

Limestone Coast  
Local Health Network Incorporated

Financial report  
for the year ended  
30 June 2021



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## To the Board Chair Limestone Coast Local Health Network Incorporated

### Opinion

I have audited the financial report of the Limestone Coast Local Health Network Incorporated and the consolidated entity comprising the Limestone Coast Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Limestone Coast Local Health Network Incorporated and its controlled entities as at 30 June 2021, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Board Chair, the Chief Executive Officer and the Chief Finance Officer.

### Basis for opinion

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

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

### **Responsibilities of the Chief Executive Officer and the Board for the financial report**

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

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

The Board is responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Limestone Coast Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2021.

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.

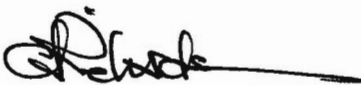
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 Limestone Coast Local Health Network Incorporated'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 Officer
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive Officer 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.

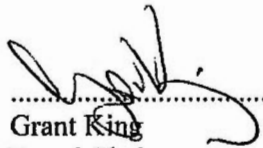


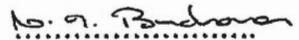
Andrew Richardson  
**Auditor-General**  
24 September 2021

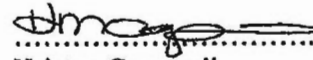
**Certification of the financial statements  
Limestone Coast Local Health Network**

We certify that the:

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

  
.....  
Grant King  
Board Chair

  
.....  
Ngaire Buchanan  
Chief Executive Officer

  
.....  
Kristen Capewell  
Chief Finance Officer

Date ..14/09/2021

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended 30 June 2021**

|  | Note  | Consolidated   |                | Parent         |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2021<br>\$'000 | 2020<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 |
| <b>Income</b>  |       |                |                |                |                |
| Revenues from SA Government                            | 2     | 137,481        | 123,702        | 137,481        | 123,702        |
| Fees and charges                                       | 3     | 17,172         | 16,398         | 17,172         | 16,398         |
| Grants and contributions                               | 4     | 22,096         | 20,684         | 22,526         | 20,814         |
| Interest   |       | 144            | 375            | 136            | 352            |
| Resources received free of charge                      | 5     | 1,758          | 1,427          | 1,758          | 1,427          |
| Net gain from disposal of non-current and other assets | 6     | 2              | -              | 2              | -              |
| Other revenues/income                                  | 7     | 2,110          | 1,636          | 1,776          | 1,517          |
| <b>Total income</b>                                    |       | <b>180,763</b> | <b>164,222</b> | <b>180,851</b> | <b>164,210</b> |
| <b>Expenses</b>  |       |                |                |                |                |
| Staff benefits expenses                                | 8     | 103,450        | 96,493         | 103,450        | 96,493         |
| Supplies and services                                  | 9     | 62,736         | 57,972         | 62,734         | 57,972         |
| Depreciation and amortisation                          | 17,18 | 6,130          | 6,136          | 4,747          | 4,755          |
| Grants and subsidies                                   | 10    | 1,330          | 1,310          | 1,330          | 1,310          |
| Borrowing costs  | 11    | 813            | 863            | 813            | 863            |
| Net loss from disposal of non-current and other assets | 6     | -              | 29             | -              | 29             |
| Impairment loss on receivables                         | 14.1  | 882            | 373            | 882            | 373            |
| Other expenses   | 12    | 237            | 340            | 1,272          | 355            |
| <b>Total expenses</b>                                  |       | <b>175,578</b> | <b>163,516</b> | <b>175,228</b> | <b>162,150</b> |
| <b>Net result</b>                                      |       | <b>5,185</b>   | <b>706</b>     | <b>5,623</b>   | <b>2,060</b>   |
| <b>Total comprehensive result</b>                      |       | <b>5,185</b>   | <b>706</b>     | <b>5,623</b>   | <b>2,060</b>   |

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2021**

|  | Note  | Consolidated   |                | Parent         |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2021<br>\$'000 | 2020<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 |
| <b>Current assets</b>                      |       |                |                |                |                |
| Cash and cash equivalents                  | 13    | 10,726         | 5,431          | 9,766          | 4,533          |
| Receivables                                | 14    | 3,655          | 3,468          | 3,665          | 3,466          |
| Other financial assets                     | 15    | 18,944         | 19,354         | 17,893         | 18,164         |
| Inventories                                | 16    | 852            | 688            | 852            | 688            |
| <b>Total current assets</b>                |       | <b>34,177</b>  | <b>28,941</b>  | <b>32,176</b>  | <b>26,851</b>  |
| <b>Non-current assets</b>                  |       |                |                |                |                |
| Receivables                                | 14    | 402            | 402            | 402            | 402            |
| Property, plant and equipment              | 17,18 | 126,795        | 128,025        | 97,790         | 98,671         |
| <b>Total non-current assets</b>            |       | <b>127,197</b> | <b>128,427</b> | <b>98,192</b>  | <b>99,073</b>  |
| <b>Total assets</b>                        |       | <b>161,374</b> | <b>157,368</b> | <b>130,368</b> | <b>125,924</b> |
| <b>Current liabilities</b>                 |       |                |                |                |                |
| Payables                                   | 20    | 5,067          | 4,696          | 5,067          | 4,696          |
| Financial liabilities                      | 21    | 3,050          | 3,137          | 3,050          | 3,137          |
| Staff benefits                             | 22    | 13,867         | 13,136         | 13,867         | 13,136         |
| Provisions                                 | 23    | 808            | 708            | 808            | 708            |
| Contract liabilities and other liabilities | 24    | 15,818         | 14,897         | 15,818         | 14,897         |
| <b>Total current liabilities</b>           |       | <b>38,610</b>  | <b>36,574</b>  | <b>38,610</b>  | <b>36,574</b>  |
| <b>Non-current liabilities</b>             |       |                |                |                |                |
| Payables                                   | 20    | 636            | 636            | 636            | 636            |
| Financial liabilities                      | 21    | 39,409         | 42,280         | 39,409         | 42,280         |
| Staff benefits                             | 22    | 16,046         | 16,513         | 16,046         | 16,513         |
| Provisions                                 | 23    | 1,066          | 943            | 1,066          | 943            |
| <b>Total non-current liabilities</b>       |       | <b>57,157</b>  | <b>60,372</b>  | <b>57,157</b>  | <b>60,372</b>  |
| <b>Total liabilities</b>                   |       | <b>95,767</b>  | <b>96,946</b>  | <b>95,767</b>  | <b>96,946</b>  |
| <b>Net assets</b>                          |       | <b>65,607</b>  | <b>60,422</b>  | <b>34,601</b>  | <b>28,978</b>  |
| <b>Equity</b>                              |       |                |                |                |                |
| Retained earnings                          |       | 57,677         | 52,492         | 34,601         | 28,978         |
| Asset revaluation surplus                  |       | 7,930          | 7,930          | -              | -              |
| <b>Total equity</b>                        |       | <b>65,607</b>  | <b>60,422</b>  | <b>34,601</b>  | <b>28,978</b>  |

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

**LIMESTONE COAST LOCAL HEALTH NETWORK  
STATEMENT OF CHANGES IN EQUITY  
For the period ended 30 June 2021**

**CONSOLIDATED**

|   | Note | Asset<br>revaluation<br>surplus<br>\$ '000 | Retained<br>earnings<br>\$ '000 | Total<br>equity<br>\$ '000 |
|---|------|--|---------------------------------|----------------------------|
| <b>Balance at 30 June 2019</b>                          |      | -  | -                               | -                          |
| Net assets received from an administrative restructure  | 1.6  | -  | 54,058                          | 54,058                     |
| Net assets received on first time consolidation         | 1.6  | 7,930                                      | 24,868                          | 32,798                     |
| Adjustments on initial adoption of Accounting Standards |      | -  | (27,140)                        | (27,140)                   |
| <b>Adjusted balance at 1 July 2019</b>                  |      | <b>7,930</b>                               | <b>51,786</b>                   | <b>59,716</b>              |
| Net result for 2019-20                                  |      | -  | 706                             | 706                        |
| <b>Total comprehensive result for 2019-20</b>           |      | <b>-</b>                                   | <b>706</b>                      | <b>706</b>                 |
| <b>Balance at 30 June 2020</b>                          |      | <b>7,930</b>                               | <b>52,492</b>                   | <b>60,422</b>              |
| Net result for 2020-21                                  |      | -  | 5,185                           | 5,185                      |
| <b>Total comprehensive result for 2020-21</b>           |      | <b>-</b>                                   | <b>5,185</b>                    | <b>5,185</b>               |
| <b>Balance at 30 June 2021</b>                          |      | <b>7,930</b>                               | <b>57,677</b>                   | <b>65,607</b>              |

**PARENT**

|   | Note | Asset<br>revaluation<br>surplus<br>\$ '000 | Retained<br>earnings<br>\$ '000 | Total<br>equity<br>\$ '000 |
|---|------|--|---------------------------------|----------------------------|
| <b>Balance at 30 June 2019</b>                          |      | -  | -                               | -                          |
| Net assets received from an administrative restructure  | 1.6  | -  | 54,058                          | 54,058                     |
| Adjustments on initial adoption of Accounting Standards |      | -  | (27,140)                        | (27,140)                   |
| <b>Adjusted balance at 1 July 2019</b>                  |      | <b>-</b>                                   | <b>26,918</b>                   | <b>26,918</b>              |
| Net result for 2019-20                                  |      | -  | 2,060                           | 2,060                      |
| <b>Total comprehensive result for 2019-20</b>           |      | <b>-</b>                                   | <b>2,060</b>                    | <b>2,060</b>               |
| <b>Balance at 30 June 2020</b>                          |      | <b>-</b>                                   | <b>28,978</b>                   | <b>28,978</b>              |
| Net result for 2020-21                                  |      | -  | 5,623                           | 5,623                      |
| <b>Total comprehensive result for 2020-21</b>           |      | <b>-</b>                                   | <b>5,623</b>                    | <b>5,623</b>               |
| <b>Balance at 30 June 2021</b>                          |      | <b>-</b>                                   | <b>34,601</b>                   | <b>34,601</b>              |

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



**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the period ended 30 June 2021**

|   | Note | Consolidated     |                  | Parent           |                  |
|---|------|------------------|------------------|------------------|------------------|
|   |      | 2021<br>\$'000   | 2020<br>\$'000   | 2021<br>\$'000   | 2020<br>\$'000   |
| <b>Cash flows from operating activities</b>                 |      |                  |                  |                  |                  |
| <b>Cash inflows</b>   |      |                  |                  |                  |                  |
| Receipts from SA Government                                 |      | 112,014          | 120,661          | 112,014          | 120,661          |
| Fees and charges  |      | 17,142           | 17,113           | 17,133           | 17,113           |
| Grants and contributions                                    |      | 22,436           | 20,146           | 22,866           | 20,274           |
| Interest received   |      | 78               | 232              | 76               | 232              |
| Residential aged care bonds received                        |      | 4,353            | 4,245            | 4,353            | 4,245            |
| GST recovered from ATO                                      |      | 3,415            | 3,562            | 3,415            | 3,562            |
| Other receipts  |      | 710              | 661              | 376              | 542              |
| <b>Cash generated from operations</b>                       |      | <b>160,148</b>   | <b>166,620</b>   | <b>160,233</b>   | <b>166,629</b>   |
| <b>Cash outflows</b>  |      |                  |                  |                  |                  |
| Staff benefits payments                                     |      | (102,832)        | (94,408)         | (102,832)        | (94,408)         |
| Payments for supplies and services                          |      | (40,986)         | (58,705)         | (40,985)         | (58,705)         |
| Payments of grants and subsidies                            |      | (1,454)          | (1,429)          | (1,454)          | (1,429)          |
| Interest paid   |      | (813)            | (863)            | (813)            | (863)            |
| Residential aged care bonds refunded                        |      | (4,329)          | (3,098)          | (4,329)          | (3,098)          |
| Other payments  |      | (313)            | (402)            | (313)            | (402)            |
| <b>Cash used in operations</b>                              |      | <b>(150,727)</b> | <b>(158,905)</b> | <b>(150,726)</b> | <b>(158,905)</b> |
| <b>Net cash provided by operating activities</b>            |      | <b>9,421</b>     | <b>7,715</b>     | <b>9,507</b>     | <b>7,724</b>     |
| <b>Cash flows from investing activities</b>                 |      |                  |                  |                  |                  |
| <b>Cash inflows</b>   |      |                  |                  |                  |                  |
| Proceeds from sale of property, plant and equipment         |      | 5                | -                | 5                | -                |
| Proceeds from sale/maturities of investments                |      | 768              | 32               | 620              | -                |
| <b>Cash generated from investing activities</b>             |      | <b>773</b>       | <b>32</b>        | <b>625</b>       | <b>-</b>         |
| <b>Cash outflows</b>  |      |                  |                  |                  |                  |
| Purchase of property, plant and equipment                   |      | (1,406)          | (1,957)          | (1,406)          | (1,957)          |
| Purchase of investments                                     |      | (300)            | (50)             | (300)            | (50)             |
| <b>Cash used in investing activities</b>                    |      | <b>(1,706)</b>   | <b>(2,007)</b>   | <b>(1,706)</b>   | <b>(2,007)</b>   |
| <b>Net cash provided by/(used in) investing activities</b>  |      | <b>(933)</b>     | <b>(1,975)</b>   | <b>(1,081)</b>   | <b>(2,007)</b>   |
| <b>Cash flows from financing activities</b>                 |      |                  |                  |                  |                  |
| <b>Cash inflows</b>   |      |                  |                  |                  |                  |
| Cash received from restructuring activities                 |      | -                | 2,961            | -                | 2,086            |
| <b>Cash generated from financing activities</b>             |      | <b>-</b>         | <b>2,961</b>     | <b>-</b>         | <b>2,086</b>     |
| <b>Cash outflows</b>  |      |                  |                  |                  |                  |
| Repayment of borrowings                                     |      | (81)             | (124)            | (81)             | (124)            |
| Repayment of lease liabilities                              |      | (3,112)          | (3,146)          | (3,112)          | (3,146)          |
| <b>Cash used in financing activities</b>                    |      | <b>(3,193)</b>   | <b>(3,270)</b>   | <b>(3,193)</b>   | <b>(3,270)</b>   |
| <b>Net cash provided by/(used in) financing activities</b>  |      | <b>(3,193)</b>   | <b>(309)</b>     | <b>(3,193)</b>   | <b>(1,184)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>5,295</b>     | <b>5,431</b>     | <b>5,233</b>     | <b>4,533</b>     |
| Cash and cash equivalents at the beginning of the period    |      | 5,431            | -                | 4,533            | -                |
| <b>Cash and cash equivalents at the end of the period</b>   | 13   | <b>10,726</b>    | <b>5,431</b>     | <b>9,766</b>     | <b>4,533</b>     |
| Non-cash transactions                                       | 25   |                  |                  |                  |                  |

The accompanying notes form part of these financial statements.

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2021**

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**1. About Limestone Coast Local Health Network**

Limestone Coast Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated health service established under the *Health Care (Local Health Networks) Proclamation 2019* which was an amendment to the *Health Care Act 2008 (the Act)*. The Hospital commenced service delivery on 1 July 2019 following the dissolution of Country Health SA Local Health Network (CHSALHN). Relevant assets, rights and liabilities were transferred from CHSALHN to the Hospital. The financial statements and accompanying notes include all controlled activities of the Hospital.

**Parent Entity**

The Parent Entity consists of the following:

- Bordertown Memorial Hospital
- Bordertown Charla Lodge
- Integrated Mental Health Inpatient Unit
- Kingston Soldiers Memorial Hospital Multi-Purpose Service
- Limestone Coast Country Health Connect
- Mental Health Intensive Community Program
- Millicent and Districts Hospital and Health Service
- Millicent Sheoak Lodge
- Mount Gambier and Districts Health Service
- Naracoorte Health Service
- Naracoorte Moreton Bay House
- Penola War Memorial Hospital Multi-Purpose Service

**Consolidated Entity**

The consolidated entity includes the Parent entity, the Incorporated Health Advisory Councils (HACs) and the Incorporated HAC Gift Fund Trusts (GFTs) as listed in note 33.

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

The consolidated financial statements have been prepared in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at note 33.

**1.1 Objectives and activities**

The Hospital is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention and achieving equitable health outcomes for the Limestone Coast region.

The Hospital is part of the SA Health portfolio providing health services for the Limestone Coast region. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the Limestone Coast region.

The Hospital is governed by a Board which is responsible for providing strategic oversight and monitoring the Hospital's financial and operational performance. The Board must comply with any direction of the Minister for Health and Wellbeing (the Minister) or Chief Executive of the Department.

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

**1.2 Basis of preparation**

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

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

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2021**

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 throughout the notes.

Prior year comparative values will follow current year values in brackets throughout the notes.

**1.3 Taxation**

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

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

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

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

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

**1.4 Continuity of operations**

As at 30 June 2021, the Hospital had working capital deficiency of \$4.433 million (\$7.633 million). The SA Government is committed to continuing the delivery of hospital services to country and regional SA and accordingly it has demonstrated a commitment to the ongoing funding of the Hospital.

**1.5 Equity**

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

**1.6 Changes to reporting entity**

**2020-21**

There were no administrative restructures during the current reporting period.

**2019-20**

CHSALHN was dissolved on 1 July 2019. Six new entities were established to provide hospital, health and aged care services to country and regional SA. As per the *Health Care (Local Health Networks) Proclamation 2019* contained in the South Australian Government Gazette No 30, dated 27th June 2019, assets, rights and liabilities were transferred to the relevant entity, effective 1 July 2019. This resulted in the transfer of 1,773 employees, and net assets of \$86.856 million to be received by the Hospital as detailed below.

Assets and liabilities transferred in were:

|  | <b>Consolidated</b> | <b>Parent</b>  |
|--|---------------------|----------------|
|  | <b>2020</b>         | <b>2020</b>    |
|  | <b>\$'000</b>       | <b>\$'000</b>  |
| <b>Assets</b>                          |                     |                |
| Cash                                   | 2,961               | 2,086          |
| Receivables                            | 3,994               | 3,989          |
| Property, plant and equipment          | 112,375             | 81,657         |
| Other assets                           | 19,862              | 18,662         |
| <b>Total assets</b>                    | <b>139,192</b>      | <b>106,394</b> |
| <b>Liabilities</b>                     |                     |                |
| Payables                               | 4,553               | 4,554          |
| Staff benefits                         | 28,164              | 28,164         |
| Provisions                             | 1,390               | 1,389          |
| Other liabilities                      | 18,229              | 18,229         |
| <b>Total liabilities</b>               | <b>52,336</b>       | <b>52,336</b>  |
| <b>Total net assets transferred in</b> | <b>86,856</b>       | <b>54,058</b>  |

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**1.7 Impact of COVID-19 pandemic**

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an increase in costs associated with COVID-19 capacity and preparation, the readiness of COVID-19 testing clinics, establishment of vaccine clinics, increased demand for personal protective equipment, increased staffing costs (including agency) to ensure necessary compliance measures are followed. The net COVID-19 specific costs for the Hospital were \$2.109 million (\$.821 million).

**1.8 Changes in accounting policy**

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

**2. Revenues from SA Government**

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021           | 2020           | 2021           | 2020           |
|  | \$'000         | \$'000         | \$'000         | \$'000         |
| Capital projects funding                 | 4,282          | 4,831          | 4,282          | 4,831          |
| Operational funding                      | 133,199        | 118,871        | 133,199        | 118,871        |
| <b>Total revenues from SA Government</b> | <b>137,481</b> | <b>123,702</b> | <b>137,481</b> | <b>123,702</b> |

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

**3. Fees and charges**

|   | Consolidated  |               | Parent        |               |
|---|---------------|---------------|---------------|---------------|
|   | 2021          | 2020          | 2021          | 2020          |
|   | \$'000        | \$'000        | \$'000        | \$'000        |
| Patient and client fees                 | 7,004         | 6,051         | 7,004         | 6,051         |
| Private practice fees                   | 613           | 556           | 613           | 556           |
| Fees for health services                | 4,512         | 4,890         | 4,512         | 4,890         |
| Residential and other aged care charges | 4,194         | 4,104         | 4,194         | 4,104         |
| Sale of goods - medical supplies        | 642           | 584           | 642           | 584           |
| Other user charges and fees             | 207           | 213           | 207           | 213           |
| <b>Total fees and charges</b>           | <b>17,172</b> | <b>16,398</b> | <b>17,172</b> | <b>16,398</b> |

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

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 24). Similarly, if the Hospital satisfies a performance obligation before it receives the consideration, the Hospital recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due (refer to note 14).

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

*Patient and Client Fees*

Public health care is free for medicare eligible customers. Non-medicare eligible customers pay in arrears to stay overnight in a public hospital and to receive medical assessment, advice, treatment and care from a health professional. These charges may include doctors, surgeons, 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.

*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 Hospital as an agent in the rendering and recovery of accounts of the specialist's private practice. SA Health disburses amounts it collects on behalf of the specialist to the specialist via payroll (fortnightly) or accounts payable (monthly) depending on the rights of private practice scheme. Revenue from these services is recognised as it's collected as per the Rights of Private Practice Agreement.

*Residential and other aged care charges*

Long stay nursing home fees include daily care fee and daily accommodation fees. Residents pay fortnightly in arrears for services rendered and accommodation supplied. Residents are invoiced fortnightly in arrears as services and accommodations are provided. Any amounts remaining unpaid or unbilled at the end of the reporting period are treated as an accounts receivable.

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*Fees for health services*

Where the Hospital has incurred an expense on behalf of another entity, payment is recovered from the other entity by way of a recharge of the cost incurred. These fees can relate to the recharge of salaries and wages or various goods and services. Revenue is recognised on a time-and-material basis as provided. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

**4. Grants and contributions**

|  | Consolidated  |               | Parent        |               |
|--|---------------|---------------|---------------|---------------|
|  | 2021          | 2020          | 2021          | 2020          |
|  | \$'000        | \$'000        | \$'000        | \$'000        |
| Commonwealth grants and donations            | 13,515        | 12,085        | 13,515        | 12,085        |
| Commonwealth aged care subsidies             | 7,925         | 7,796         | 7,925         | 7,796         |
| SA Government capital contributions          | -             | -             | 240           | 16            |
| Other SA Government grants and contributions | 656           | 705           | 846           | 819           |
| Private sector grants and contributions      | -             | 98            | -             | 98            |
| <b>Total grants and contributions</b>        | <b>22,096</b> | <b>20,684</b> | <b>22,526</b> | <b>20,814</b> |

The grants received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. Of the \$22.096 million (\$20.684 million) grants provided for the reporting period, \$22.096 million (\$20.684 million) was provided for specific purposes such as aged care, community health services and other related health services.

**5. Resources received free of charge**

|  | Consolidated |              | Parent       |              |
|--|--------------|--------------|--------------|--------------|
|  | 2021         | 2020         | 2021         | 2020         |
|  | \$'000       | \$'000       | \$'000       | \$'000       |
| Plant and equipment                            | 152          | 166          | 152          | 166          |
| Services                                       | 1,606        | 1,261        | 1,606        | 1,261        |
| <b>Total resources received free of charge</b> | <b>1,758</b> | <b>1,427</b> | <b>1,758</b> | <b>1,427</b> |

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

Contribution of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$1.310 million (\$1.261 million) and Information and Communication Technologies (ICT) services from Department of the Premier and Cabinet (DPC) valued at \$0.296 million (\$nil) following Cabinet's approval to cease intra-government charging.

In addition, although not recognised, Limestone Coast Local Health Network receives volunteer services from around 350 volunteers across the Limestone Coast whom provide patient and staff support services to individuals using the Hospitals services, and also support clients and staff for Country Health Connect and Mental Health directorates. The volunteer services include but are not limited to: patient guides, social support groups, Meals on Wheels, allied health services, and administrative assistance and patient visitations in the acute ward settings.

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

|   | Consolidated |             | Parent   |             |
|---|--------------|-------------|----------|-------------|
|   | 2021         | 2020        | 2021     | 2020        |
|   | \$'000       | \$'000      | \$'000   | \$'000      |
| Plant and equipment   |              |             |          |             |
| Proceeds from disposal                                      | 5            | -           | 5        | -           |
| Less carrying amount of assets disposed                     | (3)          | (29)        | (3)      | (29)        |
| <b>Net gain/(loss) from disposal of plant and equipment</b> | <b>2</b>     | <b>(29)</b> | <b>2</b> | <b>(29)</b> |

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

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**7. Other revenues/income**

|                                    | Consolidated |              | Parent       |              |
|------------------------------------|--------------|--------------|--------------|--------------|
|                                    | 2021         | 2020         | 2021         | 2020         |
|                                    | \$'000       | \$'000       | \$'000       | \$'000       |
| Donations                          | 423          | 182          | 96           | 66           |
| Health recoveries                  | 1,533        | 1,374        | 1,533        | 1,374        |
| Insurance recoveries               | 43           | 16           | 43           | 16           |
| Other                              | 111          | 64           | 104          | 61           |
| <b>Total other revenues/income</b> | <b>2,110</b> | <b>1,636</b> | <b>1,776</b> | <b>1,517</b> |

**8. Staff benefits expenses**

|  | Consolidated   |               | Parent         |               |
|--|----------------|---------------|----------------|---------------|
|  | 2021           | 2020          | 2021           | 2020          |
|  | \$'000         | \$'000        | \$'000         | \$'000        |
| Salaries and wages                                   | 83,947         | 78,117        | 83,947         | 78,117        |
| Targeted voluntary separation packages (refer below) | -              | 49            | -              | 49            |
| Long service leave                                   | 902            | 1,624         | 902            | 1,624         |
| Annual leave   | 7,417          | 7,139         | 7,417          | 7,139         |
| Skills and experience retention leave                | 347            | 360           | 347            | 360           |
| Staff on-costs - superannuation*                     | 8,665          | 8,174         | 8,665          | 8,174         |
| Workers compensation                                 | 1,971          | 787           | 1,971          | 787           |
| Board and committee fees                             | 162            | 171           | 162            | 171           |
| Other staff related expenses                         | 39             | 72            | 39             | 72            |
| <b>Total staff benefits expenses</b>                 | <b>103,450</b> | <b>96,493</b> | <b>103,450</b> | <b>96,493</b> |

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

**8.1 Key Management Personnel**

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

The compensation detailed below excludes salaries and other benefits:

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

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| <b>Compensation</b>                             |              |              |
| Salaries and other short term employee benefits | 1,676        | 1,508        |
| Post-employment benefits                        | 296          | 251          |
| <b>Total</b>                                    | <b>1,972</b> | <b>1,759</b> |

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

**8.2 Remuneration of Boards and Committees**

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

|                     | 2021           | 2020           |
|---------------------|----------------|----------------|
|                     | No. of Members | No. of Members |
| \$0                 | -              | 1              |
| \$1 - \$20,000      | 1              | -              |
| \$20,001 - \$40,000 | 5              | 5              |
| \$40,001 - \$60,000 | 1              | 1              |
| <b>Total</b>        | <b>7</b>       | <b>7</b>       |

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The total remuneration received or receivable by members was \$0.186 million (\$0.186 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year unless so exempted by the Minister.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Refer to note 34 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

**8.3 Remuneration of staff**

The number of staff whose remuneration received or receivable fall within the following bands:

|                              | Consolidated |           | Parent    |           |
|------------------------------|--------------|-----------|-----------|-----------|
|                              | 2021         | 2020      | 2021      | 2020      |
|                              | Number       | Number    | Number    | Number    |
| \$154,678 - \$175,000        | 10           | 10        | 10        | 10        |
| \$175,001 - \$195,000        | 9            | 4         | 9         | 4         |
| \$195,001 - \$215,000        | 1            | 1         | 1         | 1         |
| \$215,001 - \$235,000        | 2            | 2         | 2         | 2         |
| \$235,001 - \$255,000        | 4            | -         | 4         | -         |
| \$255,001 - \$275,000        | 1            | -         | 1         | -         |
| \$275,001 - \$295,000        | -            | 3         | -         | 3         |
| \$295,001 - \$315,000        | 1            | 1         | 1         | 1         |
| \$335,001 - \$355,000        | 1            | 2         | 1         | 2         |
| \$395,001 - \$415,000        | 1            | 1         | 1         | 1         |
| \$415,001 - \$435,000        | 2            | 2         | 2         | 2         |
| \$435,001 - \$455,000        | 1            | -         | 1         | -         |
| \$455,001 - \$475,000        | -            | 1         | -         | 1         |
| \$475,001 - \$495,000        | 1            | 1         | 1         | 1         |
| \$495,001 - \$515,000        | 1            | -         | 1         | -         |
| \$515,001 - \$535,000        | 1            | -         | 1         | -         |
| \$535,001 - \$555,000        | -            | 1         | -         | 1         |
| \$555,001 - \$575,000        | 1            | -         | 1         | -         |
| \$575,001 - \$595,000        | 1            | -         | 1         | -         |
| \$595,001 - \$615,000        | 1            | -         | 1         | -         |
| \$615,001 - \$635,000        | -            | 1         | -         | 1         |
| \$635,001 - \$655,000        | 1            | 2         | 1         | 2         |
| <b>Total number of staff</b> | <b>40</b>    | <b>32</b> | <b>40</b> | <b>32</b> |

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

**8.4 Remuneration of staff by classification**

The total remuneration received by staff included above:

|                             | 2021      |               | Consolidated |              | 2021      |               | Parent    |              |
|-----------------------------|-----------|---------------|--------------|--------------|-----------|---------------|-----------|--------------|
|                             | No.       | \$'000        | No.          | \$'000       | No.       | \$'000        | No.       | \$'000       |
| Executive                   | 1         | 237           | 1            | 235          | 1         | 237           | 1         | 235          |
| Medical (excluding Nursing) | 24        | 8,565         | 21           | 7,625        | 24        | 8,565         | 21        | 7,625        |
| Nursing                     | 15        | 2,642         | 10           | 1,719        | 15        | 2,642         | 10        | 1,719        |
| <b>Total</b>                | <b>40</b> | <b>11,444</b> | <b>32</b>    | <b>9,579</b> | <b>40</b> | <b>11,444</b> | <b>32</b> | <b>9,579</b> |

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**8.5 Targeted voluntary separation packages**

|   | Consolidated |            | Parent   |            |
|---|--------------|------------|----------|------------|
|   | 2021         | 2020       | 2021     | 2020       |
|   | \$'000       | \$'000     | \$'000   | \$'000     |
| Amount paid/Payable to separated staff:   |              |            |          |            |
| Targeted voluntary separation packages    | -            | 49         | -        | 49         |
| Leave paid/payable to separated employees | -            | 57         | -        | 57         |
| <b>Total</b>                              | <b>-</b>     | <b>106</b> | <b>-</b> | <b>106</b> |

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| <b>The number of staff who received a TVSP during the reporting period</b> | <b>-</b> | <b>2</b> | <b>-</b> | <b>2</b> |
|--|----------|----------|----------|----------|

**9. Supplies and services**

|   | Consolidated  |               | Parent        |               |
|---|---------------|---------------|---------------|---------------|
|   | 2021          | 2020          | 2021          | 2020          |
|   | \$'000        | \$'000        | \$'000        | \$'000        |
| Administration                            | 156           | 96            | 156           | 96            |
| Advertising                               | 11            | 20            | 11            | 20            |
| Communication                             | 698           | 411           | 698           | 411           |
| Computing                                 | 1,805         | 1,956         | 1,805         | 1,956         |
| Consultants                               | -             | 55            | -             | 55            |
| Contract of services                      | 176           | 173           | 176           | 173           |
| Contractors                               | 52            | 45            | 52            | 45            |
| Contractors - agency staff                | 2,622         | 2,449         | 2,622         | 2,449         |
| Drug supplies                             | 2,368         | 2,312         | 2,368         | 2,312         |
| Electricity, gas and fuel                 | 1,579         | 1,693         | 1,579         | 1,693         |
| Fee for service*                          | 16,130        | 15,325        | 16,130        | 15,325        |
| Food supplies                             | 1,871         | 1,770         | 1,871         | 1,770         |
| Housekeeping                              | 1,338         | 1,310         | 1,338         | 1,310         |
| Insurance                                 | 1,611         | 1,274         | 1,611         | 1,274         |
| Internal SA Health SLA payments           | 6,053         | 6,544         | 6,053         | 6,544         |
| Legal                                     | 44            | 48            | 44            | 48            |
| Medical, surgical and laboratory supplies | 13,643        | 11,171        | 13,643        | 11,171        |
| Minor equipment                           | 1,256         | 569           | 1,256         | 569           |
| Motor vehicle expenses                    | 341           | 367           | 341           | 367           |
| Occupancy rent and rates                  | 299           | 281           | 299           | 281           |
| Patient transport                         | 1,486         | 1,304         | 1,486         | 1,304         |
| Postage                                   | 246           | 188           | 246           | 188           |
| Printing and stationery                   | 491           | 489           | 491           | 489           |
| Repairs and maintenance                   | 4,567         | 4,382         | 4,567         | 4,382         |
| Security                                  | 248           | 89            | 248           | 89            |
| Services from Shared Services SA          | 1,317         | 1,273         | 1,317         | 1,273         |
| Short term lease expense                  | 350           | 82            | 350           | 82            |
| Training and development                  | 491           | 472           | 491           | 472           |
| Travel expenses                           | 215           | 360           | 215           | 360           |
| Other supplies and services               | 1,272         | 1,464         | 1,270         | 1,464         |
| <b>Total supplies and services</b>        | <b>62,736</b> | <b>57,972</b> | <b>62,734</b> | <b>57,972</b> |

\* Fee for Service primarily relates to medical services provided by doctors not employed by the Hospital.

The Hospital recognises lease payments associated with short term leases (12 months or less) 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 dollar amount paid/payable (included in supplies and service expense) to consultants that fell within the following bands

|                | Consolidated |                |          |                | Parent   |                |          |                |
|----------------|--------------|----------------|----------|----------------|----------|----------------|----------|----------------|
|                | No.          | 2021<br>\$'000 | No.      | 2020<br>\$'000 | No.      | 2021<br>\$'000 | No.      | 2020<br>\$'000 |
| Above \$10,000 | -            | -              | 2        | 55             | -        | -              | 2        | 55             |
| <b>Total</b>   | <b>-</b>     | <b>-</b>       | <b>2</b> | <b>55</b>      | <b>-</b> | <b>-</b>       | <b>2</b> | <b>55</b>      |



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**10. Grants and subsidies**

|   | Consolidated |              | Parent       |              |
|---|--------------|--------------|--------------|--------------|
|   | 2021         | 2020         | 2021         | 2020         |
|   | \$'000       | \$'000       | \$'000       | \$'000       |
| Funding to non-government organisations | 1,330        | 1,310        | 1,330        | 1,310        |
| <b>Total grants and subsidies</b>       | <b>1,330</b> | <b>1,310</b> | <b>1,330</b> | <b>1,310</b> |

The Hospital provided \$1.330 million (\$1.310 million) in funding to non-government organisations to assist in maintaining vital health services in the Limestone Coast region.

**11. Borrowing costs**

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the profit and loss was \$0.813 million (\$0.863 million).

**12. Other expenses**

|                             | Consolidated |            | Parent       |            |
|-----------------------------|--------------|------------|--------------|------------|
|                             | 2021         | 2020       | 2021         | 2020       |
|                             | \$'000       | \$'000     | \$'000       | \$'000     |
| Debts written off           | 84           | 124        | 84           | 124        |
| Bank fees and charges       | 4            | 3          | 4            | 3          |
| Donated assets expense      | -            | -          | 1035         | 15         |
| Other*                      | 149          | 213        | 149          | 213        |
| <b>Total other expenses</b> | <b>237</b>   | <b>340</b> | <b>1,272</b> | <b>355</b> |

Donated assets expense includes transfer of buildings and improvements and is recorded as expenditure at their fair value.

\* Includes Audit fees paid/ payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* of \$0.100 million (\$0.148 million). No other services were provided by the Auditor-General's Department. Payments to Galpins Accountants Auditors and Business Consultants were \$0.024 million (\$0.030 million) for HAC and aged care audit services.

**13. Cash and cash equivalents**

|  | Consolidated  |              | Parent       |              |
|--|---------------|--------------|--------------|--------------|
|  | 2021          | 2020         | 2021         | 2020         |
|  | \$'000        | \$'000       | \$'000       | \$'000       |
| Cash at bank or on hand                        | 3,022         | 2,613        | 2,062        | 1,715        |
| Deposits with Treasurer: general operating     | 7,350         | 2,477        | 7,350        | 2,477        |
| Deposits with Treasurer: special purpose funds | 354           | 341          | 354          | 341          |
| <b>Total cash</b>                              | <b>10,726</b> | <b>5,431</b> | <b>9,766</b> | <b>4,533</b> |

Cash is measured at nominal amounts. The Hospital operates through the Department's general operating account held with the Treasurer and does not earn interest on this account. Interest is earned on HAC and GFT bank accounts and accounts holding aged care funds, including refundable deposits. Of the \$10.726 million (\$5.431 million) held, \$1.911 million (\$1.591 million) relates to aged care refundable deposits.

**14. Receivables**

|  | Consolidated |        | Parent  |        |
|--|--------------|--------|---------|--------|
|  | 2021         | 2020   | 2021    | 2020   |
|  | \$'000       | \$'000 | \$'000  | \$'000 |
| <b>Current</b>                                     |              |        |         |        |
| Patient/client fees: compensable                   | 729          | 902    | 729     | 902    |
| Patient/client fees: aged care                     | 452          | 273    | 452     | 273    |
| Patient/client fees: other                         | 749          | 891    | 749     | 891    |
| Debtors  | 1,000        | 887    | 998     | 887    |
| Less: allowance for impairment loss on receivables | (1,362)      | (480)  | (1,362) | (480)  |
| Prepayments  | 78           | 6      | 78      | 6      |
| Interest   | 42           | 34     | 43      | 32     |
| Workers compensation provision recoverable         | 236          | 234    | 236     | 234    |
| Sundry receivables and accrued revenue             | 1,550        | 622    | 1,561   | 622    |
| GST input tax recoverable                          | 181          | 99     | 181     | 99     |

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2021**

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 |
| <b>Current</b>                             |                |                |                |                |
| <b>Total current receivables</b>           | <b>3,655</b>   | <b>3,468</b>   | <b>3,665</b>   | <b>3,466</b>   |
| <b>Non-current</b>                         |                |                |                |                |
| Debtors                                    | 21             | 11             | 21             | 11             |
| Workers compensation provision recoverable | 381            | 391            | 381            | 391            |
| <b>Total non-current receivables</b>       | <b>402</b>     | <b>402</b>     | <b>402</b>     | <b>402</b>     |
| <b>Total receivables</b>                   | <b>4,057</b>   | <b>3,870</b>   | <b>4,067</b>   | <b>3,868</b>   |

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Hospitals 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.

**14.1 Impairment of receivables**

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

Movement in the allowance for impairment loss on receivables:

|   | Consolidated   |                | Parent         |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>\$'000 | 2020<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 |
| Transfer through administrative restructure                   | -              | 107            | -              | 107            |
| <b>Carrying amount at the beginning of the period</b>         | <b>480</b>     | <b>-</b>       | <b>480</b>     | <b>-</b>       |
| Increase/(Decrease) in allowance recognised in profit or loss | 882            | 373            | 882            | 373            |
| <b>Carrying amount at the end of the period</b>               | <b>1,362</b>   | <b>480</b>     | <b>1,362</b>   | <b>480</b>     |

Impairment losses related to receivables arising from contracts with customers that are external to the SA Government Refer to note 31 for details regarding credit risk and the methodology for determining impairment.

**15. Other financial assets**

The consolidated and parent entity, hold term deposits of \$18.944 million (\$19.354 million) and \$17.893 million (\$18.164 million) respectively. Of these deposits \$11.229 million (\$11.549 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised cost. There is no impairment on term deposits.

**16. Inventories**

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 |
| Drug supplies  | 162            | 152            | 162            | 152            |
| Medical, surgical and laboratory supplies                | 559            | 411            | 559            | 411            |
| Food and hotel supplies                                  | 100            | 87             | 100            | 87             |
| Engineering supplies                                     | 11             | 11             | 11             | 11             |
| Other  | 20             | 27             | 20             | 27             |
| <b>Total current inventories - held for distribution</b> | <b>852</b>     | <b>688</b>     | <b>852</b>     | <b>688</b>     |

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2021**

**17. Property, plant and equipment, investment property and intangible assets**

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

**17.2 Depreciation and amortisation**

The residual values, useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reviewed and adjusted if appropriate on an annual basis. Changes in 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   | 10-80                      |
| Right-of-use-buildings   | Lease term                 |
| Leasehold improvements   | Lease term                 |
| Plant and equipment:   |                            |
| • Medical, surgical, dental and biomedical equipment and furniture | 2-20                       |
| • Computing equipment  | 3-5                        |
| • Vehicles   | 2-20                       |
| • Other plant and equipment  | 3-30                       |
| Right-of-use-plant and equipment                                   | Lease term                 |

**17.3 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 asset's fair value at the time of acquisition is greater than \$1 million and the estimated useful life exceeds three years. Revaluations are undertaken on a regular cycle. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair-value. If at any time management considers that the carrying amount of an asset greater than \$1 million materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any asset revaluation surplus relating to that asset is transferred to retained earnings.

**17.4 Impairment**

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

There were no indications of impairment for property, plant and equipment as at 30 June 2021.

**17.5 Land and building**

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2021**

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

**17.6 Plant and equipment**

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

**17.7 Leased property, plant and equipment**

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost and there were no indications of impairment. Additions to right-of-use assets during 2020-21 were \$0.272 million (\$0.877 million). Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in note 9.

The Hospital has a number of lease agreements. Lease terms vary in length from 2 to 25 years.

Major lease activities include the use of:

- Properties – buildings are mainly leased from the private sector for office space or accommodation for clients, locums and students. Generally property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- Health Facilities – Mount 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 building revert to the Hospital. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is set out as part of the new lease agreement.
- 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 kilometers, whichever occurs first.

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

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 21. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 18 and 11. Cash outflows related to right-of-use assets are disclosed at note 25.

LIMESTONE COAST LOCAL HEALTH NETWORK  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 For the year ended 30 June 2021

18. Reconciliation of property, plant and equipment

The following table shows the movement:

| Consolidated<br>2020-21  | Land and buildings: |                     |   |  | Plant and equipment:  |  |   |  |   | Total<br>\$'000 |
|--|---------------------|---------------------|---|--|---|--|---|--|---|-----------------|
|  | Land<br>\$'000      | Buildings<br>\$'000 | Right-of-<br>use<br>buildings<br>\$'000 | Capital<br>works in<br>progress<br>land and<br>buildings<br>\$'000 | Accommodation<br>and Leasehold<br>improve-<br>ments<br>\$'000 | Medical/<br>surgical/<br>dental/<br>biomedical<br>\$'000 | Other<br>plant and<br>equipment<br>\$'000 | Right-of-<br>use plant<br>and<br>equipment<br>\$'000 | Capital<br>works in<br>progress<br>plant and<br>equipment<br>\$'000 |                 |
| Carrying amount at the beginning of the period                 | 4,154               | 54,049              | 45,663                                  | 5,297  | 15,880  | 1,403  | 974                                       | 589  | 16  | 128,025         |
| Additions  | -                   | 36                  | -                                       | 3,578  | -   | 566  | 190                                       | 272  | 145   | 4,787           |
| Assets received free of charge                                 | -                   | -                   | -                                       | -  | -   | -  | -   | -  | 152   | 152             |
| Disposals  | -                   | -                   | -                                       | -  | -   | -  | (3)                                       | (25)   | -   | (28)            |
| Transfers between asset classes                                | -                   | 3,346               | -                                       | (5,510)  | 2,164   | 168  | -   | -  | (168)   | -               |
| Other movements  | -                   | -                   | (11)                                    | -  | -   | -  | -   | -  | -   | (11)            |
| <b>Subtotal:</b>   | <b>4,154</b>        | <b>57,431</b>       | <b>45,652</b>                           | <b>3,365</b>   | <b>18,044</b>   | <b>2,137</b>   | <b>1,161</b>                              | <b>836</b>   | <b>145</b>  | <b>132,925</b>  |
| <b>Gains/(losses) for the period recognised in net result:</b> |                     |                     |   |  |   |  |   |  |   |                 |
| Depreciation and amortisation                                  | -                   | (2,900)             | (1,759)                                 | -  | (420)   | (553)  | (155)                                     | (343)  | -   | (6,130)         |
| <b>Subtotal:</b>   | <b>-</b>            | <b>(2,900)</b>      | <b>(1,759)</b>                          | <b>-</b>   | <b>(420)</b>  | <b>(553)</b>   | <b>(155)</b>                              | <b>(343)</b>   | <b>-</b>  | <b>(6,130)</b>  |
| <b>Carrying amount at the end of the period*</b>               | <b>4,154</b>        | <b>54,531</b>       | <b>43,893</b>                           | <b>3,365</b>   | <b>17,624</b>   | <b>1,584</b>   | <b>1,006</b>                              | <b>493</b>   | <b>145</b>  | <b>126,795</b>  |
| <b>Gross carrying amount</b>                                   |                     |                     |   |  |   |  |   |  |   |                 |
| Gross carrying amount  | 4,154               | 61,756              | 47,481                                  | 3,365  | 18,464  | 3,019  | 1,302                                     | 923  | 145   | 140,609         |
| Accumulated depreciation / amortisation                        | -                   | (7,225)             | (3,588)                                 | -  | (840)   | (1,435)  | (296)                                     | (430)  | -   | (13,814)        |
| <b>Carrying amount at the end of the period</b>                | <b>4,154</b>        | <b>54,531</b>       | <b>43,893</b>                           | <b>3,365</b>   | <b>17,624</b>   | <b>1,584</b>   | <b>1,006</b>                              | <b>493</b>   | <b>145</b>  | <b>126,795</b>  |

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 21 for details about the lease liability for right-of-use assets.

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2021

Consolidated

2019-20

|  | Land and buildings: |                     |   |  | Plant and equipment:                                      |  |   |  |   | Total<br>\$'000 |
|--|---------------------|---------------------|---|--|---|--|---|--|---|-----------------|
|  | Land<br>\$'000      | Buildings<br>\$'000 | Right-of-<br>use<br>buildings<br>\$'000 | Capital<br>works in<br>progress<br>land and<br>buildings<br>\$'000 | Accommodation<br>and Leasehold<br>improve-ments<br>\$'000 | Medical/<br>surgical/<br>dental/<br>biomedical<br>\$'000 | Other<br>plant and<br>equipment<br>\$'000 | Right-of-<br>use plant<br>and<br>equipment<br>\$'000 | Capital<br>works in<br>progress<br>plant and<br>equipment<br>\$'000 |                 |
| Carrying amount at the beginning of the period                 | 4,154               | 56,679              | 47,200                                  | 926  | 16,277  | 1,592  | 1,013                                     | 430  | -   | 128,271         |
| Additions  | -                   | 207                 | 373                                     | 4,371  | 23  | 236  | 47  | 504  | 16  | 5,777           |
| Assets received free of charge                                 | -                   | -                   | -                                       | -  | -   | 76   | 90  | -  | -   | 166             |
| Disposals  | -                   | -                   | -                                       | -  | -   | -  | (29)                                      | (24)   | -   | (53)            |
| Transfers between asset classes                                | -                   | -                   | -                                       | -  | -   | -  | -   | -  | -   | -               |
| <b>Subtotal:</b>   | <b>4,154</b>        | <b>56,886</b>       | <b>47,573</b>                           | <b>5,297</b>   | <b>16,300</b>   | <b>1,904</b>   | <b>1,121</b>                              | <b>910</b>   | <b>16</b>   | <b>134,161</b>  |
| <b>Gains/(losses) for the period recognised in net result:</b> |                     |                     |   |  |   |  |   |  |   |                 |
| Depreciation and amortisation                                  | -                   | (2,837)             | (1,910)                                 | -  | (420)   | (501)  | (147)                                     | (321)  | -   | (6,136)         |
| <b>Subtotal:</b>   | <b>-</b>            | <b>(2,837)</b>      | <b>(1,910)</b>                          | <b>-</b>   | <b>(420)</b>  | <b>(501)</b>   | <b>(147)</b>                              | <b>(321)</b>   | <b>-</b>  | <b>(6,136)</b>  |
| <b>Carrying amount at the end of the period*</b>               | <b>4,154</b>        | <b>54,049</b>       | <b>45,663</b>                           | <b>5,297</b>   | <b>15,880</b>   | <b>1,403</b>   | <b>974</b>                                | <b>589</b>   | <b>16</b>   | <b>128,025</b>  |
| <b>Gross carrying amount</b>                                   |                     |                     |   |  |   |  |   |  |   |                 |
| Gross carrying amount  | 4,154               | 58,374              | 47,492                                  | 5,297  | 16,300  | 2,285  | 1,121                                     | 839  | 16  | 135,878         |
| Accumulated depreciation / amortisation                        | -                   | (4,325)             | (1,829)                                 | -  | (420)   | (882)  | (147)                                     | (250)  | -   | (7,853)         |
| <b>Carrying amount at the end of the period</b>                | <b>4,154</b>        | <b>54,049</b>       | <b>45,663</b>                           | <b>5,297</b>   | <b>15,880</b>   | <b>1,403</b>   | <b>974</b>                                | <b>589</b>   | <b>16</b>   | <b>128,025</b>  |

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 21 for details about the lease liability for right-of-use assets.

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2021

Parent

2020-21

|  | Land and buildings: |                     |   |  | Plant and equipment:                                      |  |   |  |   | Total<br>\$'000 |
|--|---------------------|---------------------|---|--|---|--|---|--|---|-----------------|
|  | Land<br>\$'000      | Buildings<br>\$'000 | Right-of-<br>use<br>buildings<br>\$'000 | Capital<br>works in<br>progress<br>land and<br>buildings<br>\$'000 | Accommodation<br>and Leasehold<br>improve-ments<br>\$'000 | Medical/<br>surgical/<br>dental/<br>biomedical<br>\$'000 | Other<br>plant and<br>equipment<br>\$'000 | Right-of-<br>use plant<br>and<br>equipment<br>\$'000 | Capital<br>works in<br>progress<br>plant and<br>equipment<br>\$'000 |                 |
| <b>Carrying amount at the beginning of the period</b>          | 2,517               | 26,332              | 45,663                                  | 5,297  | 15,880  | 1,403  | 974                                       | 589  | 16  | 98,671          |
| Additions  | -                   | 36                  | -                                       | 3,578  | -   | 566  | 190                                       | 272  | 145   | 4,787           |
| Assets received free of charge                                 | -                   | -                   | -                                       | -  | -   | -  | -   | -  | 152   | 152             |
| Disposals  | -                   | -                   | -                                       | -  | -   | -  | (3)                                       | (25)   | -   | (28)            |
| Donated assets disposal  | -                   | (36)                | -                                       | (999)  | -   | -  | -   | -  | -   | (1,035)         |
| Transfers between asset classes                                | -                   | 2,347               | -                                       | (4,510)  | 2,164   | 168  | -   | -  | (168)   | 1               |
| Other movements  | -                   | -                   | (11)                                    | -  | -   | -  | -   | -  | -   | (11)            |
| <b>Subtotal:</b>   | <b>2,517</b>        | <b>28,679</b>       | <b>45,652</b>                           | <b>3,366</b>   | <b>18,044</b>   | <b>2,137</b>   | <b>1,161</b>                              | <b>836</b>   | <b>145</b>  | <b>102,537</b>  |
| <b>Gains/(losses) for the period recognised in net result:</b> |                     |                     |   |  |   |  |   |  |   |                 |
| Depreciation and amortisation                                  | -                   | (1,517)             | (1,759)                                 | -  | (420)   | (553)  | (155)                                     | (343)  | -   | (4,747)         |
| <b>Subtotal:</b>   | <b>-</b>            | <b>(1,517)</b>      | <b>(1,759)</b>                          | <b>-</b>   | <b>(420)</b>  | <b>(553)</b>   | <b>(155)</b>                              | <b>(343)</b>   | <b>-</b>  | <b>(4,747)</b>  |
| <b>Carrying amount at the end of the period*</b>               | <b>2,517</b>        | <b>27,162</b>       | <b>43,893</b>                           | <b>3,366</b>   | <b>17,624</b>   | <b>1,584</b>   | <b>1,006</b>                              | <b>493</b>   | <b>145</b>  | <b>97,790</b>   |
| <b>Gross carrying amount</b>                                   |                     |                     |   |  |   |  |   |  |   |                 |
| Gross carrying amount  | 2,517               | 30,135              | 47,481                                  | 3,366  | 18,464  | 3,019  | 1,302                                     | 923  | 145   | 107,352         |
| Accumulated depreciation / amortisation                        | -                   | (2,973)             | (3,588)                                 | -  | (840)   | (1,435)  | (296)                                     | (430)  | -   | (9,562)         |
| <b>Carrying amount at the end of the period</b>                | <b>2,517</b>        | <b>27,162</b>       | <b>43,893</b>                           | <b>3,366</b>   | <b>17,624</b>   | <b>1,584</b>   | <b>1,006</b>                              | <b>493</b>   | <b>145</b>  | <b>97,790</b>   |

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 21 for details about the lease liability for right-of-use assets.

LIMESTONE COAST LOCAL HEALTH NETWORK  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
For the year ended 30 June 2021

Parent

2019-20

|  | Land and buildings: |                     |   |  | Plant and equipment:  |  |   |  |   |                | Total<br>\$'000 |
|--|---------------------|---------------------|---|--|---|--|---|--|---|----------------|-----------------|
|  | Land<br>\$'000      | Buildings<br>\$'000 | Right-of-<br>use<br>buildings<br>\$'000 | Capital<br>works in<br>progress<br>land and<br>buildings<br>\$'000 | Accommodation<br>and Leasehold<br>improve-<br>ments<br>\$'000 | Medical/<br>surgical/<br>dental/<br>biomedical<br>\$'000 | Other<br>plant and<br>equipment<br>\$'000 | Right-of-<br>use plant<br>and<br>equipment<br>\$'000 | Capital<br>works in<br>progress<br>plant and<br>equipment<br>\$'000 |                |                 |
| Carrying amount at the beginning of the period                 | 2,517               | 27,596              | 47,200                                  | 926  | 16,277  | 1,592  | 1,013                                     | 430  | -   | 97,551         |                 |
| Additions  | -                   | 207                 | 373                                     | 4,371  | 23  | 236  | 47  | 504  | 16  | 5,777          |                 |
| Assets received free of charge                                 | -                   | -                   | -                                       | -  | -   | 76   | 90  | -  | -   | 166            |                 |
| Disposals  | -                   | -                   | -                                       | -  | -   | -  | (29)                                      | (24)   | -   | (53)           |                 |
| Donated assets disposal  | -                   | (15)                | -                                       | -  | -   | -  | -   | -  | -   | (15)           |                 |
| Transfers between asset classes                                | -                   | -                   | -                                       | -  | -   | -  | -   | -  | -   | -              |                 |
| <b>Subtotal:</b>   | <b>2,517</b>        | <b>27,788</b>       | <b>47,573</b>                           | <b>5,297</b>   | <b>16,300</b>   | <b>1,904</b>   | <b>1,121</b>                              | <b>910</b>   | <b>16</b>   | <b>103,426</b> |                 |
| <b>Gains/(losses) for the period recognised in net result:</b> |                     |                     |   |  |   |  |   |  |   |                |                 |
| Depreciation and amortisation                                  | -                   | (1,456)             | (1,910)                                 | -  | (420)   | (501)  | (147)                                     | (321)  | -   | (4,755)        |                 |
| <b>Subtotal:</b>   | <b>-</b>            | <b>(1,456)</b>      | <b>(1,910)</b>                          | <b>-</b>   | <b>(420)</b>  | <b>(501)</b>   | <b>(147)</b>                              | <b>(321)</b>   | <b>-</b>  | <b>(4,755)</b> |                 |
| <b>Carrying amount at the end of the period*</b>               | <b>2,517</b>        | <b>26,332</b>       | <b>45,663</b>                           | <b>5,297</b>   | <b>15,880</b>   | <b>1,403</b>   | <b>974</b>                                | <b>589</b>   | <b>16</b>   | <b>98,671</b>  |                 |
| <b>Gross carrying amount</b>                                   |                     |                     |   |  |   |  |   |  |   |                |                 |
| Gross carrying amount  | 2,517               | 27,788              | 47,492                                  | 5,297  | 16,300  | 2,285  | 1,121                                     | 839  | 16  | 103,655        |                 |
| Accumulated depreciation / amortisation                        | -                   | (1,456)             | (1,829)                                 | -  | (420)   | (882)  | (147)                                     | (250)  | -   | (4,984)        |                 |
| <b>Carrying amount at the end of the period</b>                | <b>2,517</b>        | <b>26,332</b>       | <b>45,663</b>                           | <b>5,297</b>   | <b>15,880</b>   | <b>1,403</b>   | <b>974</b>                                | <b>589</b>   | <b>16</b>   | <b>98,671</b>  |                 |

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 21 for details about the lease liability for right-of-use assets.



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**19. Fair value measurement**

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

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

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use. The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 17 and 19.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**19.1 Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Hospital categorises non-financial assets measured at fair value at level 3 which are all recurring. There are no non-recurring fair value measurements.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2020 and 2021, the Hospital had no valuations categorised into level 1 or level 2.

**19.2 Valuation techniques and inputs**

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

Unobservable inputs used to arrive at final valuation figures included:

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

**20. Payables**

|                                   | Consolidated   |                |                | Parent         |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2021<br>\$'000 | 2020<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 |
| <b>Current</b>                    |                |                |                |                |
| Creditors and accrued expenses    | 3,631          | 3,379          | 3,631          | 3,379          |
| Paid Parental Leave Scheme        | 17             | 38             | 17             | 38             |
| Staff on-costs*                   | 1,321          | 1,205          | 1,321          | 1,205          |
| Other payables                    | 98             | 74             | 98             | 74             |
| <b>Total current payables</b>     | <b>5,067</b>   | <b>4,696</b>   | <b>5,067</b>   | <b>4,696</b>   |
| <b>Non-current</b>                |                |                |                |                |
| Staff on-costs*                   | 636            | 636            | 636            | 636            |
| <b>Total non-current payables</b> | <b>636</b>     | <b>636</b>     | <b>636</b>     | <b>636</b>     |
| <b>Total payables</b>             | <b>5,703</b>   | <b>5,332</b>   | <b>5,703</b>   | <b>5,332</b>   |

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. Staff on-costs are settled when the respective staff benefits

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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.

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2020 rate (9.8%) to 10.1% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff benefits expenses 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.

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

Refer to note 31 for information on risk management.

## 21. Financial liabilities

|  | Consolidated  |               | Parent        |               |
|--|---------------|---------------|---------------|---------------|
|  | 2021          | 2020          | 2021          | 2020          |
|  | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Current</b>                                 |               |               |               |               |
| Borrowings from SA Government                  | -             | 81            | -             | 81            |
| Lease liabilities                              | 3,050         | 3,056         | 3,050         | 3,056         |
| <b>Total current financial liabilities</b>     | <b>3,050</b>  | <b>3,137</b>  | <b>3,050</b>  | <b>3,137</b>  |
| <b>Non-current</b>                             |               |               |               |               |
| Lease liabilities                              | 39,409        | 42,280        | 39,409        | 42,280        |
| <b>Total non-current financial liabilities</b> | <b>39,409</b> | <b>42,280</b> | <b>39,409</b> | <b>42,280</b> |
| <b>Total financial liabilities</b>             | <b>42,459</b> | <b>45,417</b> | <b>42,459</b> | <b>45,417</b> |

The Hospital measures financial liabilities including borrowings 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 DTF's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

Refer to note 31 for information on risk management.

Refer note 18 for details about the right-of-use assets (including depreciation) and note 11 for financing costs associated with these leasing activities.

### 21.1 Concessional lease arrangements

The Hospital has no concessional lease arrangements.

### 21.2 Maturity analysis

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

|   | Consolidated  |               | Parent        |               |
|---|---------------|---------------|---------------|---------------|
|   | 2021          | 2020          | 2021          | 2020          |
|   | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Lease Liabilities</b>                      |               |               |               |               |
| 1 to 3 years                                  | 7,566         | 7,577         | 7,566         | 7,577         |
| 3 to 5 years                                  | 8,069         | 7,877         | 8,069         | 7,877         |
| 5 to 10 years                                 | 22,777        | 22,007        | 22,777        | 22,007        |
| More than 10 years                            | 5,045         | 9,919         | 5,045         | 9,919         |
| <b>Total lease liabilities (undiscounted)</b> | <b>43,457</b> | <b>47,380</b> | <b>43,457</b> | <b>47,380</b> |

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**22. Staff benefits**

|   | Consolidated  |               | Parent        |               |
|---|---------------|---------------|---------------|---------------|
|   | 2021          | 2020          | 2021          | 2020          |
|   | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Current</b>                          |               |               |               |               |
| Accrued salaries and wages              | 3,087         | 2,977         | 3,087         | 2,977         |
| Annual leave                            | 8,798         | 8,100         | 8,798         | 8,100         |
| Long service leave                      | 1,411         | 1,495         | 1,411         | 1,495         |
| Skills and experience retention leave   | 571           | 564           | 571           | 564           |
| <b>Total current staff benefits</b>     | <b>13,867</b> | <b>13,136</b> | <b>13,867</b> | <b>13,136</b> |
| <b>Non-current</b>                      |               |               |               |               |
| Long service leave                      | 16,046        | 16,513        | 16,046        | 16,513        |
| <b>Total non-current staff benefits</b> | <b>16,046</b> | <b>16,513</b> | <b>16,046</b> | <b>16,513</b> |
| <b>Total staff benefits</b>             | <b>29,913</b> | <b>29,649</b> | <b>29,913</b> | <b>29,649</b> |

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

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

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

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

The actuarial assessment performed by DTF left the salary inflation rate at 2.0% for annual leave and skills and experience retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

**22.2 Long service leave**

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

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance 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 increased from 2020 (0.75%) to 1.50%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of \$1.059 million, payables (staff on-costs) of \$0.041 million and staff benefits expense of \$1.100 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.

**23. Provisions**

Provisions represent workers compensation.

Reconciliation of workers compensation (statutory and non-statutory):

|  | Consolidated |        | Parent |        |
|--|--------------|--------|--------|--------|
|  | 2021         | 2020   | 2021   | 2020   |
|  | \$'000       | \$'000 | \$'000 | \$'000 |
| Transfer through administrative restructuring  | -            | 1,390  | -      | 1,390  |
| Carrying amount at the beginning of the period | 1,651        | -      | 1,651  | -      |

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|   | <b>Consolidated</b> |              | <b>Parent</b> |              |
|---|---------------------|--------------|---------------|--------------|
| Increase in provisions recognised   | 1,239               | 400          | 1,239         | 400          |
| Reductions arising from payments/other sacrifices of future economic benefits | (1,016)             | (139)        | (1,016)       | (139)        |
| <b>Carrying amount at the end of the period</b>                               | <b>1,874</b>        | <b>1,651</b> | <b>1,874</b>  | <b>1,651</b> |

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

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

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

There is a significant degree of uncertainty associated with estimating future claim and expense payments. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

*Additional compensation for certain work-related injuries or illnesses (additional compensation)*

The Hospital has recognised an additional compensation provision which provides 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.

The additional compensation provision is an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred at 30 June. The liability comprises an estimate for known claims and an estimate of incurred but not reported applications. No risk margin is included in the estimate.

There is a significant degree of uncertainty associated with this estimate. In addition, to the general uncertainties associated with estimating future claim and expense payments, the additional compensation provision is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meet, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate. Assumption used will continue to be refined to reflect emerging experience.

**24. Contract liabilities and other liabilities**

|   | <b>Consolidated</b> |               | <b>Parent</b> |               |
|---|---------------------|---------------|---------------|---------------|
|   | <b>2021</b>         | <b>2020</b>   | <b>2021</b>   | <b>2020</b>   |
| <b>Current</b>  | <b>\$'000</b>       | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> |
| Contract liabilities                                    | 2,511               | 1,751         | 2,511         | 1,751         |
| Residential aged care bonds                             | 13,295              | 13,137        | 13,295        | 13,137        |
| Other   | 12                  | 9             | 12            | 9             |
| <b>Total contract liabilities and other liabilities</b> | <b>15,818</b>       | <b>14,897</b> | <b>15,818</b> | <b>14,897</b> |

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

A contract liability is recognised for revenue relating to home care packages, training programs and other health programs received in advance and is realised as agreed milestones have been achieved. All performance obligations from these existing contracts (deferred service income) will be satisfied during the next reporting period and accordingly all amounts will be recognised as revenue.

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**25. Cash flow reconciliation**

Reconciliation of cash and cash equivalents at the end of the reporting period:

|  | Consolidated  |              | Parent       |              |
|--|---------------|--------------|--------------|--------------|
|  | 2021          | 2020         | 2021         | 2020         |
|  | \$'000        | \$'000       | \$'000       | \$'000       |
| Cash and cash equivalents disclosed in the Statement of Financial Position | 10,726        | 5,431        | 9,766        | 4,533        |
| <b>Cash as per Statement of Financial Position</b>                         | <b>10,726</b> | <b>5,431</b> | <b>9,766</b> | <b>4,533</b> |
| <b>Balance as per Statement of Cash Flows</b>                              | <b>10,726</b> | <b>5,431</b> | <b>9,766</b> | <b>4,533</b> |

**Reconciliation of net cash provided by operating activities to net result:**

|   |              |            |              |              |
|---|--------------|------------|--------------|--------------|
| Net cash provided by (used in) operating activities         | 9,421        | 7,715      | 9,507        | 7,724        |
| <b>Add/less non-cash items</b>                              |              |            |              |              |
| Asset donated free of charge                                | -            | -          | (1,035)      | (15)         |
| Capital revenues  | 3,477        | 3,043      | 3,477        | 3,043        |
| Depreciation and amortisation expense of non-current assets | (6,130)      | (6,136)    | (4,747)      | (4,755)      |
| Gain/(loss) on sale or disposal of non-current assets       | 2            | (29)       | 2            | (29)         |
| Interest credited directly to investments                   | 58           | 179        | 49           | 161          |
| Resources received free of charge                           | 152          | 166        | 152          | 166          |
| <b>Movement in assets/liabilities</b>                       |              |            |              |              |
| Increase/(decrease) in inventories                          | 164          | (17)       | 164          | (17)         |
| Increase/(decrease) in receivables                          | 187          | (125)      | 199          | (128)        |
| (Increase)/decrease in other liabilities                    | (893)        | (1,928)    | (893)        | (1,928)      |
| (Increase)/decrease in payables and provisions              | (989)        | (677)      | (988)        | (677)        |
| (Increase)/decrease in staff benefits                       | (264)        | (1,485)    | (264)        | (1,485)      |
| <b>Net result</b>   | <b>5,185</b> | <b>706</b> | <b>5,623</b> | <b>2,060</b> |

Total cash outflows for leases is \$3.926 million (\$4.006 million).

**26. Unrecognised contractual commitments**

|  | Consolidated |              | Parent       |              |
|--|--------------|--------------|--------------|--------------|
|  | 2021         | 2020         | 2021         | 2020         |
|  | \$'000       | \$'000       | \$'000       | \$'000       |
| <b>Expenditure commitments</b>                     |              |              |              |              |
| Within one year                                    | 3,913        | 2,057        | 3,913        | 2,057        |
| Later than one year but not longer than five years | 8,43         | 1,124        | 8,43         | 1,124        |
| <b>Total other expenditure commitments</b>         | <b>4,756</b> | <b>3,181</b> | <b>4,756</b> | <b>3,181</b> |

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

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2021 has not been quantified.

**27. Trust funds**

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

|   | Consolidated |           | Parent    |           |
|---|--------------|-----------|-----------|-----------|
|   | 2021         | 2020      | 2021      | 2020      |
|   | \$'000       | \$'000    | \$'000    | \$'000    |
| Carry amount at the beginning of period         | 35           | 25        | 35        | 25        |
| Client trust receipts                           | 10           | 21        | 10        | 21        |
| Client trust payments                           | (8)          | (12)      | (8)       | (12)      |
| <b>Carrying amount at the end of the period</b> | <b>37</b>    | <b>34</b> | <b>37</b> | <b>34</b> |

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**28. 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.

**28.1 Contingent Assets**

The Hospital is not aware of any contingent assets.

**28.2 Contingent Liabilities**

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

**28.3 Guarantees**

The Hospital has made no guarantees.

**29. Events after balance date**

Mount Gambier Private Hospital Incorporated (MGPH) entered into a Voluntary Administration process on 16th of July 2021, managed by Meertens Chartered Accounts. Circular to creditors and notice of meeting was received on 20th July 2021, with the first meeting of creditors held on Wednesday 28th of July 2021. Outstanding invoices from the Limestone Coast Local Health Network to MGPH relating to the period up to 15th of July 2021 totaled \$885,851.86, consisting of May charges of \$350,978.04, June charges of \$361,867.33 and charges for 1st to 15th of July of \$173,006.49. Effective from 16th of July, services will be charged to the appointed administrator, with the first invoice for the charges relating to the period 16th to 31st of July being for \$184,540.26. All amounts listed are inclusive of GST. The second creditor meeting was held on Monday 9th of August 2021, with the creditors resolving that the MGPH execute a proposed Deed of Association Arrangement (DOAA). The Mount Gambier Private Hospital Board have advised they intend to cease trading as an entity on 20th of August 2021.

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

The Hospital has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet in effect.

Amending standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to the Hospital these amending standards are not expected to have an impact on the Hospital's general purpose financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The Hospital continues to assess liabilities eg LSL and whether or not the Hospital has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

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

**31.1 Financial risk management**

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

*Liquidity risk*

The Hospital is funded principally from appropriation by the SA Government. The Hospital 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 note 1.4, 20 and 21 for further information.

*Credit risk*

The Hospital has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Hospital has minimal concentration of credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital. Refer to notes 13, 14 and 15 for further information.

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*Market risk*

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

**31.2 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.

Financial assets and financial liabilities are measured at amortised cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables at amortised costs are \$3.158 million (\$3.140 million) and \$3.931 million (\$3.323 million) respectively.

**31.3 Credit risk exposure and impairment of financial assets**

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

The Hospital uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors. The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

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

To measure the expected credit loss, receivables are grouped based on shared risks characteristics and the days past. When estimating expected credit loss, the Hospital considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Hospital's historical experience and informed credit assessment, including forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The Hospital's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future.

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

**Consolidated**

|                      | 30 June 2021                   |                              |                               | 30 June 2020                   |                              |                               |
|----------------------|--------------------------------|------------------------------|-------------------------------|--------------------------------|------------------------------|-------------------------------|
|                      | 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 |
| <b>Days past due</b> |                                |                              |                               |                                |                              |                               |
| Current              | 0.1-100%                       | 1,461                        | 699                           | 0.2-3.5%                       | 1025                         | 23                            |
| <30 days             | 0.3-5%                         | 285                          | 9                             | 0.4-5%                         | 283                          | 9                             |
| 31-60 days           | 1.9-11.2%                      | 207                          | 12                            | 2.2-11.1%                      | 201                          | 12                            |
| 61-90 days           | 3.1-13.2%                      | 68                           | 6                             | 3.8-13.1%                      | 149                          | 11                            |
| 91-120 days          | 3.7-17.3%                      | 85                           | 10                            | 4.4-17.3%                      | 178                          | 26                            |
| 121-180 days         | 5-22.5%                        | 217                          | 38                            | 6-22.4%                        | 229                          | 43                            |
| 181-360 days         | 7.1-42.4%                      | 265                          | 87                            | 8.3-39.1%                      | 379                          | 120                           |
| 361-540 days         | 28.1-100%                      | 224                          | 223                           | 29.8-42%                       | 183                          | 84                            |
| >540 days            | 33.7-100%                      | 332                          | 278                           | 35.7-45.2%                     | 241                          | 152                           |
| <b>Total</b>         |                                | <b>3,144</b>                 | <b>1,362</b>                  |                                | <b>2,868</b>                 | <b>480</b>                    |

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**32. Significant transactions with government related entities**

The Hospital is controlled by the SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report.

The Hospital received funding from the SA Government via the Department (refer to note 2), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (refer to note 9). The Department transferred capital works in progress of \$3.476 million (\$3.043 million) to the Hospital. The Hospital incurred significant expenditure with the Department for Infrastructure and Transport (DIT) for property repairs and maintenance of \$2.035 million (\$2.048 million) (refer to note 9).

**33. Interests in other entities**

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

**Controlled Entities**

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

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

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

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

The Hospital also has effective control over, and a 100% interest in, the net assets of the associated GFTs. The GFT's were established by virtue of a deed executed between the Department for Health and Wellbeing and the individual HAC

| <b>Health Advisory Council</b>  |   |   |
|---|---|---|
| <b>Incorporated HACs and GFTs</b>                                       |   |   |
| Bordertown and District Health Advisory Council Inc                     | Kingston/Robe Health Advisory Council Inc                   | Millicent and Districts Health Advisory Council Inc                 |
| Mount Gambier and Districts Health Advisory Council Inc                 | Naracoorte Area Health Advisory Council Inc                 | Penola and Districts Health Advisory Council Inc                    |
| Bordertown and District Health Advisory Council Inc Gift Fund Trust     | Kingston/Robe Health Advisory Council Inc Gift Fund Trust   | Millicent and Districts Health Advisory Council Inc Gift Fund Trust |
| Mount Gambier and Districts Health Advisory Council Inc Gift Fund Trust | Naracoorte Area Health Advisory Council Inc Gift Fund Trust | Penola and Districts Health Advisory Council Inc Gift Fund Trust    |



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**34. 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 APS124.B were:

| <b>Board/Committee name:</b>   | <b>Government<br/>employee<br/>members</b> | <b>Other members</b>  |
|--|--|---|
| Limestone Coast Local Health Network Governing Board                     | -  | King G (Chair), Brown G, Cook L, Irving J, Johnson A, Saies A |
| Limestone Coast Local Health Network Audit and Risk Management Committee | -  | Kortum D (appointed 27/07/2020)                               |

Refer to note 8.2 for remuneration of board and committee members