

Southern Adelaide
Local Health Network Incorporated

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair of the Board Southern Adelaide Local Health Network Incorporated

Opinion

I have audited the financial report of the Southern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2020.

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

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a 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 Southern Adelaide Local Health Network Incorporated. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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 Southern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2020.

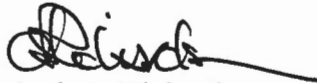
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

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

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

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

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

Andrew Richardson

Auditor-General

21 September 2020

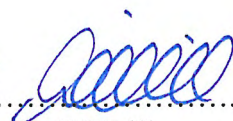
Certification of the financial statements

We certify that the:

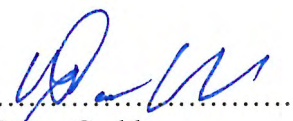
- financial statements of the Southern Adelaide Local Health Network Inc.:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial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



Mark Butcher
Board Chair



Susan O'Neill
Chief Executive Officer



Wayne Gadd
Chief Finance Officer

Date 15 Sept 2020

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Revenues from SA Government	11	1,071,169	957,731
Fees and charges	7	71,202	59,776
Grants and contributions	8	4,834	4,465
Interest		64	144
Resources received free of charge	9	5,015	4,217
Other revenues/income		7,687	7,924
Total income		1,159,971	1,034,257
Expenses			
Staff benefits expenses	2	786,781	781,323
Supplies and services	3	350,126	298,104
Depreciation and amortisation	17	42,570	40,633
Grants and subsidies	4	97	271
Borrowing costs	5	272	406
Net loss from disposal of non-current and other assets	10	159	991
Impairment loss on receivables	13	105	(316)
Other expenses	6	505	1,258
Total expenses		1,180,615	1,122,670
Net result		(20,644)	(88,413)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		-	(38)
Total other comprehensive income		-	(38)
Total comprehensive result		(20,644)	(88,451)

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	12	32,215	14,880
Receivables	13	20,269	21,806
Inventories	15	3,858	3,206
Total current assets		56,342	39,892
Non-current assets			
Receivables	13	5,827	6,184
Other financial assets	14	2,601	2,601
Property, plant and equipment	16,17	735,302	739,164
Intangible assets	16.5	36	36
Total non-current assets		743,766	747,985
Total assets		800,108	787,877
Current liabilities			
Payables	19	33,336	31,484
Financial liabilities	20	355	3,007
Staff benefits	21	128,223	111,684
Provisions	22	5,124	5,098
Contract liabilities and other liabilities	23	2,331	2,496
Total current liabilities		169,369	153,769
Non-current liabilities			
Payables	19	6,311	4,786
Financial liabilities	20	10,086	-
Staff benefits	21	159,613	154,207
Provisions	22	38,729	37,429
Contract liabilities and other liabilities	23	-	343
Total non-current liabilities		214,739	196,765
Total liabilities		384,108	350,534
Net assets		416,000	437,343
Equity			
Retained earnings		332,370	353,713
Asset revaluation surplus		83,630	83,630
Total equity		416,000	437,343

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2018	83,668	441,753	525,421
Adjustments on initial adoption of Accounting Standards	-	373	373
Adjusted balance at 1 July 2018	83,668	442,126	525,794
Net result for 2018-19	-	(88,413)	(88,413)
Gain/(loss) on revaluation of land and buildings	(38)	-	(38)
Total comprehensive result for 2018-19	(38)	(88,413)	(88,451)
Balance at 30 June 2019	83,630	353,713	437,343
Adjustments on initial adoption of Accounting Standards	-	343	343
Adjusted balance at 1 July 2019	83,630	354,056	437,686
Net result for 2019-20	-	(20,644)	(20,644)
Total comprehensive result for 2019-20	-	(20,644)	(20,644)
Net assets received from an administrative restructure	-	(1,042)	(1,042)
Balance at 30 June 2020	83,630	332,370	416,000

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	2020	2019
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Fees and charges	58,568	47,978
Grants and contributions	7,037	5,310
Interest received	64	144
GST recovered from ATO	13,770	14,177
Other receipts	7,149	9,676
Receipts from SA Government	916,420	847,699
Cash generated from operations	1,003,008	924,984
Cash outflows		
Staff benefits payments	(759,344)	(733,054)
Payments for supplies and services	(203,421)	(198,727)
Payments of grants and subsidies	(162)	(617)
Interest paid	(198)	-
Other payments	(675)	(1,310)
Cash used in operations	(963,800)	(933,708)
Net cash provided by/(used in) operating activities	39,208	(8,724)
Cash flows from investing activities		
Cash inflows		
Proceeds from sale of property, plant and equipment	47	-
Cash generated from investing activities	47	-
Cash outflows		
Purchase of property, plant and equipment	(16,949)	(5,405)
Purchase of intangible assets	-	(36)
Cash used in investing activities	(16,949)	(5,441)
Net cash used in investing activities	(16,902)	(5,441)
Cash flows from financing activities		
Cash outflows		
Repayment of borrowings	(3,007)	(3,908)
Repayment of lease liability	(1,964)	-
Cash used in financing activities	(4,971)	(3,908)
Net cash used in financing activities	(4,971)	(3,908)
Net increase/(decrease) in cash and cash equivalents	17,335	(18,073)
Cash and cash equivalents at the beginning of the period	14,880	32,953
Cash and cash equivalents at the end of the period	12	32,215
Non-cash transactions	24,29	14,880

The accompanying notes form part of these financial statements.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

1. About Southern Adelaide Local Health Network

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

Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Administered items. Except as otherwise disclosed, Administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions

1.1 Objectives and activities

The Hospital is committed to protecting and improving the health of all South Australians by delivering a system that balances the provision of safe, high-quality and accessible services that are sustainable and reflective of local values, needs and priorities with strategic system leadership, regulatory responsibilities and an increased focus on wellbeing, illness prevention, early intervention and quality care.

The Hospital is part of the SA Health portfolio providing health services for Southern Adelaide, including those managed on a State-wide basis. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based quaternary care including medical, surgical and other acute services, rehabilitation, mental health and palliative care and other community health services to veterans and other persons living within the southern Adelaide metropolitan area and Statewide as appropriate.

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

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

1.2 Basis of preparation

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

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

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

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

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

1.3 Taxation

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

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

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

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

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

1.4 Continuity of Operations

As at 30 June 2020, the Hospital had working capital deficiency of \$113.297 million (\$113.877 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

1.5 Equity

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

1.6 Administrative restructures

Administrative Restructure – Transferred in

2019-20

As part of governance reforms and new department structure, it was agreed that a portion of the following functions would be transferred from the Department to the Hospital, effective 1 July 2019:

- Risk and assurance Internal audit
- Local Health Network based Biomedical Engineering
- Debt management

This resulted in the transfer in of net liabilities of \$1.042 million, consisting of staff benefits liabilities of \$1.053 million, Payables - staff on-costs of \$0.063 million and transfer of property, plant and equipment of (\$0.074 million). It comprised of 31 staff.

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

2018-19

There were no transfers during this period.

1.7 Impact of COVID-19 pandemic on SA Health

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

As at 30 June 2020, SA has had a total of 444 confirmed COVID cases. Noteworthy, since the 22 April 2020, SA has only had 5 new cases. Accordingly SA has minimised transmission of the virus and maintained containment of COVID-19 infection.

As the lead agency, SA Health has:

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

The Hospital has provided support to SA Health in dealing with the COVID-19 response. The material impacts on the Hospital's financial performance and financial position are outlined below:

- Additional financial assistance from the Commonwealth and State Government to assist the Hospital with its COVID-19 response. This funding was provided to create capacity in the system and to support staff and businesses associated with the Local Health Network, e.g. building costs to support capacity creation, equipment costs, hospital car parking support and rent relief.
- Additional costs of \$6.336 million associated with public health activities (e.g. preparation of hospitals to respond and establishing testing clinics), purchases of personal protective equipment for staff, and non-clinical costs (e.g. additional hospital cleaning costs), this includes Hospital staff accessing special leave with pay for up to 15 days for absences related to COVID-19 situations \$0.577 million.

Business continuity information is at note 1.4, impairment information is at note 13.1; and estimates and judgments are at notes 13.1, 19, 21.2 and 22.1

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

1.8 Change in accounting policy

AASB 16 Leases

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

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

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

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

	\$'000
Closing retained earnings 30 June 2019 – AASB 117	353,713
Assets	
Right of use assets	11,992
Liabilities	
Lease liabilities	11,992
<i>Add: adjustments as a result of lease incentive write off on the implementation of AASB 16</i>	343
Opening retained earnings 1 July 2019 – AASB 16	<u>354,056</u>

The initial measurement of right of use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments. Lease incentive liabilities have been written off against retained earnings at transition date. The initial measurement of the lease liability was the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate as at 1 July 2019. The average weighted incremental borrowing rate for this purpose was 1.46%.

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

	\$'000
Total Operating Lease Commitments disclosed as of 30 June 2019 (AASB 117)	12,439
Adjustments:	
<i>Less: short term/low value leases for which no lease liability is recognised</i>	(53)
<i>Add: adjustment as a result for incorrect Leaseplan motor vehicles</i>	55
<i>Less: adjustments as a result for change in incremental borrowing rate (1.37% to 1.84%)</i>	(1,005)
<i>Add: adjustment as a result for new lease identified</i>	556
Lease liability recognised in statement of financial position 1 July 2019 (AASB 16)	<u>11,992</u>

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

Accounting policy on transition

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

Ongoing accounting policies

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

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

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

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

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

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

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

- Revenues from SA Government (92.3%) largely reflects Appropriations and continues to be recognised as income when the Hospital obtains control of the funds (i.e. upon receipt);
- Commonwealth revenues and other grants (0.4%) continue to be recognised as service/performance obligations are satisfied, or alternatively where there are no service/performance obligations, upon receipt;
- Fees and Charges (6.1%) continue to be recognised as the service/performance obligations are satisfied;
- Taxes, rates and fines continue to be recognised as income when the taxable event occurs
- Contributed services (resources received free of charge) continues to be recognised where they would have been purchased if they were not donated under AASB 1058 (previously AASB 1004) and contributed assets that do not have sufficiently specific performance obligations will continue to be accounted for as a donation via AASB 1058 (previously AASB 1004);
- Interest income continues to be recognised via AASB 9.

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

1.9 Changes in presentation of financial statements

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

2. Staff benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	625,223	593,822
Targeted voluntary separation packages (refer below)	1,632	1,169
Long service leave	17,804	49,072
Annual leave	63,293	59,966
Skills and experience retention leave	2,977	2,730
Staff on-costs - superannuation*	66,869	61,892
Staff on-costs - other	3	-
Workers compensation	6,776	10,327
Board and committee fees	313	240
Other staff related expenses	1,891	2,105
Total staff benefits expenses	786,781	781,323

* 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.

2.1 Key Management Personnel

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

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

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

Compensation	2020	2019
	\$'000	\$'000
Salaries and other short term staff benefits	1,234	862
Post-employment benefits	116	82
Total	1,350	944

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.

2.2 Remuneration of board and committee members

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

	2020	2019
	No. of	No. of
	Members	Members
\$0	348	282
\$1 - \$20,000	50	66
\$20,001 - \$40,000	5	1
\$40,001 - \$60,000	1	-
\$60,001 - \$80,000	1	1
Total	405	350

The total remuneration received or receivable by members was \$0.339 million (\$0.256 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year. Board members ceasing membership during the reporting period are also included in the table above.

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

Refer to note 33 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

2.3 Remuneration of staff

	2020	2019
	Number	Number
The number of staff whose remuneration received or receivable falls within the following bands:		
\$151,000 - \$154,999*	n/a	29
\$155,000 - \$174,999	124	116
\$175,000 - \$194,999	77	66
\$195,000 - \$214,999	42	39
\$215,000 - \$234,999	32	41
\$235,000 - \$254,999	46	44
\$255,000 - \$274,999	36	33
\$275,000 - \$294,999	25	18
\$295,000 - \$314,999	31	22
\$315,000 - \$334,999	14	25
\$335,000 - \$354,999	25	23
\$355,000 - \$374,999	22	22
\$375,000 - \$394,999	27	17
\$395,000 - \$414,999	14	31
\$415,000 - \$434,999	32	22
\$435,000 - \$454,999	21	23
\$455,000 - \$474,999	24	14
\$475,000 - \$494,999	15	13
\$495,000 - \$514,999	11	7
\$515,000 - \$534,999	5	7
\$535,000 - \$554,999	7	14
\$555,000 - \$574,999	7	3
\$575,000 - \$594,999	6	-
\$595,000 - \$614,999	-	2
\$615,000 - \$634,999	2	-
\$635,000 - \$654,999	1	-
\$655,000 - \$674,999	-	1
Total	646	632

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

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

2.4 Remuneration of staffs by classification

The total remuneration received by these staff included in note 2.3:

	2020		2019	
	No.	\$'000	No.	\$'000
Nursing remuneration	37	6,098	42	7,223
Medical (excluding Nursing) remuneration	595	178,200	578	168,573
Non-medical (i.e. administration) remuneration	6	1,389	5	814
Executive remuneration	8	1,894	7	1,666
Total	646	187,581	632	178,276

2.5 Targeted voluntary separation packages (TVSP)

	2020	2019
	\$'000	\$'000
Amount paid/payable to separated staff:		
Leave paid/payable to separated employees	1,232	1,004
Targeted voluntary separation packages	1,632	1,169
	2,864	2,173
Recovery from DTF (via the Department)	819	253
Net cost to the Hospital	2,045	1,920
The number of staff who received a TVSP during the reporting period	29	24

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3. Supplies and services

	2020	2019
	\$'000	\$'000
Administration	115	218
Advertising	2,073	2,011
Communication	1,613	1,486
Computing	10,306	10,191
Consultants	279	-
Contract of services	7,746	4,016
Contractors	2,418	2,322
Contractors - agency staff	17,489	17,335
Drug supplies	25,280	17,579
Electricity, gas and fuel	8,167	8,796
Fee for service	39,587	37,977
Food supplies	10,781	11,042
Housekeeping	11,751	11,612
Insurance	5,928	5,944
Internal SA Health SLA payments	13,885	6,539
Medical, surgical and laboratory supplies	125,613	93,300
Minor equipment	3,634	3,775
Motor vehicle expenses	1,044	1,866
Occupancy rent and rates	2,954	4,689
Patient transport	5,995	6,360
Postage	1,426	1,318
Printing and stationery	2,377	2,194
Rental expense on operating lease	-	110
Repairs and maintenance	16,261	14,683
Security	7,024	6,163
Services from Shared Services SA	5,068	4,237
Short term lease expense	18	-
Training and development	10,388	10,953
Travel expenses	508	486
Other supplies and services	10,398	10,902
Total supplies and services	350,126	298,104

From 1 July 2019, 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 services expense) to consultants that fell within the following bands:

	2020		2019	
	No.	\$'000	No.	\$'000
Above \$10,000	3	279	-	-
Total paid/payable to consultancies engaged	3	279	-	-

4. Grants and subsidies

	2020	2019
	\$'000	\$'000
Recurrent grants	30	-
Funding to non-government organisations	67	271
Total grants and subsidies	97	271

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

5. Borrowing costs

	2020	2019
	\$'000	\$'000
Interest paid/payable*	74	406
Lease costs	198	-
Total borrowing costs	272	406

*Interest paid/payables relates to Flinders Medical Centre car park loan. The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was \$0.272 million (\$0.406 million).

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6. Other expenses

	2020	2019
	\$'000	\$'000
Debts written off	246	660
Bank fees and charges	42	43
Donated assets expense	-	8
Net loss on revaluation of investments	-	56
Other*	217	491
Total other expenses	505	1,258

*Includes a reversal of write down of inventory for \$0.207 million and audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.377 million (\$0.384 million). No other services were provided by the Auditor-General's Department.

7. Fees and charges

	2020	2019
	\$'000	\$'000
Car parking revenue	5,344	5,832
Commissions revenue	17	21
Fines, fees and penalties	11	29
Patient and client fees	37,321	29,274
Private practice fees	3,573	3,486
Recoveries	22,812	20,014
Sale of goods - medical supplies	131	247
Training revenue	190	1
Other user charges and fees	1,803	872
Total fees and charges	71,202	59,776

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

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

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	2020	2020	2019	2019
	Goods/Services transferred at a point in time	Goods/Services transferred over a period of time	Goods/Services transferred at a point in time	Goods/Services transferred over a period of time
Car parking revenue	2,463	2,867	3,397	2,435
Commissions revenue	17	-	21	-
Patient and client fees	37,103	-	29,223	-
Private practice fees	3,573	-	3,486	-
Sale of goods - medical supplies	100	-	187	-
Training revenue	8	-	-	-
Other user charges and fees	1,623	-	742	-
Total contracts with external customers	44,887	2,867	37,056	2,435
Car parking revenue	14	-	-	-
Patient and client fees	218	-	51	-
Sale of goods - medical supplies	31	-	60	-
Training revenue	182	-	1	-
Other user charges and fees	180	-	130	-
Total contracts with SA Government customers	625	-	242	-
Total contracts with customers	45,512	2,867	37,298	2,435

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 23). Similarly, if the Hospital satisfies a performance obligation before it receives the consideration, the Hospital recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due (refer to note 13).

The Hospital recognises revenue (contracts with 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

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doctors, surgeons, anaesthetists, 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 specialists private practice. SA Health disburses amounts collected on behalf of the specialist to the specialist via payroll (fortnightly) or accounts payable (monthly) depending on the rights of private practice scheme. Revenue from these services is recognized as it's collected as per the Rights of Private Practice Agreement.

Car Parking Revenue

The Hospital provides access to car parks directly to employees, patients and visitors. A discounted weekly ticket is also available. Revenue is recognized when control of the goods has transferred to the customer, being when the ticket is purchased. The Hospital also provides weekly, fortnightly and monthly car park passes to doctors and nurses and other staff.

8. Grants and contributions

	2020	2019
	\$'000	\$'000
Commonwealth grants and donations	650	186
Other SA Government grants and contributions	1,235	1,376
Private sector capital contributions	24	-
Private sector grants and contributions	2,925	2,903
Total grants and contributions	4,834	4,465

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

Of the \$4.834 million (\$4.465 million) received in 2019-20 for grants and contributions, \$1.076 million (\$1.317 million) was provided for specific purposes, such as research and associated activities.

9. Resources received free of charge

	2020	2019
	\$'000	\$'000
Services	5,015	4,217
Total resources received free of charge	5,015	4,217

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

In addition although not recognised the Hospital received volunteer services from the Volunteers Services Inc. There are around 750 volunteers whom provide patient and staff support services to individuals using the Hospital's services. The services include but not limited to: childcare, respite care, transport, therapeutic activities, patient liaison gift shop support, kiosk support and café support.

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

	2020	2019
	\$'000	\$'000
Land and buildings:	\$'000	\$'000
Less carrying amount of assets disposed	-	(686)
Net gain/(loss) from disposal of land and buildings	-	(686)
Plant and equipment:	\$'000	\$'000
Proceeds from disposal	47	-
Less carrying amount of assets disposed	(206)	(305)
Total net gain/(loss) from disposal of plant and equipment	(159)	(305)

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	2020	2019
	\$'000	\$'000
Total assets:		
Proceeds from disposal	47	-
Less carrying amount of assets disposed	(206)	(991)
Total net gain/(loss) from disposal of non-current and other assets	(159)	(991)

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. This does not include the derecognition of the right of use plant and equipment of \$0.014 million.

11. Revenues from SA Government

	2020	2019
	\$'000	\$'000
Recurrent funding	1,045,341	943,767
Capital funding	25,828	13,964
Total revenues from Department for Health and Wellbeing	1,071,169	957,731

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

12. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Cash at bank or on hand	1,380	1,389
Deposits with Treasurer: general operating	20,035	3,214
Deposits with Treasurer: special purpose funds	10,800	10,277
Total cash and cash equivalents	32,215	14,880

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

The Hospital only earns interest on the special deposit account of \$0.064 million (\$0.144 million).

13. Receivables

		2020	2019
	Note	\$'000	\$'000
Current			
Patient/client fees: compensable		1,467	653
Patient/client fees: other		8,723	9,862
Debtors		3,890	5,218
Less: allowance for impairment loss on receivables	13.1	(1,254)	(1,149)
Prepayments		3,773	3,807
Workers compensation provision recoverable		1,500	1,774
Sundry receivables and accrued revenue		1,742	992
GST input tax recoverable		428	649
Total current receivables		20,269	21,806
Non-current			
Debtors		921	919
Prepayments		1,544	1,600
Workers compensation provision recoverable		3,362	3,665
Total non-current receivables		5,827	6,184
Total receivables		26,096	27,990

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

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

13.1 Impairment of receivables

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

Movement in the allowance for impairment loss on receivables:

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	1,149	1,465
Increase/(Decrease) in allowance recognised in profit or loss	105	(316)
Carrying amount at the end of the period	1,254	1,149

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government.

Refer to note 30 for details regarding credit risk and the methodology for determining impairment.

14. Other financial assets

The joint venture represents the Hospital's share of beneficial entitlement of Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility, which is the only joint arrangement in which the Hospital participates. The value of entitlement as at the reporting period is unchanged at \$2.601 million from previous financial year.

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

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

15. Inventories

	2020	2019
	\$'000	\$'000
Drug supplies	834	691
Inventory imprest stock	2,086	2,066
Other	938	449
Total current inventories - held for distribution	3,858	3,206

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

16. Property, plant and equipment.

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

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

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16.2 Depreciation and amortisation

The residual values, useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reviewed and adjusted if appropriate on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

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

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	40 – 80
Right of use buildings	Lease term
Right of use plant and equipment	Lease term
Accommodation and Leasehold improvements	2-15
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 – 15
• Other plant and equipment	3 – 25
Intangible assets	5 – 30

16.3 Revaluation

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

Revaluation of non-current assets or a group of assets is only performed when the owned assets fair value at the time of acquisition is greater than \$1 million, and the estimated useful life exceeds three years. If at any time, management considers that the carrying amount of an asset greater than \$1 million materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

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.

16.4 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. For revalued assets, fair value is assessed each year. There were no indications of impairment of owned property, plant and equipment as at 30 June 2020.

16.5 Intangible assets

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed on an annual basis.

The acquisition of, or internal development of, software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured), and when the amount of expenditure is greater than or equal to \$10,000. Intangibles related to software capital work in progress of \$0.036 million remained unchanged from previous financial year. Capital work in progress is not amortised.

16.6 Land and building

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

An independent valuation of owned land and buildings including site improvements was performed in March 2018 by a certified practicing valuer from Jones Lang Lasalle (SA) Pty Ltd, as at 1 June 2018.

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

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

16.7 Right of use assets

Right-of-use assets are recorded at cost and there are no indications of impairment. Additions to right-of-use assets during 2019-20 consists of addition to accommodation \$0.023 million and motor vehicles \$0.403 million.

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17. Reconciliation of property, plant and equipment

The following table shows the movement :

2019-20	Land and buildings:				Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommod- ation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at the beginning of the period	43,255	673,161	10,978	4,607	3,782	11,719	2,429	1,014	211	751,156
Additions	-	-	23	23,448	-	2,931	56	403	1	26,862
Disposals	-	-	-	-	-	(187)	(19)	(14)	-	(220)
Donated assets disposal	-	-	-	-	-	-	-	-	-	-
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	74	-	-	-	74
Transfers between asset classes	-	6,297	-	(6,638)	341	166	-	-	(166)	-
Subtotal:	43,255	679,458	11,001	21,417	4,123	14,703	2,466	1,403	46	777,872
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(35,822)	(1,592)	-	(332)	(3,846)	(351)	(627)	-	(42,570)
Subtotal:	-	(35,822)	(1,592)	-	(332)	(3,846)	(351)	(627)	-	(42,570)
Gains/(losses) for the period recognised in other comprehensive income:										
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	-
Subtotal:	-	-	-	-	-	-	-	-	-	-
Carrying amount at the end of the period	43,255	643,636	9,409	21,417	3,791	10,857	2,115	776	46	735,302
Gross carrying amount										
Gross carrying amount	43,255	718,963	11,001	21,417	6,109	41,588	9,275	1,316	46	852,970
Accumulated depreciation / amortisation	-	(75,327)	(1,592)	-	(2,318)	(30,731)	(7,160)	(540)	-	(117,668)
Carrying amount at the end of the period	43,255	643,636	9,409	21,417	3,791	10,857	2,115	776	46	735,302

All assets are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 1.8 for details about the right-of-use assets, and note 20 for details about the lease liability for right-of-use assets.

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2018-19	Land and buildings:					Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommod- ation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000		
Carrying amount at the beginning of the period	43,255	683,788	-	20,100	4,065	12,458	2,604	-	795	767,065	
Additions	-	-	-	10,035	-	3,343	213	-	210	13,801	
Disposals	-	-	-	(686)	-	(136)	(169)	-	-	(991)	
Donated assets disposal	-	-	-	-	-	(8)	-	-	-	(8)	
Transfers between asset classes	-	25,287	-	(24,842)	-	125	192	-	(762)	-	
Other movements	-	-	-	-	-	-	-	-	(32)	(32)	
Subtotal:	43,255	709,075	-	4,607	4,065	15,782	2,840	-	211	779,835	
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(35,876)	-	-	(283)	(4,063)	(411)	-	-	(40,633)	
Subtotal:	-	(35,876)	-	-	(283)	(4,063)	(411)	-	-	(40,633)	
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	-	(38)	-	-	-	-	-	-	-	(38)	
Subtotal:	-	(38)	-	-	-	-	-	-	-	(38)	
Carrying amount at the end of the period	43,255	673,161	-	4,607	3,782	11,719	2,429	-	211	739,164	
Gross carrying amount											
Gross carrying amount	43,255	712,666	-	4,607	5,767	41,593	9,830	-	211	817,929	
Accumulated depreciation / amortisation	-	(39,505)	-	-	(1,985)	(29,874)	(7,401)	-	-	(78,765)	
Carrying amount at the end of the period	43,255	673,161	-	4,607	3,782	11,719	2,429	-	211	739,164	

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

18. Fair value measurement

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

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

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

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

18.1 Fair value hierarchy

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

All assets are held at level 3 and are recurring fair value measurements in 2019-20.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive Level 2 and 3 fair values are at note 16 and 18.2.

During 2020 and 2019, the Hospital had no valuations categorised into Level 1 and there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels.

18.2 Valuation techniques and inputs

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

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

Unobservable inputs used to arrive at final valuation figures included:

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

Although there were some land and buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all land and buildings have been classified as Level 3.

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19. Payables

	2020	2019
	\$'000	\$'000
Current		
Creditors and accrued expenses	20,277	20,118
Paid Parental Leave Scheme	137	73
Staff on-costs*	11,579	9,942
Other payables	1,343	1,351
Total current payables	33,336	31,484
Non-current		
Staff on-costs*	6,142	4,604
Other payables	169	182
Total non-current payables	6,311	4,786
Total payables	39,647	36,270

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 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. 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 has increased from 2019 rate (29%) to 38% and the average factor for the calculation of employer superannuation on-costs has remained at 9.80%. These rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is an increase in the staff on-cost and staff benefits expense of \$1.746 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 30 for information on risk management.

20. Financial liabilities

	2020	2019
	\$'000	\$'000
Current		
Lease liabilities	355	-
Borrowings from SA Government	-	3,007
Total current financial liabilities	355	3,007
Non-current		
Lease liabilities	10,086	-
Total non-current financial liabilities	10,086	-
Total financial liabilities	10,441	3,007

The Hospital measures financial liabilities including borrowings/debt at amortised cost. Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

Refer to note 30 for information on risk management.

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20.1 Leasing activities

The Hospital has a number of lease agreements. Lease terms vary in length from 2 to 10 years.

Major lease activities include the use of:

- Properties – Office accommodation and health clinics are generally leased from the private sector. Generally property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally at fixed rate. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

The Hospital has not committed to any lease arrangements that have not commenced.

The Hospital has not entered into any sub-lease arrangements outside of the SA Health.

Refer note 16 and 17 for details about the right of use assets (including depreciation) and note 5 for financing costs associated with these leasing activities.

20.2 Concessional lease arrangements

The Hospital has no concessional lease arrangements.

20.3 Maturity analysis

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

	2020	2019
	\$'000	\$'000
Lease Liabilities		
1 to 3 years	4,885	-
3 to 5 years	1,656	-
5 to 10 years	4,493	-
Total lease liabilities (undiscounted)	11,034	-

21. Staff benefits

	2020	2019
	\$'000	\$'000
Current		
Accrued salaries and wages	27,365	18,648
Annual leave	80,991	73,756
Long service leave	14,448	14,233
Skills and experience retention leave	5,065	4,785
Other	354	262
Total current staff benefits	128,223	111,684
Non-current		
Long service leave	159,613	154,207
Total non-current staff benefits	159,613	154,207
Total staff benefits	287,836	265,891

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 employee benefits are measured at nominal amounts.

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

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

The actuarial assessment performed by DTF decreased the salary inflation rate from 2019 (2.2%) to 2.0% for annual leave and skills, experience and retention leave liability. The net financial effect of the change in the salary inflation rate in the current financial year is a decrease in annual leave liability of \$0.159 million, skills and experience retention leave liability of \$0.010 million, payables (employee on-costs) of \$0.017 million and employee benefits expense of \$0.185 million.

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

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21.2 Long service leave

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from the 2019 rate (1.25%) to 0.75%. This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The actuarial assessment performed by DTF decreased the salary inflation rate from 2019 (4.0%) to 2.5% for long service leave liability, resulting in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an decrease in the long service leave liability of \$2.077 million, payables (employee on-costs) of \$0.080 million and employee benefits expense of \$2.157 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.

22. Provisions

All provisions are for workers compensation.

Reconciliation of workers compensation (statutory and non-statutory)

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	42,527	38,620
Increase in provisions recognized	2,514	5,171
Reductions arising from payments/other sacrifices of future economic benefits	(1,188)	(1,264)
Carrying amount at the end of the period	43,853	42,527

22.1 Workers Compensation

Workers compensation statutory provision

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claims costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers Compensation non-statutory provision

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

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2020 the Hospital recognised workers compensation non-statutory provision of \$0.368 million (\$0.429 million).

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23. Contract liabilities and other liabilities

	2020	2019
	\$'000	\$'000
Current		
Unearned revenue	2,240	2,200
Other	91	296
Total contract liabilities and other liabilities	2,331	2,496
Non-current		
Accommodation and lease incentive	-	343
Total non-current contract liabilities and other liabilities	-	343
Total contract liabilities and other liabilities	2,331	2,839

24. Cash flow reconciliation

	2020	2019
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	32,215	14,880
Cash as per Statement of Financial Position	32,215	14,880
Balance as per Statement of Cash Flows	32,215	14,880
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by (used in) operating activities	39,208	(8,724)
Add/less non-cash items		
Asset donated free of charge	-	(8)
Capital revenues	10,086	7,927
Depreciation and amortisation expense of non-current assets	(42,570)	(40,633)
Gain/(loss) on sale or disposal of non-current assets	(159)	(991)
Net effect of the adoption of new Accounting Standard	(343)	(373)
Non-current assets derecognised	-	(32)
Revaluation of investments	-	(56)
Movement in assets and liabilities		
Increase/(decrease) in receivables	(1,894)	2,582
Increase/(decrease) in inventories	652	137
(Increase)/decrease in staff benefits	(20,894)	(42,824)
(Increase)/decrease in payables and provisions	(5,238)	(3,097)
(Increase)/decrease in other liabilities	508	(2,321)
Net result	(20,644)	(88,413)

The total cash outflows for leases is \$2.163 million.

25. Unrecognised contractual commitments

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

25.1 Capital commitments

	2020	2019
	\$'000	\$'000
Within one year	3,190	-
Total Capital commitments	3,190	-

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

25.2 Expenditure commitments

	2020	2019
	\$'000	\$'000
Within one year	48,065	40,791
Later than one year but not longer than five years	112,635	83,247
Later than five years	-	51,819
Total Expenditure commitments	160,700	175,857

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The Hospital's expenditure commitments are for agreements for goods and services contracted but not received. This includes commitments for ISS Hotel Services and Adelaide Community Health Alliance.

25.3 Operating lease revenue commitments

	2020	2019
	\$'000	\$'000
Future minimum rentals receivables under non-cancellable operating leases are as follows:		
Within one year	6	87
Later than one year but not longer than five years	-	6
Total operating lease commitments	6	93

The Hospital's operating lease revenue relates to office space and shops leased to other organisations.

25.4 Operating lease expenditure commitments

	2020	2019
	\$'000	\$'000
Within one year	-	2,001
Later than one year but not longer than five years	-	5,225
Later than five years	-	5,213
Total operating lease commitments	-	12,439

Representing:

Non-cancellable operating leases	-	12,439
Total operating lease commitments	-	12,439

Operating lease expenditure commitments are provided for comparative purposes only.

26. Trust funds

The Hospital holds money in trust on behalf of consumers that reside in the Hospital facilities whilst the consumer is receiving residential mental health services, residential drug and alcohol rehabilitation services, or residential aged care services. As the Hospital only performs 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.

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of period	34	40
Client trust receipts	510	402
Client trust payments	441	408
Carrying amount at the end of the period	103	34

27. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed within this note and, if quantifiable are measured at nominal value. The Hospital is not aware of any contingent assets. Hospital is aware of four litigation settlements due to potential unfair dismissal claim and a potential workcover payout. The Hospital has made no guarantees.

28. Events after balance date

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

29. Impact of Standards and Statements 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 Standards AASB 2018-6 and AASB 2018-7 will apply from 1 July 2020 and AASB 2014-10, AASB 2015-10, AASB 2017-5 will apply from 1 July 2022. Although applicable to the Hospital, these amending standards are not expected to have an impact on the Hospital's financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect changes to the definition of a business, definition of materiality, and the additional clarification of requirements for a sale or contribution of assets between an investor and its associate or joint venture.

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30. Financial instruments/financial risk management

30.1 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 by SA Government via the Department. The Department works with DTF to determine the cash flows associated with this Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. Refer to note 19 and 20 for further information.

Credit risk

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

Market risk

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

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

30.2 Categorisation of financial instruments

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

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

A financial asset is measured at amortised cost if:

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

Category of financial asset and financial liability	Notes	2020 Carrying amount/ Fair value \$'000	2019 Carrying amount/ Fair value \$'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	12	32,215	14,880
Amortised cost			
Receivables ⁽¹⁾⁽²⁾	13	14,513	16,250
Fair value through profit or loss			
Other financial assets	14	2,601	2,601
Total financial assets		49,329	33,731
Financial liabilities			
Financial liabilities at amortised cost			
Payables ⁽¹⁾	19	21,410	21,277
Lease liabilities	20	10,441	3,007
Other liabilities	23	91	394
Total financial liabilities		31,942	24,678

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

(2) Receivables amount disclosed excludes prepayments.

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30.3 Credit risk exposure and impairment of financial assets

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

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

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

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

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

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

	30 June 2020			30 June 2019		
	Expected credit loss rate(s)	Gross carrying amount	Expected credit losses	Expected credit loss rate(s)	Gross carrying amount	Expected credit losses
	%	\$'000	\$'000	%	\$'000	\$'000
Days past due						
Current	0.1 – 3.0 %	3,515	36	0.9 – 3.0 %	4,709	48
<30 days	0.2 – 3.7 %	3,064	57	1.5 – 3.6 %	2,983	50
31-60 days	0.5 - 6.4%	1,593	34	2.3 - 6.1%	1,879	46
61-90 days	0.7 – 8.6 %	828	43	3.9 – 8.0 %	727	35
91-120 days	1.0 – 11.7 %	616	51	6.3 – 10.6 %	808	52
121-180 days	1.7 – 15.9 %	380	54	10.1 – 13.2 %	769	85
181-360 days	2.6 – 37.9 %	594	94	16.8 – 30.8 %	667	126
361-540 days	22.7 – 53.8 %	477	239	40.2 – 46.2 %	415	170
>540 days	27.8 – 71.9 %	1,005	646	49.5 – 66.1 %	1,052	536
Total		12,072	1,254		14,009	1,148

31. Significant transactions with government related entities

The Hospital is controlled by the SA Government.

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

Significant transactions with SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 11), and incurred expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 3). The Department transferred capital works in progress of \$18.526 million (\$6.443 million) to the Hospital. The Hospital incurred expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$ 2.961 million (\$1.189 million).

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32. Interests in other entities

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

Disclosure:

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

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

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

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

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

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

* The profit and loss have not been distributed at this stage.

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33. Board and committee members

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

Board/Committee name:	Government	
	employee members	Other members
Mental Health Consumer and Carer Advisory Group (formerly Consumer Administration Liaison Meeting)	19	Aldahn V, Buer S, Corena M, Hofhuis C, King P, Braund S, Clarke W, Harrison J, Hopkins R
DASSA Clinical Executive Committee	9	Moore P
DASSA Community Advisory Council	5	Braund S, Cauchi R, Davis J, Daw H, Les D, McHendrie T, McLean J, Moore P, Nimmo E, O'Brien J, Percy S, Petracco C, Tran K, Whiteway L, Agius N (Chair), Retz A (appointed 25/09/2019), Byron A (appointed 27/05/2020), Newrick K (appointed 27/05/2020), Randle M (appointed 25/09/2019), Cornish M (appointed 25/09/2019), Cramp T (appointed 27/05/2020)
DASSA Executive Group	9	O'Brien J
Partnering with Consumer Advisory Group	19	Ball R, Christensen C, Dame T, Davies S, Hoiles J, King P (Chair), Klinge N, Pascoe P, Voss D, Roberts D, Duke J, Rickett D (ceased 31/12/2019), Oudih E, Langford D, Rankine J, Reece S, Mannion J (ceased 31/12/2019)
Southern Adelaide Clinical Human Research Ethics Committee	19	Arnold G, Barr C, Berg M, Breaden K (ceased 31/12/2019), Du H, Dykes L, Hackett J, Haines C, Holtham R, Kemp C, Lange B, Lister C, Lower K, McEvoy M, Miliotis B, Mudd A (appointed 23/07/2019), Nguyen A, Sharma S, Souzeau E, Spencer M, Trethewey C, Voss D, Were L, Westwood T, Yip L, Zhou Y, Jenski L (Deputy Chair), Trethewey Y,
Southern Adelaide Local Health Network Clinical Council	44	Dame T, Tellis N (ceased 22/6/2020), Voss D, Duong M (appointed 12/02/2020)
Southern Adelaide Local Health Network Drugs and Therapeutics Committee	36	Barrington D, Moen D (ceased 17/12/2019)
Southern Adelaide Local Health Network End of Life Steering Committee	19	Fazzalari R (ceased 31/12/2020), Vialls K
Southern Adelaide Local Health Network Falls Prevention Management Committee	37	Cohen M
Southern Adelaide Local Health Network Older Persons Lived Experience Group Mental Health Services (formerly Southern Adelaide Local Health Network Older Persons Mental Health Services Consumer and Carer Advisory Group)	3	Andrew G (ceased 01/07/2019), Clark W (Chair), Henrichs B, James S, Schetters J
Southern Adelaide Local Health Network Communicating for Patient Safety Committee (formerly the Southern Adelaide Local Health Network Clinical Handover Steering Committee)	41	Dame T, Tellis N (ceased 22/06/2020)
Southern Adelaide Local Health Network Governing Board	0	Baggoley C (appointed 01/07/2019), Butcher M (Chair) (appointed 01/07/2019), Hickey V (appointed 01/07/2019), Mackean T (appointed 01/07/2019), Mitchell J (appointed 01/07/2019), Noble J (appointed 01/07/2019), Richter J (appointed 01/07/2019)

Refer to note 2.2 for remuneration of board and committee members.

34. Administered Items

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

	Total 2020 \$'000	Total 2019 \$'000
Revenue from fees and charges	15,006	15,450
Other expenses	(15,222)	(15,432)
Net result	(216)	18
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Cash and cash equivalents	1,354	1,635
Receivables	718	657
Other provisions/liabilities	(7)	(11)
Net assets	2,065	2,281
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Cash at 1 July	1,635	1,435
Cash inflows	14,945	15,652
Cash outflows	(15,226)	(15,452)
Cash at 30 June	1,354	1,635