) | - | (2,041) |
| Subtotal: | 344,347 | 2,565,490 | 2,572,442 | 49,380 | 39,772 | 234,702 | 59,931 | 250,661 | 10,495 | 21,582 | 6,148,802 |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | | |
| Depreciation and amortisation | - | (138,414) | (45,863) | - | (4,223) | (50,199) | (17,429) | (8,868) | - | - | (264,996) |
| Revaluation increment / (decrement) | - | - | - | - | - | - | - | - | - | 430 | 430 |
| Subtotal: | - | (138,414) | (45,863) | - | (4,223) | (50,199) | (17,429) | (8,868) | - | 430 | (264,566) |
| Gains/(losses) for the period recognised in other comprehensive income: | | | | | | | | | | | |
| Revaluation increment / (decrement) | - | 84 | - | - | - | - | - | - | - | - | 84 |
| Impairment (losses) / reversals | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal: | - | 84 | - | - | - | - | - | - | - | - | 84 |
| Carrying amount at the end of the period* | 344,347 | 2,427,160 | 2,526,579 | 49,380 | 35,549 | 184,503 | 42,502 | 241,793 | 10,495 | 22,012 | 5,884,320 |
| Gross carrying amount | | | | | | | | | | | |
| Gross carrying amount | 344,347 | 2,578,115 | 2,610,602 | 49,380 | 61,894 | 437,387 | 147,346 | 258,061 | 10,495 | 22,012 | 6,519,639 |
| Accumulated depreciation / amortisation | - | (150,955) | (84,023) | - | (26,345) | (252,884) | (104,844) | (16,268) | - | - | (635,319) |
| Carrying amount at the end of the period | 344,347 | 2,427,160 | 2,526,579 | 49,380 | 35,549 | 184,503 | 42,502 | 241,793 | 10,495 | 22,012 | 5,884,320 |

* Included in carrying amount at the end of the period is buildings under finance lease of \$74.998 million and plant and equipment under finance lease of nil.

**Total other comprehensive income for changes in asset revaluation reserve surplus also includes decrement of \$0.770million for land and buildings held for sale. Refer to note 19.

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$36.660 million buildings valued at \$5.117 million (classified as level 2) and capital works in progress (not classified).

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| Parent 2019-20 | Land and buildings: | | | Plant and equipment: | | | | | | | Total \$'000 |
|--|---------------------|---------------------|--|--|--|--|---|---|---|----------------------------------|-----------------|
| | Land \$'000 | Buildings \$'000 | Right of use buildings \$'000 | Capital works in progress land and buildings \$'000 | Accommo dation and Leasehold improve ments \$'000 | Medical/ surgical/ dental/ biomedical \$'000 | Other plant and equipment \$'000 | Right of use plant and equipment \$'000 | Capital works in progress plant and equipment \$'000 | Investment property \$'000 | |
| Carrying amount at the beginning of the period | 35,480 | 2,601 | 1,690 | 14 | 1,910 | 164 | 5,830 | 376 | 11 | - | 48,076 |
| Additions | - | - | - | 5,499 | - | 54 | - | 174 | 2,067 | - | 7,794 |
| Assets received free of charge | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | (9) | (92) | - | - | (101) |
| Acquisition / (disposal) through administrative restructuring | - | - | - | - | - | (172) | - | - | - | - | (172) |
| Transfers between asset classes | - | - | - | - | - | 11 | - | - | (11) | - | - |
| Other movements | - | - | 71 | - | - | - | - | - | - | - | 71 |
| Subtotal: | 35,480 | 2,601 | 1,761 | 5,513 | 1,910 | 57 | 5,821 | 458 | 2,067 | - | 55,668 |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | | |
| Depreciation and amortisation | - | (763) | (1,137) | - | (668) | (3) | (4,106) | (208) | - | - | (6,885) |
| Subtotal: | - | (763) | (1,137) | - | (668) | (3) | (4,106) | (208) | - | - | (6,885) |
| Carrying amount at the end of the period | 35,480 | 1,838 | 624 | 5,513 | 1,242 | 54 | 1,715 | 250 | 2,067 | - | 48,783 |
| Gross carrying amount | | | | | | | | | | | |
| Gross carrying amount | 35,480 | 3,530 | 1,761 | 5,513 | 5,306 | 54 | 36,194 | 434 | 2,067 | - | 90,339 |
| Accumulated depreciation / amortisation | - | (1,692) | (1,137) | - | (4,064) | - | (34,479) | (184) | - | - | (41,556) |
| Carrying amount at the end of the period | 35,480 | 1,838 | 624 | 5,513 | 1,242 | 54 | 1,715 | 250 | 2,067 | - | 48,783 |

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). Refer to note 24 for details about the lease liability for right-of-use assets.

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| Parent 2018-19 | Land and buildings: | | | Plant and equipment: | | | | | | | Total \$'000 |
|--|---------------------|---------------------|-------------------------------------|--|--|--|---|--|---|----------------------------------|-----------------|
| | Land \$'000 | Buildings \$'000 | Buildings under PPP \$'000 | Capital works in progress land and buildings \$'000 | Accommo- dation and Leasehold improve- ments \$'000 | Medical/ surgical/ dental/ biomedical \$'000 | Other plant and equipment \$'000 | Plant and equipment under PPP \$'000 | Capital works in progress plant and equipment \$'000 | Investment property \$'000 | |
| Carrying amount at the beginning of the period | 35,480 | 3,364 | - | 66 | 2,432 | 89 | 7,880 | - | 542 | - | 49,853 |
| Additions | - | - | - | 65 | 29 | 102 | 76 | - | 1,842 | - | 2,114 |
| Disposals | - | - | - | - | - | - | (22) | - | - | - | (22) |
| Transfers between asset classes | - | - | - | (117) | 117 | - | 2,373 | - | (2,373) | - | - |
| Subtotal: | 35,480 | 3,364 | - | 14 | 2,578 | 191 | 10,307 | - | 11 | - | 51,945 |
| Gains/(losses) for the period recognised in net result: | | | | | | | | | | | |
| Depreciation and amortisation | - | (763) | - | - | (668) | (27) | (4,477) | - | - | - | (5,935) |
| Subtotal: | - | (763) | - | - | (668) | (27) | (4,477) | - | - | - | (5,935) |
| Carrying amount at the end of the period | 35,480 | 2,601 | - | 14 | 1,910 | 164 | 5,830 | - | 11 | - | 46,010 |
| Gross carrying amount | | | | | | | | | | | |
| Gross carrying amount | 35,480 | 3,530 | - | 14 | 5,306 | 207 | 35,924 | - | 11 | - | 80,472 |
| Accumulated depreciation / amortisation | - | (929) | - | - | (3,396) | (43) | (30,094) | - | - | - | (34,462) |
| Carrying amount at the end of the period | 35,480 | 2,601 | - | 14 | 1,910 | 164 | 5,830 | - | 11 | - | 46,010 |

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:

| | 2019-20 | | | | 2018-19 | | | |
|---|-----------------------------|------------------------|--|-----------------|-----------------------------|------------------------|--|-----------------|
| | Computer software \$'000 | Bed licences \$'000 | Capital works in progress intangibles \$'000 | Total \$'000 | Computer software \$'000 | Bed licences \$'000 | Capital works in progress intangibles \$'000 | Total \$'000 |
| Consolidated | | | | | | | | |
| Carrying amount at the beginning of the period | 95,105 | 700 | 792 | 96,597 | 112,967 | 700 | 3,939 | 117,606 |
| Additions | 15 | - | 931 | 946 | 81 | - | 1,002 | 1,083 |
| Disposals | - | - | - | - | - | - | - | - |
| Amortisation | (19,911) | - | - | (19,911) | (22,489) | - | - | (22,489) |
| Transfers between asset classes | 25 | - | - | 25 | 4,546 | - | (4,149) | 397 |
| Other movements | - | - | - | - | - | - | - | - |
| Carrying amount at the end of the period | 75,234 | 700 | 1,723 | 77,657 | 95,105 | 700 | 792 | 96,597 |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount | 213,318 | 700 | 1,723 | 215,741 | 216,501 | 700 | 792 | 217,993 |
| Accumulated amortisation | (138,084) | - | - | (138,084) | (121,396) | - | - | (121,396) |
| Carrying amount at the end of the period | 75,234 | 700 | 1,723 | 77,657 | 95,105 | 700 | 792 | 96,597 |
| Parent | | | | | | | | |
| Carrying amount at the beginning of the period | 48,754 | - | - | 48,754 | 59,029 | - | 52 | 59,081 |
| Additions | - | - | - | - | 66 | - | 217 | 283 |
| Amortisation | (9,700) | - | - | (9,700) | (10,610) | - | - | (10,610) |
| Transfers between asset classes | - | - | - | - | 269 | - | (269) | - |
| Carrying amount at the end of the period | 39,054 | - | - | 39,054 | 48,754 | - | - | 48,754 |
| Gross carrying amount | | | | | | | | |
| Gross carrying amount | 132,305 | - | - | 132,305 | 132,305 | - | - | 132,305 |
| Accumulated amortisation | (93,251) | - | - | (93,251) | (83,551) | - | - | (83,551) |
| Carrying amount at the end of the period | 39,054 | - | - | 39,054 | 48,754 | - | - | 48,754 |

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 South Australian country areas and the relaxation of ceiling limits on bed licenses, the Consolidated Entity has recorded these licences at nil value.

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22. Fair value measurement

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

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

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

The carrying amount of owned 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 is deemed to approximate fair value.

Refer to notes 19 and 22.2 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 Consolidated Entity categorises non-financial assets measured at fair value into the hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2020

| | 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 | 36,600 | 307,706 | 344,306 | 35,480 | - | 35,480 |
| Buildings and improvements | 4,609 | 2,256,128 | 2,260,737 | - | 1,838 | 1,838 |
| Leasehold improvements | - | 52,181 | 52,181 | - | 1,242 | 1,242 |
| Plant and equipment | - | 191,144 | 191,144 | - | 1,769 | 1,769 |
| Investment property | 23,500 | - | 23,500 | - | - | - |
| Total recurring fair value measurements | 64,709 | 2,807,159 | 2,871,868 | 35,480 | 4,849 | 40,329 |

Fair value measurements at 30 June 2019

| | 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 | 36,600 | 307,747 | 344,347 | 35,480 | - | 35,480 |
| Buildings and improvements | 5,117 | 2,422,043 | 2,427,160 | - | 2,601 | 2,601 |
| Leasehold improvements | - | 35,549 | 35,549 | - | 1,910 | 1,910 |
| Plant and equipment | - | 227,006 | 227,006 | - | 5,994 | 5,994 |
| Investment property | 22,012 | - | 22,012 | - | - | - |
| Total recurring fair value measurements | 63,729 | 2,992,345 | 3,056,074 | 35,480 | 10,505 | 45,985 |

Non-recurring fair value measurement is applicable to land and buildings held for sale. Refer to note 19.

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

During 2020 and 2019, the Consolidated Entity had no valuations categorised into Level 1. Land assets of the Parent entity and SAAS have been classified as Level 2, as there were unobservable inputs, and one building asset for SAAS have been classified as Level 2.

22.2 Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. To the extent that land has had any restrictions on use and been adjusted with a discount factor these assets are classified as Level 3. All other land has been classified as Level 2.

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

Unobservable inputs used to arrive at final valuation figures included:

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

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

23. Payables

| | Consolidated | | Parent | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Creditors and accrued expenses | 202,519 | 228,101 | 57,437 | 43,353 |
| Paid Parental Leave Scheme | 904 | 473 | 33 | 8 |
| Health Service workers compensation | - | - | 8,226 | 8,124 |
| Interstate patient transfers | 118,911 | 96,133 | 118,911 | 96,133 |
| Employment on-costs* | 57,323 | 51,578 | 2,854 | 2,878 |
| Other payables | 7,289 | 8,799 | 65 | 71 |
| Total current payables | 386,946 | 385,084 | 187,526 | 150,567 |
| Non-current | | | | |
| Creditors and accrued expenses | - | 624 | - | - |
| Health Service workers compensation | - | - | 14,691 | 15,241 |
| Employment on-costs* | 33,424 | 26,568 | 2,836 | 3,377 |
| Other payables | 169 | 182 | - | - |
| Total non-current payables | 33,593 | 27,374 | 17,527 | 18,618 |
| Total payables | 420,539 | 412,458 | 205,053 | 169,185 |

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owed and unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employee on-costs are settled when the respective employee benefits that they relate to are discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to their short term nature.

* Employment on-costs include payroll tax, Return to Work SA levies and superannuation contributions. The Consolidated Entity 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.

Inter-entity transactions between the Department and Health Services workers compensation (redemption and lump sum) payables amounts to \$22.917 million (\$23.365 million). Refer to note 1.1.2 for further information.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has increased from the 2019 rate (41%) to 42% for the Department and (29%) to 38% for the LHNs and SAAS, and the average factor for the calculation of employer superannuation on-costs has remained at 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is an increase in the employee benefits expenses and the employment on-cost liability of \$8.743 million (Parent increase of \$0.048 million). The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 34 for information on risk management.

Interstate patient transfers

Under the National Health Reform Agreement - When a resident of one state/territory receives hospital treatment in another state/territory, the 'resident state/territory' compensates the treating or 'provider state/territory' for the cost of that care via a 'cross-border' payment. Contributions by the resident state/territory are made to the provider state/territory through the National Health Funding Pool account via activity estimates. Consistent with past years, the amounts disclosed are current estimates and may change. The department is continuing to refine its calculations of receivables and payables, which are based on the cross-border activity from the latest data available and the national efficient pricing rates from each year accrued. Prior year payables are based on actual cross-border activity data. The current year payables are based on the average of the actual data outcomes for 2016-17 to 2018-19.

24. Financial liabilities

| | Note | Consolidated | | Parent | |
|--|------|------------------|------------------|------------|--------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | | |
| Borrowings from SA Government | | - | 3,007 | - | 3,007 |
| Lease liabilities | | 86,361 | 64,468 | 781 | - |
| Total current financial liabilities | | 86,361 | 67,475 | 781 | 3,007 |
| Non-current | | | | | |
| Borrowings from SA Government | | - | - | - | - |
| Lease liabilities | | 2,786,696 | 2,657,657 | 98 | - |
| Total non-current financial liabilities | | 2,786,696 | 2,657,657 | 98 | - |
| Total financial liabilities | | 2,873,057 | 2,725,132 | 879 | 3,007 |

The Consolidated Entity measures financial liabilities including borrowings/debt at amortised cost. Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were not defaults or breaches on any of the above liabilities throughout the year. For 2019-20 the lease liabilities reflect only finance leases recognised in accordance with AASB 117. The movement in borrowings for SA Government of \$3.007 million arises from changes in financing cash outflows.

Refer to note 34 for information on risk management.

24.1 Leasing activities

The Consolidated Entity has a number of lease agreements including concessional. Lease terms vary in length from 2 to 99 years. Major lease activities include the use of:

- Properties – Non-DPTI provided office accommodation, community health offices, medical centres, health clinics, SA Pathology collection centres, primary health, dental clinics and staff accommodation are generally leased from the private sector. Most property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- Health Facilities
 - Royal Adelaide Hospital (RAH) lease commenced in June 2011, achieved commercial acceptance in June 2017, and is for 35 years. The SA Health Partnership Consortium trading as Celsus entered into an arrangement to finance, design, build, operate and maintain the new RAH. Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information and communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. The arrangement is referred to as a Public Private Partnership (PPP). At the conclusion of the contract in 2046, the Consolidated Entity will take full ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.
 - Mt Gambier Hospital lease commenced in June 1997 and is for 25 years with an option to renew for 10 years. After 35 years the land and buildings revert to the Consolidated Entity. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.
 - Health Facilities – leases include Adelaide Hills General Practice (Summit Health).

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- Port Augusta Hospital lease commenced in June 1997 and is for 25 years with an option to renew for 10 years. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.
- Plant and equipment – leases for material handling equipment is cancellable and renewable every 2 years.

The Consolidated Entity has committed to a lease arrangement that has commenced from 1 July 2020 and which has been included in the lease liability maturity analysis.

The Consolidated entity has not entered into any sub-lease arrangements outside of the Consolidated Entity/SA Health.

Refer note 20 for details about the right of use assets (including depreciation) and note 5 for financing costs associated with these leasing activities.

24.2 Concessional lease arrangements

The Consolidated Entity has concessional lease arrangements as lessee, within the SA Health economic entity, with other government entities (eg local councils, universities and the Commonwealth government), and with not-for-profit entities.

| Right of use asset | Nature of arrangements | Details |
|----------------------------|--|---|
| Land | Terms are up to 30 years Payment is nominal | Concessional land arrangements include land used for a country hospital carparking (overflow), hardstand storage and parklands frontage |
| Buildings and improvements | Terms are up to 38 years Payment is nominal | Concessional building arrangements include the use of premises for dental services, pathology collection, Breastscreen services, community health services, GP Plus arrangements, Drug and Alcohol Services clinics, Child/Family/Women's/Mental Health services and volunteer ambulance stations |

24.3 Maturity analysis

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

| | Consolidated | | Parent | |
|---|------------------|------------------|--------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Lease Liabilities | \$'000 | \$'000 | \$'000 | \$'000 |
| 1 to 3 years | 970,978 | 913,047 | 2,032 | - |
| 3 to 5 years | 624,704 | 596,208 | - | - |
| 5 to 10 years | 1,499,594 | 1,438,070 | - | - |
| More than 10 years | 3,940,064 | 4,167,765 | - | - |
| Total lease liabilities (undiscounted) | 7,035,340 | 7,115,090 | 2,032 | - |

25. Employee benefits

| | Consolidated | | Parent | |
|---|----------------|----------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Current | \$'000 | \$'000 | \$'000 | \$'000 |
| Accrued salaries and wages | 140,754 | 96,609 | 3,952 | 3,218 |
| Annual leave | 388,439 | 362,200 | 13,237 | 13,973 |
| Long service leave | 75,404 | 75,974 | 3,119 | 3,921 |
| Fringe benefits tax | 2,024 | 2,156 | 2,024 | 2,156 |
| Skills and experience retention leave | 28,124 | 26,707 | 952 | 1,012 |
| Superannuation - defined benefit scheme | 17,053 | 27,320 | - | - |
| Other | 586 | 449 | 35 | 13 |
| Total current employee benefits | 652,384 | 591,415 | 23,319 | 24,293 |

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| Non-current | | | | |
|--|------------------|------------------|---------------|---------------|
| Long service leave | 829,332 | 819,179 | 34,444 | 42,471 |
| Superannuation - defined benefit scheme | 20,229 | 19,393 | - | - |
| Total non-current employee benefits | 849,561 | 838,572 | 34,444 | 42,471 |
| Total employee benefits | 1,501,945 | 1,429,987 | 57,763 | 66,764 |

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

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.

The actuarial assessment performed by DTF decreased the salary inflation from 2019 (2.2%) to 2.00% for annual leave and skills, experience and retention leave liability. The net financial effect of the change in the salary inflation rate in the current financial year is a decrease in the annual leave liability of \$0.769 million (Parent \$0.026 million), skills and experience retention leave liability of \$0.055 million (Parent \$0.002 million), payables (employee on-costs) of \$0.083 million (Parent \$0.004million) and employee benefits expense of \$0.907 million (Parent \$0.032 million).

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

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 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities and the health sector across government.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 rate (1.25%) to 0.75%. This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The actuarial assessment performed by DTF decreased the salary inflation rate from 2019 (4%) to 2.5% for long service leave liability, resulting in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$14.105 million (Parent \$2.824 million), Payables (employee on-costs) of \$0.668 million (Parent \$0.234 million) and employee benefits expense of \$14.773 million (Parent \$3.058 million). The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

25.3 Superannuation funds

A number of SAAS employees are members of the SA Ambulance Service Superannuation Scheme (the "Scheme"). These employees are eligible to receive a benefit from the Scheme. A benefit is payable on retirement, death, disablement or leaving SAAS, in accordance with the Scheme's trust deed and rules. The Scheme provides lump sum benefits based on a combination of defined benefits which depend on years of service and final salary and accumulation benefits which depend on the accumulation of member and employer contributions adjusted for appropriate earnings and expenses. The liability for this Scheme has been determined via an actuarial valuation by Mercer Investment Nominees Limited using the projected unit credit method.

The expected payment to settle the obligation has been determined using national government bond market yields with terms and conditions that match, as closely as possible, to estimated cash outflows.

Actuarial gains and losses are recognised in other comprehensive income in the Statement of Comprehensive Income, in the period in which they occur. The superannuation expense comprising interest cost and other costs of the defined benefit plan is measured in accordance with AASB 119 and is recognised as and when contributions fall due.

The South Australian Superannuation Board was appointed Trustee of the Scheme effective 1 July 2006. The Scheme was closed to new members as at 30 June 2008. For those staff who are not members of the Scheme, SAAS pays contributions in accordance with the relevant award or contract of employment to other nominated Superannuation funds in compliance with the superannuation guarantee legislation. Contributions are charged as expenditure as they are made. Members are not required to make contributions to these funds.

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The defined benefit liability has been recognised in the Statement of Financial Position in accordance with AASB 119 and is held in SAAS.

Defined benefit superannuation scheme

| Reconciliation of the present value of the defined benefit obligation: | 2020 | 2019 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Opening balance of defined benefit obligation | 323,648 | 284,259 |
| Current service cost | 10,500 | 9,456 |
| Interest cost | 3,801 | 6,758 |
| Contributions by scheme participants | 5,302 | 5,707 |
| Actuarial (gains)/losses | (20,069) | 27,837 |
| Benefits paid | (23,434) | (9,152) |
| Taxes, premiums and expenses paid | (1,677) | (1,838) |
| Transfers in | 238 | 621 |
| Closing balance of defined benefit obligation | 298,309 | 323,648 |

Reconciliation of fair value of scheme assets:

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Opening balance of scheme assets | 276,935 | 256,461 |
| Interest Income | 3,332 | 6,239 |
| Actual return on scheme assets less Interest Income | (4,945) | 13,465 |
| Contributions from the employer | 5,276 | 5,432 |
| Contributions by scheme participants | 5,302 | 5,707 |
| Benefits paid | (23,434) | (9,152) |
| Taxes, premiums and expenses paid | (1,677) | (1,838) |
| Transfers in | 238 | 621 |
| Closing balance of scheme assets | 261,027 | 276,935 |

The amount included in the Statement of Financial Position arising from Consolidated Entity's obligations in respect of its defined benefit scheme is as follows:

| | | |
|---|---------------|---------------|
| Present value of defined benefit obligations | 298,309 | 323,648 |
| Fair value of scheme assets | (261,027) | (276,935) |
| Net liability arising from defined benefit obligations | 37,282 | 46,713 |

Included in the Statement of Financial Position:

| | | |
|---|---------------|---------------|
| Current provision for employee benefits - defined benefit obligations | 17,053 | 27,320 |
| Non-current provision for employee benefits - defined benefit obligations | 20,229 | 19,393 |
| Closing balance of defined benefit obligation | 37,282 | 46,713 |

| | % invested by asset class | | | |
|----------------------|---------------------------|------------|----------|----------|
| | Consolidated | | Parent | |
| | 2020 | 2019 | 2020 | 2019 |
| | % | % | % | % |
| Australian equity | 27 | 27 | - | - |
| International equity | 33 | 24 | - | - |
| Fixed income | 13 | 19 | - | - |
| Property | 11 | 12 | - | - |
| Alternatives/other | 6 | 16 | - | - |
| Cash | 10 | 2 | - | - |
| Total | 100 | 100 | - | - |

The percentage invested in each asset class as at 30 June 2019 is adjusted to be comparable to 30 June 2020. This adjustment is made to align with the new approach where it is assumed that the diversified strategies growth B is 50% Australian equities and 50% International equities, and diversified strategies income is Alternatives/Other.

In accordance with the revised AASB 119 the discount rate assumption is used to determine interest income and the expected return on assets assumption is no longer used. The actual return on scheme assets was a loss of \$1.613 million (gain of \$19.704 million). Employer contributions of \$5.186 million are expected to be paid to the scheme for the year ending 30 June 2021. Expected employer contributions reflect the current 9.5% of salary contributions.

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| | Consolidated | | Parent | |
|---|--------------|-------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Principal actuarial assumptions used (and expressed as weighted averages): | % pa | % pa | % pa | % pa |
| Discount rate (defined benefit cost) | 1.3 | 2.6 | - | - |
| Expected rate of salary increase (defined benefit cost) | 4.0 | 4.0 | - | - |
| Discount rate (defined benefit obligation) | 0.8 | 1.3 | - | - |
| Expected rate of salary increase (defined benefit obligation) | 2.5 | 4.0 | - | - |
| | | | 2020 | 2019 |
| Movement in net defined benefit liability | | | \$'000 | \$'000 |
| Net defined benefit liability at start of year | | | 46,713 | 27,798 |
| Defined benefit cost | | | 10,969 | 9,975 |
| Remeasurements | | | (15,124) | 14,372 |
| Employer contributions | | | (5,276) | (5,432) |
| Net defined liability at year end | | | 37,282 | 46,713 |

The net financial effect of the changes in the discount rate in the current year is an increase in the superannuation – defined benefits scheme liability and other comprehensive income expense gain of \$16.509 million. The impact on future periods is impracticable to estimate as the superannuation – defined benefits scheme liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

Sensitivity analysis

The defined benefit obligation as at 30 June 2020 under several scenarios is presented below.

Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

Scenario A: 0.5% p.a. lower discount rate assumption

Scenario B: 0.5% p.a. higher discount rate assumption

Scenario C: 0.5% p.a. lower salary increase rate assumption

Scenario D: 0.5% p.a. higher salary increase rate assumption

| | Base Case | Scenario A | Scenario B | Scenario C | Scenario D |
|-------------------------------------|-----------|------------------------|------------------------|-------------------------------|-------------------------------|
| | | -0.5% pa discount rate | +0.5% pa discount rate | -0.5% pa salary increase rate | +0.5% pa salary increase rate |
| Discount Rate | 0.8% | 0.3% | 1.3% | 0.8% | 0.8% |
| Salary increase rate | 2.5% | 2.5% | 2.5% | 2.0% | 3.0% |
| Defined benefit obligation (\$'000) | 298,309 | 308,453 | 288,862 | 290,081 | 307,040 |

Description of the regulatory framework

The scheme operates in accordance with its Trust Deed. The scheme is considered to be an exempt public sector scheme.

Description of other entities' responsibilities for the governance of the Scheme

The scheme's trustee is responsible for the governance of the scheme. The trustee has a legal obligation to act solely in the best interests of scheme beneficiaries. The trustee has the following roles:

- administration of the scheme and payment to the beneficiaries from scheme assets when required in accordance with the scheme rules;
- management and investment of the scheme assets; and
- compliance with superannuation law and other applicable regulations.

Description of risks

There are a number of risks to which the scheme exposes the employer. The more significant risks relating to the defined benefits are:

Investment risk

The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.

Salary growth risk

The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

Legislative risk

The risk that legislative changes could be made which increase the cost of providing the defined benefits.

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The scheme assets are invested in the Funds SA Balanced Investment option. The assets are diversified within this investment option and therefore the Scheme has no significant concentration of investment risk.

Funding arrangements

The financing objective adopted at the 30 June 2017 actuarial investigation of the scheme, in a report dated 5 June 2018, is to maintain the value of the scheme's assets at least equal to:

- 100% of accumulation account balances, plus
- 105% of defined benefit vested benefit.

In that valuation, it was recommended that the employer contribute to the scheme as follows:

- Defined Benefit members:
 - 12.00% of salary for all defined benefit members until 30 June 2018, then
 - 9.50% of salary for all defined benefit members after 1 July 2018, plus
 - Any additional employer contributions agreed between the employer and a member.
- Accumulation members:
 - 9.50% of ordinary time earnings, plus
 - Any additional employer contributions agreed between the employer and a member.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2020 is eight years.

26. Provisions

| | Note | Consolidated | | Parent | |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Current | | \$'000 | \$'000 | \$'000 | \$'000 |
| Insurance | 26.2 | 13,167 | 17,215 | 13,167 | 17,215 |
| Workers compensation | 26.1 | 25,558 | 23,555 | 455 | 480 |
| Total current provisions | | 38,725 | 40,770 | 13,622 | 17,695 |
| Non-current | | | | | |
| Insurance | 26.2 | 118,499 | 113,655 | 118,499 | 113,655 |
| Workers compensation | 26.1 | 83,472 | 81,709 | 605 | 573 |
| Total non-current provisions | | 201,971 | 195,364 | 119,104 | 114,228 |
| Total provisions | | 240,696 | 236,134 | 132,726 | 131,923 |

26.1 Workers Compensation

Workers compensation statutory provision

The Department is a self-insured employer within the *Return to Work Act 2014*, and has delegated powers pursuant to section 134 of this Act. As a consequence, the Department is responsible for the management of and all costs of workers compensation claims. The Consolidated Entity is directly responsible for the cost of workers compensation claims and the implementation and funding of preventative programs.

From 1 July 2010, the Department devolved annual funding to all remaining safety net funded LHNs and health centres for workers compensation expenditure, excluding lump sum payments. Accordingly, the Department recognises a payable to the LHNs equivalent to the redemption and lump sum payments which the LHNs recognise as a provision in their financial statements. The workers compensation liability to the LHNs as at 30 June is \$22.917 million (\$23.365 million). Refer to note 23. These transactions are eliminated on consolidation in accordance with the requirements of AASB 10.

The workers compensation provision is an actuarial assessment of the outstanding liability as at 30 June 2020 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 employees as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers compensation non-statutory provision

Additional insurance/compensation arrangements for certain work related injuries have been introduced for most public sector employees through various enterprise bargaining agreements and industrial awards. This insurance/compensation is intended to provide continuing benefits to non-seriously injured workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are non-serious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

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The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability provided by a consulting actuary 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 2020 the Consolidated Entity recognised a workers compensation non-statutory provision of \$8.498 million (Parent: \$0.049 million).

Reconciliation of workers compensation (statutory and non-statutory)

| | Consolidated | | Parent | |
|---|----------------|----------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 105,264 | 108,522 | 1,053 | 1,027 |
| Increase in provisions recognised | 10,900 | 23,921 | 168 | 80 |
| Reductions resulting from re-measurement or settlement without cost | (2,052) | (6,296) | - | - |
| Reductions arising from payments/other sacrifices of future economic benefits | (5,082) | (20,883) | (161) | (54) |
| Carrying amount at the end of the period | 109,030 | 105,264 | 1,060 | 1,053 |

26.2 Insurance

The Department is responsible for the management of the Consolidated Entity's insurance program. The Department is a participant in the State Government's insurance program. The Department pays a premium to SA Government Financing Authority (SAFA), SAICORP Division for professional indemnity insurance (including medical malpractice), public liability and property insurance, and is responsible for the management claim for amounts up to an agreed amount (the deductible). SAICORP provides the balance of funding for claims in excess of the deductible. For professional indemnity (including medical malpractice) claims after 1 July 1994 and general public liability and property claims after 1 July 1999 the deductible per claim is \$1 million. For claims incurred prior to these dates the deductible per claim is \$50,000.

Professional indemnity and general public liability claims arising from the LHNs' and SAAS's operations are managed as part of the State Government Insurance Program. The LHNs and SAAS pay an annual premium to the Department. These transactions are eliminated on consolidation in accordance with the requirements of AASB 10.

The determination of the medical malpractice professional indemnity insurance provision was carried out through an actuarial assessment in accordance with AASB 1023 *General Insurance Contracts*, conducted by Brett & Watson Pty Ltd. Current and non-current liabilities of the Department are determined by taking into account prudential margins, inflation, taxes, claims incurred but not reported and current claim values. The discount rate, which is used to discount expected future payments to the valuation date, remained at 1.4%.

The provision for claims for professional indemnity (other), general public liability and property insurance is a management assessment.

Reconciliation of insurance

The following table shows the movement of insurance during the period for the Consolidated Entity and Parent:

| | Medical malpractice | Professional indemnity (Other) | Public liability | Property | Total |
|---|---------------------|--------------------------------|------------------|--------------|----------------|
| 2019-20 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July | 127,809 | 109 | 1,672 | 1,280 | 130,870 |
| Increase to provision due to new claims | 14,877 | 15 | 91 | 1,252 | 16,235 |
| Reduction due to payments | (12,773) | (151) | (245) | (328) | (13,497) |
| Net revision of estimates | (494) | 140 | (333) | (1,255) | (1,942) |
| Carrying amount at the end of the period | 129,419 | 113 | 1,185 | 949 | 131,666 |

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27. Contract liabilities and other liabilities

| | Consolidated | | Parent | |
|---|----------------|---------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Unearned revenue | 20,499 | 13,019 | 2,174 | - |
| Contract liabilities | 3,641 | 2,642 | - | - |
| Ambulance Cover Membership | 1 | - | - | - |
| Residential aged care bonds | 80,695 | 76,222 | - | - |
| Accommodation and lease incentive* | 715 | 756 | 715 | 596 |
| Other | 4,080 | 1,303 | 1 | 1 |
| Total current contract liabilities and other liabilities | 109,631 | 93,942 | 2,890 | 597 |
| Non-current | | | | |
| Unearned revenue | - | 607 | - | - |
| Accommodation and lease incentive* | 302 | 2,382 | 302 | 977 |
| Other | 743 | 825 | - | - |
| Total non-current contract liabilities and other liabilities | 1,045 | 3,814 | 302 | 977 |
| Total contract liabilities and other liabilities | 110,676 | 97,756 | 3,192 | 1,574 |

*Accommodation incentives relate to arrangements with DPTI via an MoAA. Lease incentive liabilities on transition to AASB 16 were written off against retained earnings.

Revenue relating to maintenance services for call direct and ambulance cover is recognised over time although the customer pays up front in full for these services. A contract liability is recognised for revenue relating to ambulance cover at the time of the initial sales transaction and is released over the service period. All performance obligations from these existing contracts (deferred service income) will be satisfied during the next reporting period and accordingly all amounts will be recognised as revenue.

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 Consolidated Entity 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 Consolidated Entity 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. Cash flow reconciliation

| Reconciliation of cash and cash equivalents at the end of the reporting period | Consolidated | | Parent | |
|--|------------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents disclosed in the Statement of Financial Position | 1,069,611 | 839,942 | 769,206 | 633,360 |
| Cash as per Statement of Financial Position | 1,069,611 | 839,942 | 769,206 | 633,360 |
| Balance as per Statement of Cash Flows | 1,069,611 | 839,942 | 769,206 | 633,360 |
| Reconciliation of net cash provided by operating activities to net results: | | | | |
| Net cash provided by operating activities | 505,867 | 417,071 | 146,156 | 341,828 |
| Add/less non-cash items | | | | |
| Asset donated free of charge | - | - | - | - |
| Capitalised interest expense on finance lease | (12,040) | (11,962) | - | - |
| Depreciation and amortisation expense of non-current assets | (317,461) | (287,485) | (16,585) | (16,545) |
| Gain/(loss) on sale or disposal of non-current assets | (2,539) | (2,679) | (6) | (27) |
| Gain/(loss) on valuation of defined benefits | (15,124) | 14,372 | - | - |
| Increments/(decrements) on revaluation of non-current assets | 1,488 | 430 | - | - |
| Interest credited directly to investments | 712 | 767 | - | - |
| Net effect of the adoption of new Accounting Standard | 41,252 | (4,202) | - | (197) |
| Non-current assets derecognised | - | (32) | - | - |
| Resources received free of charge | 193 | 385 | - | - |
| Revaluation of investments | 3,963 | 184 | - | - |
| Transfer of Lot14 Carpark Lease to Renewal SA | (7,124) | - | - | - |

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| | | | | |
|--|---------------|-----------------|---------------|----------------|
| Prior year error – SAAS | (5,983) | - | - | - |
| Administrative restructure | (5,911) | - | - | - |
| Movement in assets and liabilities | | | | |
| Increase/(decrease) in contract assets | (12,417) | 25,426 | - | - |
| Increase/(decrease) in receivables | (48,546) | 85,123 | (42,952) | 52,429 |
| Increase/(decrease) in inventories | 17,793 | 819 | 11,993 | 1,177 |
| Increase/(decrease) in other current assets | 402 | 162 | - | - |
| (Increase)/decrease in employee benefits | (94,097) | (227,413) | (3,607) | (11,108) |
| (Increase)/decrease in payables and provisions | (16,105) | (66,817) | (37,769) | (33,575) |
| (Increase)/decrease in other liabilities | (12,923) | (8,023) | (1,618) | 481 |
| Net result | 21,400 | (63,874) | 55,612 | 334,463 |

Total cash outflows for leases is \$236.716 million (\$223.406 million).

29. Unrecognised contractual commitments

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

29.1 Capital and Expenditure Commitments

29.1.1 Capital commitments

| | Consolidated | | Parent | |
|----------------------------------|---------------|--------------|--------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 12,191 | 3,305 | 4,123 | - |
| Total capital commitments | 12,191 | 3,305 | 4,123 | - |

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

29.1.2 Expenditure commitments

| | Consolidated | | Parent | |
|--|------------------|------------------|----------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 359,586 | 243,799 | 108,095 | 38,493 |
| Later than one year but not longer than five years | 569,689 | 575,986 | 30,655 | 41,500 |
| Later than five years | 2,371,363 | 2,535,866 | 11,420 | 18,929 |
| Total other expenditure commitments | 3,300,638 | 3,355,651 | 150,170 | 98,922 |
| Less contingent rentals | (1,164,994) | (1,178,834) | - | - |
| Net other expenditure commitments | 2,135,644 | 2,176,817 | 150,170 | 98,922 |

The Consolidated Entity's expenditure commitments are for agreements for goods and services ordered but not received and administrative arrangements with DPTI for accommodation.

Included in other expenditure commitments above is \$2,783.444 million (\$2,879.821 million), including contingent rentals, which relates directly to the PPP operations and maintenance commitments.

The Consolidated Entity 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 2020 has not been quantified.

29.2 Operating lease revenue commitments

| | Consolidated | | Parent | |
|--|--------------|--------------|----------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Future minimum rentals receivable under non-cancellable operating lease is as follows: | | | | |
| Within one year | 494 | 569 | - | - |
| Later than one year but not longer than five years | 81 | 568 | - | - |
| Later than five years | - | - | - | - |
| Total operating lease revenue commitments | 575 | 1,137 | - | - |

The operating lease revenue commitments relates to property owned by the Consolidated Entity and leased to external parties.

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29.3 Operating lease expenditure commitments

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Within one year | - | 26,931 | - | 2,691 |
| Later than one year but not longer than five years | - | 61,502 | - | 769 |
| Later than five years | - | 76,690 | - | - |
| Total operating lease commitments | - | 165,123 | - | 3,460 |
| Representing: | | | | |
| Cancellable operating leases | - | 10,757 | - | - |
| Non-cancellable operating leases | - | 154,366 | - | 3,460 |
| Total operating lease commitments | - | 165,123 | - | 3,460 |

Operating lease expenditure commitments are provided for comparative purposes only as AASB 16 does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for administrative arrangements with DPTI for accommodation. This has been reclassified and included under expenditure commitments.

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

29.4 Finance lease liabilities commitments

29.4.1 Finance lease liabilities commitments - excluding Royal Adelaide Hospital (RAH)

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

| | 2020 | | 2019 | |
|--|------------------------------|--|------------------------------|--|
| | Minimum lease payments | Present value of lease payments | Minimum lease payments | Present value of lease payments |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | - | - | 9,084 | 4,618 |
| Later than one year but not longer than five years | - | - | 23,289 | 11,010 |
| Later than five years | - | - | 7,199 | 3,898 |
| Total minimum lease payments | - | - | 39,572 | 19,526 |
| Less future finance lease charges and contingent rentals | - | - | (20,046) | - |
| Total finance lease commitments - excluding RAH | - | - | 19,526 | 19,526 |

Finance lease liabilities commitments (excluding Royal Adelaide Hospital (RAH)) are provided for comparative purposes only.

Included in finance lease commitments above is nil (\$0.988 million) which is the GST component.

Where there is no reasonable assurance that the Consolidated Entity will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

The lease of the Health Facility to Mt Gambier and Districts Health Service is for 25 years with an option for a 10 year renewal. After 35 years the land and buildings revert to the Department. The lease commenced on 30 June 1997. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.

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29.4.2 Finance lease liabilities commitments – Royal Adelaide Hospital (RAH) buildings and plant and equipment

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

| | 2020 | | 2019 | |
|--|------------------------|---------------------------------|------------------------|---------------------------------|
| | Minimum lease payments | Present value of lease payments | Minimum lease payments | Present value of lease payments |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 308,125 | 285,759 | 309,683 | 288,706 |
| Later than one year but not longer than five years | 1,217,706 | 885,867 | 1,228,111 | 896,358 |
| Later than five years | 5,975,657 | 1,482,630 | 6,273,375 | 1,517,535 |
| Total minimum lease payments | 7,501,488 | 2,654,256 | 7,811,169 | 2,702,599 |
| Less future finance lease charges and contingent rentals | (4,847,232) | - | (5,108,570) | - |
| Total finance lease commitments - RAH | 2,654,256 | 2,654,256 | 2,702,599 | 2,702,599 |

Finance lease liabilities commitments for Royal Adelaide Hospital (RAH) are provided for comparative purposes only.

There is nil GST in the finance lease commitments for the RAH.

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

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

The PPP costs are disclosed as:

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

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

30. Trust funds

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

| | Consolidated | | Parent | |
|---|--------------|------------|--------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Carry amount at the beginning of period | 454 | 428 | - | - |
| Client trust receipts | 1,701 | 936 | - | - |
| Client trust payments | 1,528 | 910 | - | - |
| Carrying amount at the end of the period | 627 | 454 | - | - |

31. 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.

31.1 Contingent assets

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

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

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

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

31.2 Contingent liabilities

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

The current Enterprise Bargaining agreement for SA Ambulance paramedics has a preserved date of 31 December 2018 for the effective date of any subsequent Agreement to apply. The Agreement negotiations have commenced and any increase will be back dated to the first full pay period after 31 December 2018.

31.3 Guarantees

The Consolidated Entity has made no guarantees.

32. Events after balance date

Prior to 30 June, members of the Australian Nurses and Midwifery Federation supported a new public sector Nursing and Midwifery (SA Public Sector) Enterprise Agreement (EA), and accordingly an application for a new EA was submitted to the South Australian Employment Tribunal (SAET) (also prior to 30 June). The SAET approved the application on 16 July 2020. Amongst other matters, the new EA provides for a 2% increase in salary and wages (and certain allowances) from 1 January 2020. The financial statements have been adjusted for this event as the condition that has triggered the liability existed at or before 30 June.

33. Impact of Standards not yet implemented

The Consolidated Entity 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. There are no Accounting Policy Statements that are not yet in effect.

- *AASB 1059 Service Concession Arrangements: Grantors* applies from 1 July 2020 - The Consolidated Entity has assessed the Royal Adelaide Hospital, Port Augusta Hospital and Mount Gambier public private partnership arrangements under the new standard and formed the view that these arrangements are not service concession arrangements as the Consolidated Entity (the Grantor) provides the public service and not the operator. Accordingly this standard will not have an impact on the Consolidated Entity's financial statements.
- Amending Standards AASB 2018-6 and AASB 2018-7 will apply from 1 July 2020 and AASB 2014-10, AASB 2015-10, AASB 2017-5 will apply from 1 July 2022. Although applicable to the Consolidated Entity, these amending standards are not expected to have an impact on the Consolidated Entity's financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect changes to the definition of a business, definition of materiality, and the additional clarification of requirements for a sale or contribution of assets between an investor and its associate or joint venture.

34. Financial instruments/financial risk management

34.1 Financial risk management

Risk management is managed by the Department'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 Consolidated Entity's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The Consolidated Entity is funded principally from appropriation by the SA Government. The Consolidated Entity works with DTF to determine the cash flows associated with the SA Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 23 and 24 for further information.

Credit risk

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

Refer to notes 14, 15, 16 and 34.2 for further information.

Market risk

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

34.2 Categorisation of financial instruments

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

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

A financial asset is measured at amortised cost if:

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

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| | Notes | Consolidated | | Parent | |
|---|--------|--|--|--|--|
| | | 2020 Carrying amount/ Fair value \$'000 | 2019 Carrying amount/ Fair value \$'000 | 2020 Carrying amount/ Fair value \$'000 | 2019 Carrying amount/ Fair value \$'000 |
| Category of financial asset and financial liability* | | | | | |
| Financial assets | | | | | |
| Cash and equivalent | | | | | |
| Cash and cash equivalents | 14, 28 | 1,069,611 | 839,942 | 769,206 | 633,360 |
| Amortised Cost | | | | | |
| Receivables ⁽¹⁾⁽²⁾ | 15 | 295,269 | 360,429 | 141,824 | 182,253 |
| Other financial assets | 16 | 105,810 | 107,741 | - | - |
| Fair value through statement of comprehensive income | | | | | |
| Other financial assets | 16 | 1,248 | 1,460 | - | - |
| Fair value through profit and loss | | | | | |
| Other financial assets | 16 | 10,714 | 6,764 | - | - |
| Total financial assets | | 1,482,652 | 1,316,336 | 911,030 | 815,613 |
| Financial liabilities | | | | | |
| Financial liabilities at amortised cost | | | | | |
| Payables ⁽¹⁾ | 23 | 325,928 | 331,003 | 197,141 | 162,304 |
| Borrowings | 24 | - | 3,007 | - | 3,007 |
| Lease liabilities | 24, 29 | 2,873,057 | 2,722,125 | 879 | - |
| Other financial liabilities | 27 | 90,177 | 81,488 | 1,018 | 1,574 |
| Total financial liabilities | | 3,289,162 | 3,137,623 | 199,038 | 166,885 |

For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

- (1) Receivable and payable amounts disclosed 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.
- (2) Receivable amount disclosed excludes prepayments as they are not financial

34.3 Credit risk exposure and impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. From 1 July 2020, loss allowances for contract assets are measured at an amount equal to an expected credit loss method using a 12 month method.

A provision matrix is used to measure the ECL of receivables from non-government debtors. The ECL of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. Impairment losses are presented as net impairment losses within net result.

The carrying amount of receivables approximates net fair value due to being receivable on demand. Receivables are written off when there is no reasonable expectation of recovery and not subject to enforcement activity. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Department.

To measure the ECL, receivables are grouped based on days past due and debtor types that have similar risk characteristics and loss patterns (i.e. by patient and sundry, compensable, aged care, and ambulance transport). The provision matrix is initially based on the Consolidated Entity's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Consolidated Entity considers reasonable and supportable information that is relevant and available without undue cost or effort; about past events, current conditions and forecasts of future economic conditions.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Consolidated Entity's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

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

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| CONSOLIDATED | 30 June 2020 | | | | 30 June 2019 | | |
|----------------------|--------------------------------|------------------------------|-------------------------------|--------------------------------|------------------------------|-------------------------------|--|
| | Expected credit loss rate(s) % | Gross carrying amount \$'000 | Expected credit losses \$'000 | Expected credit loss rate(s) % | Gross carrying amount \$'000 | Expected credit losses \$'000 | |
| Days past due | | | | | | | |
| Current | 0.1 – 21.1% | 39,261 | 7,832 | 0.1 – 25.3% | 54,754 | 6,350 | |
| <30 days | 0.1 – 24.2% | 16,664 | 1,200 | 0.1 – 28.8% | 16,102 | 987 | |
| 31-60 days | 0.4 – 43.1% | 8,879 | 1,523 | 0.3 – 48.1% | 9,295 | 1,061 | |
| 61-90 days | 0.7 – 55.1% | 7,138 | 1,653 | 0.6 – 59.6% | 6,434 | 1,369 | |
| 91-120 days | 1.0 – 61.6% | 5,430 | 1,670 | 1.9 – 65.7% | 7,423 | 1,365 | |
| 121-180 days | 1.7 – 66.5% | 5,387 | 1,690 | 1.9 – 74.7% | 7,541 | 1,842 | |
| 181-360 days | 2.6 – 72.1% | 21,252 | 11,711 | 2.0 – 94.0% | 20,495 | 11,560 | |
| 361-540 days | 4.6 – 92.9% | 6,396 | 4,079 | 22.0 – 100.0% | 7,468 | 5,180 | |
| >540 days | 5.3 – 100.00% | 9,219 | 5,614 | 25.7 – 100.0% | 7,908 | 4,634 | |
| Total | | 119,626 | 36,972 | | 137,420 | 34,348 | |

| PARENT | 30 June 2020 | | | 30 June 2019 | | |
|----------------------|--------------------------------|------------------------------|-------------------------------|--------------------------------|------------------------------|-------------------------------|
| | Expected credit loss rate(s) % | Gross carrying amount \$'000 | Expected credit losses \$'000 | Expected credit loss rate(s) % | Gross carrying amount \$'000 | Expected credit losses \$'000 |
| Days past due | | | | | | |
| Current | 0.1% | 1,634 | 1 | 0.1% | 516 | - |
| <30 days | 0.1% | 297 | - | 0.1% | 90 | - |
| 31-60 days | 0.4% | 171 | 1 | 0.3% | 12 | - |
| 61-90 days | 0.8% | 98 | 1 | 0.6% | 4 | - |
| 91-120 days | 2.5% | 6 | - | 1.9% | - | - |
| 121-180 days | 2.6% | 12 | - | 1.9% | 5 | - |
| 181-360 days | 2.7% | 35 | 1 | 2.0% | 48 | 1 |
| 361-540 days | 22.7% | 5 | 1 | 22.0% | 10 | 2 |
| >540 days | 27.8% | 205 | 57 | 27.0% | 249 | 67 |
| Total | | 2,463 | 62 | | 934 | 70 |

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35. Budget performance

The budget performance table compares the Department's outcomes against budget information presented to Parliament in the original budget financial statements (2019-20 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

| Consolidated | Original Budget 2020 \$'000 | Actual 2020 \$'000 | Variance \$'000 |
|--|--|-----------------------------------|----------------------------|
| Statement of Comprehensive Income | | | |
| Income | | | |
| Revenues from SA Government | 4,191,198 | 4,328,640 | (137,442) |
| Fees and charges | 703,900 | 637,103 | 66,797 |
| Grants and contributions | 1,949,762 | 2,083,751 | (133,989) |
| Interest | 5,482 | 5,529 | (47) |
| Resources received free of charge | 22,445 | 63,975 | (41,530) |
| Other revenues/income | 20,715 | 49,876 | (29,161) |
| Total Income | 6,893,502 | 7,168,874 | (275,372) |
| Expenses | | | |
| Staff benefits expenses | 4,006,929 | 4,247,291 | 240,362 |
| Supplies and services | 2,046,867 | 2,096,473 | 49,606 |
| Depreciation and amortisation | 286,464 | 317,461 | 30,997 |
| Grants and subsidies | 35,070 | 132,916 | 97,846 |
| Borrowing costs | 159,924 | 152,552 | (7,372) |
| Payments to SA Government | - | 136,944 | 136,944 |
| Impairment loss on receivables | 8,293 | 2,326 | (5,967) |
| Net loss from disposal of non-current assets and other assets | 541 | 2,539 | 1,998 |
| Other expenses | 56,071 | 58,995 | 2,924 |
| Total Expenses | 6,600,159 | 7,147,497 | 547,338 |
| Net result | 293,343 | 21,377 | 271,966 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to net result | | | |
| Changes in property, plant and equipment asset revaluation surplus | - | - | - |
| Items that will be reclassified subsequently to net result when specific conditions are met | | | |
| Gains/(losses) recognised directly in equity | - | 14,908 | 14,908 |
| Total Other Comprehensive Income | - | 14,908 | 14,908 |
| Total Comprehensive Result | 293,343 | 36,285 | (257,058) |

(a) The unfavourable variance of \$547.338 million in total expenses compared with the original budget is mainly due to the increased cost of providing hospital services and the COVID-19 response. These costs are incurred across a large range of areas and are not separately disclosed in this note because of the number and breadth of areas involved. Specific items that have contributed to the variance include: increased funded operational expenses \$189 million, National Partnership Agreement funding for Private Hospital Viability payments \$69 million, Interstate patient revaluations \$59 million, Shared Services SA expenses \$34.5 million, VSP's \$29 million and additional expenditure for Pharmaceutical Benefits Scheme of \$14 million.

| Investing expenditure summary | Original Budget 2020 \$'000 | Actual 2020 \$'000 | Variance \$'000 |
|--------------------------------------|--|-----------------------------------|----------------------------|
| Total new projects | 36,458 | 32,013 | 4,445 |
| Total existing projects | 196,732 | 102,158 | 94,574 |
| Total annual programs | 52,926 | 46,960 | 5,966 |
| Total investing expenditure | 286,116 | 181,131 | 104,985 |

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- (b) The favourable variance of \$104.985 million between original budget and actual amounts for investing expenditure mainly relates to reprofiling of projects into future years spend (spend patterns) of \$113.352 million due to delays in completing projects or changes in the delivery approach. Total \$2.411 million relates to reclassifications from investing to capital operating which did not comply with the SA Health Capitalisation Policy. The remaining variance of \$8.933 million relates to additional investing expenditure spent to support the South Australian Response to the COVID-19 pandemic - \$4.589 million on additional hospital equipment and \$4.344m on Repat Health Precinct for potential further accommodation and care capacity.

New Projects

- The favourable variance of \$4.445 million between original budget and actuals is mainly relates to reprofiling of projects into future years and underspend which partially offset with additional expenditure on COVID-19.
- Enterprise Cancer Prescribing System has reprofile their \$9.512 million 2019-20 budget to 2022-23 during February Budget process therefore revised budget is now nil.
- Repat Reactivation underspent their budget by \$9.200 million against original budget of \$26.075 million. Significant construction works will commence in 2020-21.
- \$4.5 million investing expenditure on New Women's and Children's Hospital project which the budget was released in October 2019
- Additional \$8.933 million investing expenditure spent in response to COVID-19 pandemic.

Existing Projects

The favourable variance of \$94.057 million between original budget and actuals is mainly relates to reprofiling of projects into future years and underspend.

Specific projects that have contributed to the variance include: The Queen Elizabeth Hospital Redevelopment Stage 3 of \$56.276 million, SA Pathology consolidation into Frome Road of \$13.473 million and SA Health Supply Distribution Centre of \$6.659 million.

Annual Projects

The favourable variance of \$5.966 million between original budget and actuals is mainly relates to underspend where few projects have been impacted by COVID-19 pandemic.

- SAAS have underspent \$3.476 million in their annual program as their vehicle replacement and medical equipment were not able to be delivered by 30 June 2020 due to COVID-19 crisis.
- Hospital Minor Works underspent \$1.664 million in their investing expenditure but it offsets with overspent in its operating expenditure (project related)..

36. Significant transactions with government related entities

The Consolidated Entity is controlled by the SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report. The Consolidated Entity received funding from the SA Government (note 13), and incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$97.633 million (\$31.407 million) occupancy rent and rates of \$16.222 million (\$14.552 million) and property repairs and maintenance of \$38.513 million (\$31.046 million) (note 3). As at 30 June the outstanding balance payable to DPTI was \$31.657 million (\$14.725 million) (note 23) and the value of unrecognised contractual expenditure commitments for accommodation with DPTI was \$74.773 million (\$68.910 million).

Refer to notes 3, 4, 7, 15 and 23 for information about transactions between the Department and the LHNs and SAAS.

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

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37. Interests in other entities

The Consolidated Entity through its control of the LHNs has interests in a number of other entities as detailed below.

Controlled Entities

CALHN Inc has a 100% interest (1,150,000 shares) in AusHealth. AusHealth is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia. AusHealth also manages patient payment solutions for Australian hospitals and commercialises hospital research into leading edge medical technologies and treatment.

Regional Health SA Local Health Network Incorporated has effective control over, and a 100% interest in, the net assets of the HACs. The HACs were established as a consequence of the *Health Care Act 2008* 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 Regional SA Local Health Network Incorporated.

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 be incorporated were vested in the Country Health SA Board Health Advisory Council Inc. A proclamation on 27 June 2019 advised from 1 July 2019 Country Health SA Board Health Advisory Council Inc will be renamed to Country Health Gift Fund Health Advisory Council Inc.

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

Joint arrangements

The Consolidated Entity participates in the following joint operations:

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

The Consolidated Entity participates in the following joint venture:

| Name of arrangement | Nature of the arrangement | Principal activity | Location | Interest |
|--|--|--|-------------|----------|
| Flinders Reproductive Medicine Pty Ltd (as Trustee for Flinders Charitable Trust, trading as Flinders Fertility) | Agreement between Flinders Reproductive Medicine Pty Ltd and Southern Adelaide Local Health Network Incorporated | Provision of equitable and accessible fertility treatment. | Adelaide SA | 50% |

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

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

Based on the audited financial statements as at 30 June 2019, Flinders Fertility incurred a loss and the draft financial statements as at the year ended 30 June 2020 project a profit. The loss as at 30 June 2019 and projected profit for 30 June 2020 have not been distributed to the beneficiaries.

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

| | 2020 | 2019 |
|---|----------------|----------------|
| Percentage ownership interest | 50 % | 50 % |
| | \$'000 | \$'000 |
| Current assets | 1,696 | 1,516 |
| Current liabilities | (1,814) | (1,569) |
| Non-current assets | 2,730 | 3,068 |
| Non-current liabilities | (6,260) | (6,768) |
| Net assets | (3,648) | (3,753) |
| Share of beneficial entitlement | 2,601 | 2,601 |
| Carrying amount of interest in joint venture | 2,601 | 2,601 |
| Expenses | (5,059) | (5,277) |
| Revenue | 5,164 | 4,264 |
| Profit/(loss) and total comprehensive income | 105 | (1,013) |
| Entity's share of profit/(loss) and total comprehensive income (50%) | 52 | (506) |

Structured entities

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

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

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38. Board and committee members

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

| Board/committee name: | Government employee members | Other members |
|---|--|---|
| Barossa Hills Fleurieu Local Health Network - Audit and Risk Committee | 1 | Powell, D (Chair) (appointed 12/03/2020) |
| Barossa Hills Fleurieu Local Health Network - Country Health Gift Fund Health Advisory Council Inc | - | Blacker P (Chair), Evans L, Fuller J, Gregurke K, Healy R, Johnston J (resigned 01/08/2019), Mackay M, McArthur A. |
| Barossa Hills Fleurieu Local Health Network - Governing Board | 1 | Blackwell P, Brown J (former Chair) (resigned 01/02/2020), Curran J (appointed 01/02/2020), Gaston C (Chair), Sexton R, Ullianich J (resigned 01/02/2020), Zadow R (resigned 20/03/2020). |
| Central Adelaide Local Health Network - Acute Medicine and Mental Health Partnership Working Group (ceased 10/2019) | 25 | Sutton P |
| Central Adelaide Local Health Network - AusHealth Corporate Pty Ltd | 1 | Baccanti M, Flynn P, Gruevski Z (resigned 23/06/2020), Hinton A and Johansen G |
| Central Adelaide Local Health Network - Best Practice Spotlight Organisation Steering Committee | 26 | Chester M, Williams N |
| Central Adelaide Local Health Network - Clinical Ethics Committee (commenced 20/05/2020) | 10 | Brown A Prof (Chair), Digance A, Lambert A and Merlin T Prof |
| Central Adelaide Local Health Network - Community Mental Health Redesign Project Management Committee | 24 | Bickley B, Corena M, Meegan J and Vega L |
| Central Adelaide Local Health Network - Complex Behaviour Committee | 39 | Chester M |
| Central Adelaide Local Health Network - Comprehensive Care Priority Care Committee | 44 | Bickley B and Marshall J |
| Central Adelaide Local Health Network - Consumer Carer Advisory Group | 5 | Barbara A, Bickley B (appointed 14/01/2020), Burns T, Eckermann C (appointed 09/07/2019), Horgan J (appointed 09/07/2019), Law D, Lucas G, Meegan J (appointed 09/07/2019), Reid L (appointed 09/07/2019), Smith J (appointed 09/07/2019) and Verrall A (Chair) |
| Central Adelaide Local Health Network - Executive Quality Governance Committee | 60 | Fyfe D |

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| Board/committee name: | Government employee members | Other members |
|--|------------------------------------|--|
| Central Adelaide Local Health Network - Governing Board (commenced 01/07/2019) | - | Beilby J Prof, Cockram A Dr, Dwyer J Prof, James N (resigned 03/04/2020), Morey K, Reid M, Spencer R (Chair) and Yuile J (appointed 29/05/2020) |
| Central Adelaide Local Health Network - Governing Council (ceased 30/09/2019) | 1 | Deegan V, Eckert M, Ellery B, Fyfe D, Hubczenko N, Ielasi J, and Kellie A |
| Central Adelaide Local Health Network - Hampstead Rehabilitation Centre Hydrotherapy Committee | 5 | Heydrich S (resigned 31/12/2019) |
| Central Adelaide Local Health Network - Human Research Ethics Committee | 11 | Air T, Bonython J, Crabb A, Crockett J (appointed 04/12/2019), Cullen J, Dale L, Digance A, Fisher A, Greenberg Z, Hackett J, Iankov I (appointed 25/07/2019), Lee J Dr, L Lu (appointed 21/08/2019), Mattner J (resigned 05/07/2019), Need A Prof, Newsham, P (appointed 29/12/2019), Parry C, Partridge G, Phillips C (appointed 03/12/2019), Raschella F, Ruediger C and Slater H |
| Central Adelaide Local Health Network - Inpatient Rehabilitation Services Model of Care Workgroup (Commenced 16/07/2019) | 23 | Bickley B |
| Central Adelaide Local Health Network - Pelvic Mesh Specialists Group | 11 | Blieschke K, Millhouse A (resigned 01/02/2020), Overton J, Short K |
| Central Adelaide Local Health Network - Priority Care Committee: Managing Deterioration | 30 | Price J and Raschella F |
| Central Adelaide Local Health Network - Priority Care Committee: Medication Safety | 22 | Raschella F |
| Central Adelaide Local Health Network - SA Brain Injury Rehabilitation Service Consumer Advisory Group | 3 | Canavan D (Chair) (resigned 12/12/2019), Dunn K (appointed 12/12/2019), Miller L, Francese L, Morgan T (Chair) and Regan-Coe F |
| Central Adelaide Local Health Network - SA Dental Services Consumer Advisory Panel | - | Ali H, Beddall P (resigned 01/08/2019), Brown M, Costa D, Ireland K (appointed 29/01/2020), Kerekes E, Matiasz S Dr, McMahon J, Millier P, Sutherland R (appointed 10/02/2020) Whiteway L (appointed 29/01/2020) and Zerna J |
| Central Adelaide Local Health Network - SA Pathology Clinical Safety Working Group | 16 | Christenson C |
| Central Adelaide Local Health Network - Statewide Clinical Support Services Risk Management & Audit Committee | 3 | Christley S Dr and Davies T (Chair) |
| Central Adelaide Local Health Network - The Queen Elizabeth | 18 | Chester M and Heydrich S |

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| Board/committee name: | Government employee members | Other members |
|---|--|---|
| Hospital Meal Management | | |
| Central Adelaide Local Health Network - Youth Cancer Advisory Group | 2 | Armstrong N, Binns T, Edwards S (appointed 16/10/2019), Fowler N, Hammerling S (appointed 16/10/2019), Ieremia T (appointed 16/10/2019), Merton T (appointed 16/10/2019), Mitra D, Pexton T (appointed 16/10/2019), Smith O (appointed 04/12/2019) and Spangenberg C (appointed 16/10/2019) |
| Department for Health and Wellbeing - Centre for Disability Health Project Board | - | Horne S, Forward J, Kroon T, Koch M, Woon S, Hoculi J, Pugh L, Prowse L, Stagg D, Crowther F, Prof Crotty M, Luks M Dr, Burton C, Kruger S |
| Department for Health and Wellbeing - Comprehensive Care of Older Persons Project Board | 9 | Clark S |
| Department for Health and Wellbeing - Consumer Feedback and Complaints Management Program Board | - | Venning J, Overton J, Willis A, Grant D Dr, Brunton M, Cadzow M, Corena M, Lockett, Owen V, Vukasinovic D, Farrugia, S, McErlean, Driscoll K, Keating C, Byfield S, Huber L, Ranieri P |
| Department for Health and Wellbeing - Controlled Substances Advisory Council | 12 | Banner L, Gillett-Ferguson J, Johns, R, Ng D, Nicholls J Dr, Reeve M Dr, Reynolds C, Smith J, and White J Prof |
| Department for Health and Wellbeing - Elective Same Day Surgery and Outpatient Ophthalmology Model of Care Expert Working Group | 21 | Boschen L, Brunton M, Hamlyn B, Jaworski A, O'Keefe M, Pesudovs K, Squirrell D, Turner N |
| Department for Health and Wellbeing - Electronic Medical Record (EMR) Project Board | 9 | Solomon S (chair) |
| Department for Health and Wellbeing - End of Life Care Strategy Program Board (Concluded February 2020) | 2 | Brown M, Dickson M, Moy C Dr, Smith J, Swetenham K, Tieman J Dr, and Walker H |
| Department for Health and Wellbeing - Health Performance Council | - | Callaghan R, Duckett S, Fraser-Barbour E Greenhill J, Jackson Pulver L, Patetsos M, Roder D, Rowse B, and Tully S (chair) |
| Department for Health and Wellbeing - Hepatitis C Action Plan Implementation Group (HAPI-C) | 10 | Hickey T, Landers D, and Oudih E |
| Department for Health and Wellbeing - Human Research Ethics Committee | 8 | Bradley C, Braunacker-Mayer A Prof (Chair), Buckley E, Carter D, Elliott J, Gibson T, Glavacich R, Grant J, Hewitt A, Holton C, Jones M, Kennedy R, McIlwaine J, Needs K, Roder D, Rundle N, and Stephens J |
| Department for Health and Wellbeing - Lived Experience Reference Group (Endorsed 16 January 2020) | 2 | Braund S, Burtnik L, Galpin L, Manson P, Camilleri C, Hunt D, English L, Hofhuis C, Madrid J, Khateeb J, Hassani A, Hunter T |
| Department for Health and Wellbeing - Maternal and Perinatal | 11 | Brown A Dr, Goold J Dr, and McKendrick L |

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| Board/committee name: | Government employee members | Other members |
|---|--|---|
| Mortality - Perinatal Mortality Subcommittee | | |
| Department for Health and Wellbeing - NDIS Psychosocial Disability Transition Task Force | - | Brayley J Sutton S, Hofhuis C, Meegan J |
| Department for Health and Wellbeing - Palliative Care Clinical Network Steering Committee (Endorsed 11 December 2019) | 7 | Marshall J, Bevan A, Waters M, Byrne S Dr, Griffiths C Dr, Jenkin P, King L, Morgan D Dr, Amato C, Stone H, Agius P, Schuts S Dr |
| Department for Health and Wellbeing - Prescribed Psychiatric Treatment Panel | 2 | Camilleri C Dr, Coyne T Dr, Paterson T Dr, Richards B A/Prof, Simpson T and Smith J |
| Department for Health and Wellbeing - Risk Management and Audit Committee | 1 | Dunsford C (Chair), Marshall V and Stubs, Dr T |
| Department for Health and Wellbeing - SA Health Disease Prevention, Health Promotion and Population Health Committee | 5 | Becker H Dr, Beckoff M Dr, Byrne D Dr, Johns R Dr, Johnson D Dr, Hayward K Dr, Lehman, JLewis S Dr, Miller B, Moy C Dr, Smith A, Von Blanckensee D, Woodall J Dr, and Young E |
| Department for Health and Wellbeing - SA Partnering with Consumers and the Community Advisory Group | 13 | Aguis H, Ball T, Blackwell P, Chester M, Fyfe D, Hoiles J, Lampard F, McArdle D, Tully S and Walford L |
| Department for Health and Wellbeing - SA Policy Advisory Committee on Technology | 16 | Mussared A, and Ratcliffe J Prof |
| Department for Health and Wellbeing - South Australian Formulary Committee | 19 | Whiteway L |
| Department for Health and Wellbeing - South Australian Medical Education and Training Health Advisory Council | 24 | Beckoff M Dr, Boumelha P E/Prof, Chen M, Craig J Prof, and McManis S |
| Department for Health and Wellbeing - South Australian Medical Education and Training Health Advisory Council Accreditation Committee | 14 | Boumelha P E/Prof. (chair), Kuruppu P Dr and Need P Dr |
| Department for Health and Wellbeing - South Australian Medicines Advisory Committee | 18 | Kardachi G, Lee D, Stocks N Prof and Thynne T Dr |
| Department for Health and Wellbeing - South Australian Medicines Evaluation Panel | 13 | Merlin T Prof, Louise J Dr, Mussared A, Schubert C, and Ward M Dr |
| Department for Health and Wellbeing - South Australian Public Health Council | 3 | Hill A, Lynch I, Mavrinac G, Milazzo A, Skene C, Van Kessel A, and Whittington S |

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| Board/committee name: | Government employee members | Other members |
|--|------------------------------------|--|
| Department for Health and Wellbeing - Statewide Paediatric Surgical Services Project Board | 11 | Bedford V and Glastonbury S |
| Department for Health and Wellbeing - Statewide Patient Flow Committee | 15 | Page A |
| Department for Health and Wellbeing - Transvaginal Mesh Consumer and Community Advisory Group | - | Brunton, M, Dejemal, Y, Erichsdotter, B, Kerrins, E, Mickan, K (chair), Shimmin, E and Short, K |
| Department for Health and Wellbeing - Viral Hepatitis Model of Care Reference Group | 24 | Beecher I, Lallard J, Landers, D, Larkin M, Oliver-Landry E Dr, Oudih E, Paterson K, Warneke-Arnold D, Williams E and Wurm C Dr |
| Eyre and Far North Local Health Network - Audit and Risk Management Committee | - | Van der Wel O |
| Eyre and Far North Local Health Network - Governing Board | - | Smith M (Chair), Dunchue L, Green B, Miller T (resigned 28/12/2019), Mills P, Siviour J, Sweet C. |
| Flinders and Upper North Local Health Network - Board | - | Brady G, Francis B (Chair), Graham S, Lynch J, Malone G, Reid K, Whitefield M |
| Flinders and Upper North Local Health Network - Consumer and Community Engagement Committee | - | Misan G (appointed 1/7/2019), Plew S (Chair) (appointed 1/7/2019), Screen A (appointed 1/7/2019), Shute J (appointed 1/7/2019), Walters C (appointed 1/7/2019) |
| Flinders and Upper North Local Health Network - Risk Management and Audit Committee | - | Van der Wel O (Chair) (appointed 1/10/2019) |
| Limestone Coast Local Health Network - Governing Board | 2 | King G (Chair), Brown, G, Cook L, Irving J, Johnson A |
| Northern Adelaide Local Health Network - Consumer Advisory Council | 3 | White A (Chair), Mossop J, Whatley G, Green L, Clark Reynolds N, Patching A, Lowden H, Davies I, Putsey P |
| Northern Adelaide Local Health Network - Governing Board | - | Blight R (Chair), Burgess A, Roesler C, Patetsos M, Forwood M, South L, Lampard F, Moore R |
| Northern Adelaide Local Health Network - Governing Council | 1 | Hains S (Chair), Durrant M, Isemonger J, Lampard F, Smith J, Wilson B, Moffatt N, Vinci G, Frost M |
| Northern Adelaide Local Health Network - Northern Adelaide Local Health Network and Department of Health and Wellbeing Aboriginal Consumer Reference Group | - | Wanganeen K (Chair), Stengle A, Forbes A, Graham C, Thyer C, Wanganeen E, Chisholm K, Webb L, Sinclair N, Tonkin B, Weetra R |
| Northern Adelaide Local Health Network - Risk Management & Audit Committee to the Board | - | Connor G (Chair), Patetsos M, Forwood M, Moore R |

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| Board/committee name: | Government employee members | Other members |
|--|------------------------------------|---|
| Riverland Mallee Coorong Local Health Network - Governing Board | - | Joyner P (Chair), Ashworth E, Goldsmith C, Mohor S, Ottaway M, Toogood F. |
| Riverland Mallee Coorong Local Health Network - Risk and Audit Committee | - | Brass P (Chair) (appointed 2/12/19) |
| SA Ambulance Service Inc - Adverse Events Committee | 3 | Beilby J Professor, Cadzow M (appointed 2 August 2019), Davies G, Hibbert P, Whiteway L (appointed 2 August 2019). |
| SA Ambulance Service Inc - Consumer and Community Advisory Committee | 3 | Bain C (appointed 5 March 2020), Bowering N (appointed 5 March 2020), Bunjaku M, Charlesworth M (resigned 7 March 2020), Chester M (appointed 5 March 2020), Denny B (resigned 7 May 2020), Edwards H (appointed 5 March 2020), Kirk P (appointed 5 March 2020), Lawrence D (Co-Chair) (appointed 5 March 2020), McDonald B (appointed 5 March 2020), Menai J (appointed 5 March 2020), Mercer K (appointed 5 March 2020), Martini J (appointed 5 March 2020), Squirrel D, Vega L (appointed 5 March 2020). |
| SA Ambulance Service Inc - Risk Management and Audit Committee | 1 | Beilby J Professor, Sneddon Y (Chair), Thompson K (appointed 1 July 2019). |
| Southern Adelaide Local Health Network - Clinical Council | 44 | Dame T, Tellis N (ceased 22/6/2020), Voss D, Duong M (appointed 12/02/2020) |
| Southern Adelaide Local Health Network - Communicating for Patient Safety Committee (formerly the Southern Adelaide Local Health Network Clinical Handover Steering Committee) | 41 | Dame T, Tellis N (ceased 22/06/2020) |
| Southern Adelaide Local Health Network - DASSA Clinical Executive Committee | 9 | Moore P |
| Southern Adelaide Local Health Network - DASSA Community Advisory Council | 5 | Braund S, Cauchi R, Davis J, Daw H, Les D, McLean J, Moore P, Nimmo E, O'Brien J, Percy S, Petracco C, Tran K, Whiteway L, Retz A (appointed 25/09/2019), Byron A (appointed 27/05/2020), Newrick K (appointed 27/05/2020), Randle M (appointed 25/09/2019), Cornish M (appointed 25/09/2019), Cramp T (appointed 27/05/2020), McHendrie T, Agius N (Chair). |
| Southern Adelaide Local Health Network - DASSA Executive Group | 9 | O'Brien J |
| Southern Adelaide Local Health Network - Drugs and Therapeutics Committee | 36 | Barrington D, Moen D (ceased 17/12/2019) |
| Southern Adelaide Local Health Network - End of Life Steering Committee | 19 | Fazzalari R (ceased 31/12/2020), Vials K |
| Southern Adelaide Local Health Network - Falls Prevention | 37 | Cohen M |

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| Board/committee name: | Government employee members | Other members |
|---|--|---|
| Management Committee | | |
| Southern Adelaide Local Health Network - Governing Board | - | Baggoley C (appointed 01/07/2019), Butcher M (Chair) (appointed 01/07/2019), Hickey V (appointed 01/07/2019), Mackean T (appointed 01/07/2019), Mitchell J (appointed 01/07/2019), Noble J (appointed 01/07/2019), Richter J (appointed 01/07/2019) |
| Southern Adelaide Local Health Network - Mental Health Consumer and Carer Advisory Group (formerly Consumer Administration Liaison Meeting) | 19 | Aldahn V, Buer S, Corena M, Hofhuis C, King P, Braund S, Clarke W, Harrison J, Hopkins R |
| Southern Adelaide Local Health Network - Older Persons Lived Experience Group Mental Health Services (formerly Southern Adelaide Local Health Network Older Persons Mental Health Services Consumer and Carer Advisory Group) | 3 | Andrew G (ceased 01/07/2019), Clark W (Chair), Henrichs B, James S, Schettlers J |
| Southern Adelaide Local Health Network - Partnering with Consumer Advisory Group | 19 | Ball R, Christensen C, Dame T, Davies S, Hoiles J, King P (Chair), Klinge N, Pascoe P, Voss D, Roberts D, Duke J, Rickett D (ceased 31/12/2019), Oudih E, Langford D, Rankine J, Reece S, Mannion J (ceased 31/12/2019) |
| Southern Adelaide Local Health Network - Southern Adelaide Clinical Human Research Ethics Committee | 19 | Arnold G, Barr C, Berg M, Breaden K (ceased 31/12/2019), Du H, Dykes L, Hackett J, Haines C, Holtham R, Kemp C, Lange B, Lister C, Lower K, McEvoy M, Miliotis B, Mudd A (appointed 23/07/2019), Nguyen A, Sharma S, Souzeau E, Spencer M, Trethewey C, Voss D, Were L, Westwood T, Yip L, Zhou Y, Jenski L (Deputy Chair), Trethewey Y |
| Women's and Children's Health Network - Advisory Council Incorporated | 2 | Buckerfield M, Cadzow M, McDougall E Wallace M (Chair), Wigg N Dr (All resigned and board ceased 30/06/2019) |
| Women's and Children's Health Network - Audit and Risk Committee | - | Connor G (Chair), Daw S, Haslam R |
| Women's and Children's Health Network - Clinical Governance Committee | - | Cadzow M, Christley S, Daw S, Glover K, Griffin L |
| Women's and Children's Health Network - Consumer and Community Engagement Committee | - | Birch J (Chair) (appointed 28/08/2019), Gray R (appointed 28/08/2019), Griffin L (appointed 28/08/2019), Hurrell E (appointed 05/02/2020), Miller S (appointed 28/08/2019), Sands S (appointed 28/08/2019) |
| Women's and Children's Health Network - Governing Board | - | Bastian J, Birch J (Chair), Christley S, Daw S, Glover K, Haslam R, Miller S, Wilson B (appointed 01/07/2019) |
| Yorke and Northern Local Health Network - Audit and Risk | - | Traeger E (appointed 17/12/2019) |

**THE DEPARTMENT FOR HEALTH AND WELLBEING
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For the year ended 30 June 2020**

| Board/committee name: | Government employee members | Other members |
|---|--|---|
| Committee | | |
| Yorke and Northern Local Health Network - Governing Board | - | Badenoch J, Bouilly V (Chair) (resigned 11/12/2019), Coulthard G (appointed 11/11/2019), Malcolm E, Mohor S (resigned 01/11/2019), Voumard J (chair from 11/12/2019), Warncken Y |

Refer to note 2.2 for remuneration of board and committee members

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

40.1 Basis of preparation

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

40.2 Categories of administered items

Special Acts administered items include the following:

- The Minister's salary and allowances and revenues from SA Government received/receivable for these expenses.
- Health and Community Services Complaints Commissioner's remuneration and revenues from SA Government received/receivable for these expenses.

Health and Medical Research Fund (HMRF) represents royalty income received from commercialisation of intellectual property and contribution of funds for the purposes of health and medical research in South Australia.

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

Other administered items include the following:

- Medical Centres - represents fees and charges collected on behalf of doctors that work in Regional SA owned Medical Centres;
SA Medical Boards;
- Research;
- Nurses education;
- Fund raising; and
- Strata Corp.

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

40.3 Administered items - budgetary reporting

Budget information for Special Acts and HMRF is presented to Parliament; 2019-20 Budget Paper 4 includes a statement of comprehensive income for administered items for the Department. The budget process is not subject to audit.

40.4 Administered contingent assets and liabilities

The Consolidated Entity has no administered contingent assets and liabilities.

THE DEPARTMENT FOR HEALTH AND WELLBEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

40.5 Schedules of administered items

| | Special Acts | | HMRF | | Private Practice | | Other | | Total | |
|---|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Schedule of Administered Expenses and Income | | | | | | | | | | |
| Administered income | | | | | | | | | | |
| Revenues from SA Government | 609 | 592 | - | - | - | - | - | - | 609 | 592 |
| Grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Revenues from fees and charges | - | - | - | - | 95,188 | 110,465 | 3,699 | 4,221 | 98,887 | 114,686 |
| Interest revenues | - | - | - | - | - | - | 3 | 3 | 3 | 3 |
| Other revenues | - | - | 929 | 4,674 | - | - | 35 | 59 | 964 | 4,733 |
| Total Administered income | 609 | 592 | 929 | 4,674 | 95,188 | 110,465 | 3,737 | 4,283 | 100,463 | 120,014 |
| Administered expenses | | | | | | | | | | |
| Employee benefits expenses | 607 | 591 | - | - | - | - | 172 | 324 | 779 | 915 |
| Supplies and services | 2 | 1 | - | - | 50 | 942 | 98 | 92 | 150 | 1,035 |
| Grants and subsidies | - | - | 4,255 | 4,230 | - | - | - | - | 4,255 | 4,230 |
| Depreciation expense | - | - | - | - | - | - | 3 | 3 | 3 | 3 |
| Other expenses | - | - | - | - | 97,669 | 108,195 | 3,429 | 3,712 | 101,098 | 111,907 |
| Total Administered expenses | 609 | 592 | 4,255 | 4,230 | 97,719 | 109,137 | 3,702 | 4,131 | 106,285 | 118,090 |
| Net result | - | - | (3,326) | 444 | (2,531) | 1,328 | 35 | 152 | (5,822) | 1,924 |

Schedule of Administered Assets and Liabilities

Administered current assets

| | | | | | | | | | | |
|--|----------|----------|--------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|
| Cash and cash equivalents | (41) | (45) | 8,232 | 10,540 | 8,552 | 10,815 | 1,396 | 1,223 | 18,139 | 22,533 |
| Receivables | 41 | 52 | - | 1,018 | 5,738 | 6,465 | 83 | 1 | 5,862 | 7,536 |
| Total Administered current assets | - | 7 | 8,232 | 11,558 | 14,290 | 17,280 | 1,479 | 1,224 | 24,001 | 30,069 |

Administered non-current assets

| | | | | | | | | | | |
|--|----------|----------|--------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|
| Property, plant and equipment | - | - | - | - | - | - | 51 | 49 | 51 | 49 |
| Total Administered non-current assets | - | - | - | - | - | - | 51 | 49 | 51 | 49 |
| Total Administered assets | - | 7 | 8,232 | 11,558 | 14,290 | 17,280 | 1,530 | 1,273 | 24,052 | 30,118 |

Administered current liabilities

| | | | | | | | | | | |
|---------------------------------------|----------|----------|--------------|---------------|--------------|---------------|--------------|--------------|---------------|---------------|
| Payables | - | - | - | - | 4,802 | 5,250 | 1,170 | 932 | 5,972 | 6,189 |
| Employee benefits | - | - | - | - | - | - | 25 | 54 | 25 | 54 |
| Clearing and systems accounts | - | - | - | - | (8) | - | - | - | (8) | - |
| Other current provisions/liabilities | - | - | - | - | (35) | (21) | 59 | 20 | 24 | (1) |
| Total Administered liabilities | - | 7 | - | - | 4,759 | 5,229 | 1,254 | 1,006 | 6,013 | 6,242 |
| Net Administered assets/equity | - | - | 8,232 | 11,558 | 9,531 | 12,051 | 276 | 267 | 18,039 | 23,876 |

THE DEPARTMENT FOR HEALTH AND WELLBEING
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For the year ended 30 June 2020

Schedule of Administered Cash Flows

| | Total 2020 \$'000 | Total 2019 \$'000 |
|---|----------------------------------|----------------------------------|
| <u>Cash flows from operating activities</u> | | |
| Cash inflows | | |
| Grants and contributions | - | - |
| Receipts from SA Government | 620 | 592 |
| Fees and charges | 100,530 | 116,525 |
| Interest revenues | 3 | 3 |
| Other revenues | 964 | 4,734 |
| Total Cash inflows | 102,117 | 121,854 |
| Cash outflows | | |
| Employee benefits payments | 808 | 854 |
| Grants and subsidies | 4,255 | 4,230 |
| Supplies and services | 367 | 1,101 |
| Other payments | 101,081 | 112,857 |
| Total Cash outflows | 106,511 | 119,042 |
| Net cash inflows/cash outflows from operating activities | (4,394) | 2,812 |
| Net increase/(decrease) in cash held | (4,394) | 2,812 |
| Cash at the beginning of the reporting period | 22,533 | 19,721 |
| Cash at the end of the reporting period | 18,139 | 22,533 |