

Southern Adelaide  
Local Health Network Incorporated

Financial report  
for the year ended  
30 June 2021



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 2021.

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

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

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

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

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

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

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

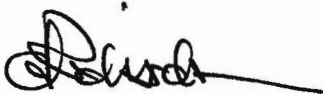
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Interim Chief Executive Officer
- conclude on the appropriateness of the Interim Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

**Auditor-General**

22 September 2021

## 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



.....  
Wayne Gadd  
Interim Chief Executive Officer  
Chief Finance Officer

Date .....

14 Sept, 2021

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Revenues from SA Government	2	1,157,708	1,071,169
Fees and charges	3	62,047	58,394
Grants and contributions	4	4,812	4,834
Interest	13	4	64
Resources received free of charge	5	8,335	5,015
Other revenues/income	6	23,752	20,495
<b>Total income</b>		<b>1,256,658</b>	<b>1,159,971</b>
<b>Expenses</b>			
Employee benefits expenses	7	813,056	786,781
Supplies and services	8	372,116	350,126
Depreciation and amortisation	17,18	43,524	42,570
Grants and subsidies	9	342	97
Borrowing costs	10	168	272
Net loss from disposal of non-current and other assets	12	90	159
Impairment loss on receivables	14.1	453	105
Other expenses	11	903	505
<b>Total expenses</b>		<b>1,230,652</b>	<b>1,180,615</b>
<b>Net result</b>		<b>26,006</b>	<b>(20,644)</b>
<b>Total comprehensive result</b>		<b>26,006</b>	<b>(20,644)</b>

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

**SOUTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	13	36,181	32,215
Receivables	14	25,384	20,269
Inventories	16	3,772	3,858
<b>Total current assets</b>		<b>65,337</b>	<b>56,342</b>
<b>Non-current assets</b>			
Receivables	14	6,274	5,827
Other financial assets	15	2,601	2,601
Property, plant and equipment	17,18	752,746	735,302
Intangible assets	17.5	22	36
<b>Total non-current assets</b>		<b>761,643</b>	<b>743,766</b>
<b>Total assets</b>		<b>826,980</b>	<b>800,108</b>
<b>Current liabilities</b>			
Payables	20	36,586	33,336
Financial liabilities	21	1,332	355
Staff benefits	22	133,090	128,223
Provisions	23	5,416	5,124
Contract liabilities and other liabilities	24	2,079	2,331
<b>Total current liabilities</b>		<b>178,503</b>	<b>169,369</b>
<b>Non-current liabilities</b>			
Payables	20	6,123	6,311
Financial liabilities	21	7,856	10,086
Staff benefits	22	153,244	159,613
Provisions	23	39,248	38,729
<b>Total non-current liabilities</b>		<b>206,471</b>	<b>214,739</b>
<b>Total liabilities</b>		<b>384,974</b>	<b>384,108</b>
<b>Net assets</b>		<b>442,006</b>	<b>416,000</b>
<b>Equity</b>			
Retained earnings		358,376	332,370
Asset revaluation surplus		83,630	83,630
<b>Total equity</b>		<b>442,006</b>	<b>416,000</b>

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 2021**

---

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2019</b>	<b>83,630</b>	<b>353,713</b>	<b>437,343</b>
Adjustments on initial adoption of Accounting Standards	-	343	343
<b>Adjusted balance at 1 July 2019</b>	<b>83,630</b>	<b>354,056</b>	<b>437,686</b>
Net result for 2019-20	-	(20,644)	(20,644)
<b>Total comprehensive result for 2019-20</b>	<b>-</b>	<b>(20,644)</b>	<b>(20,644)</b>
Net assets received from an administrative restructure	-	(1,042)	(1,042)
<b>Balance at 30 June 2020</b>	<b>83,630</b>	<b>332,370</b>	<b>416,000</b>
Net result for 2020-21	-	26,006	26,006
<b>Total comprehensive result for 2020-21</b>	<b>-</b>	<b>26,006</b>	<b>26,006</b>
<b>Balance at 30 June 2021</b>	<b>83,630</b>	<b>358,376</b>	<b>442,006</b>

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 2021**

	2021	2020
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Receipts from SA Government	958,236	916,420
Fees and charges	55,966	47,960
Grants and contributions	6,748	7,037
Interest received	4	64
GST recovered from ATO	15,123	13,770
Other receipts	8,469	17,757
<b>Cash generated from operations</b>	<b>1,044,546</b>	<b>1,003,008</b>
<b>Cash outflows</b>		
Staff benefits payments	(810,804)	(759,344)
Payments for supplies and services	(216,128)	(203,421)
Payments of grants and subsidies	(486)	(162)
Interest paid	(168)	(198)
Other payments	(800)	(675)
<b>Cash used in operations</b>	<b>(1,028,386)</b>	<b>(963,800)</b>
<b>Net cash provided by operating activities</b>	<b>16,160</b>	<b>39,208</b>
<b>Cash flows from investing activities</b>		
<b>Cash inflows</b>		
Proceeds from sale of property, plant and equipment	-	47
<b>Cash generated from investing activities</b>	<b>-</b>	<b>47</b>
<b>Cash outflows</b>		
Purchase of property, plant and equipment	(10,182)	(16,949)
<b>Cash used in investing activities</b>	<b>(10,182)</b>	<b>(16,949)</b>
<b>Net cash used in investing activities</b>	<b>(10,182)</b>	<b>(16,902)</b>
<b>Cash flows from financing activities</b>		
<b>Cash outflows</b>		
Repayment of borrowings	-	(3,007)
Repayment of lease liabilities	(2,012)	(1,964)
<b>Cash used in financing activities</b>	<b>(2,012)</b>	<b>(4,971)</b>
<b>Net cash used in financing activities</b>	<b>(2,012)</b>	<b>(4,971)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,966</b>	<b>17,335</b>
Cash and cash equivalents at the beginning of the period	32,215	14,880
<b>Cash and cash equivalents at the end of the period</b>	<b>13 36,181</b>	<b>32,215</b>
Non-cash transactions	25	

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 2021**

---

## **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 33.

### Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedule of Administered Financial Statements (note 35). 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, 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 2021**

**1.4 Continuity of Operations**

As at 30 June 2021, the Hospital had a working capital deficiency of \$113.166 million (\$113.027 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**

**2020-21**

There were no transfers during this period

**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)

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.

**1.7 Impact of COVID-19 pandemic on SA Health**

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an increase in costs associated with COVID capacity and preparation, the readiness of COVID-19 testing clinics, establishment of vaccine clinics, increased demand for personal protective equipment and increased staffing costs (including agency) to ensure necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital were \$17.626 million (\$6.913 million).

**1.8 Change in accounting policy**

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

**2. Revenues from SA Government**

	2021 \$'000	2020 \$'000
Operational funding	1,098,345	1,045,341
Capital projects funding	59,363	25,828
<b>Total revenues from Department for Health and Wellbeing</b>	<b>1,157,708</b>	<b>1,071,169</b>

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

**3. Fees and charges**

	2021 \$'000	2020 \$'000
Car parking revenue	3,434	5,344
Commissions revenue	15	17
Fees for health services	11,016	10,004
Fines, fees and penalties	6	11
Patient and client fees	41,997	37,321
Private practice fees	3,246	3,573
Sale of goods - medical supplies	152	131
Training revenue	214	190
Other user charges and fees	1,967	1,803
<b>Total fees and charges</b>	<b>62,047</b>	<b>58,394</b>

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

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 fines, fees and penalties.

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	2021	2021	2020	2020
	\$'000	\$'000	\$'000	\$'000
	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	3,434	-	2,463	2,867
Commissions revenue	15	-	17	-
Patient and client fees	32,965	-	31,636	-
Private practice fees	3,246	-	3,573	-
Fees for health services	10,400	-	9,870	-
Sale of goods - medical supplies	52	-	100	-
Training revenue	-	-	8	-
Other user charges and fees	1,441	-	1,623	-
<b>Total contracts with external customers</b>	<b>51,553</b>	<b>-</b>	<b>49,290</b>	<b>2,867</b>
Car parking revenue	-	-	14	-
Patient and client fees	9,032	-	5,685	-
Fees for health services	616	-	134	-
Sale of goods - medical supplies	100	-	31	-
Training revenue	214	-	182	-
Other user charges and fees	526	-	180	-
<b>Total contracts with SA Government customers</b>	<b>10,488</b>	<b>-</b>	<b>6,226</b>	<b>-</b>
<b>Total contracts with customers</b>	<b>62,041</b>	<b>-</b>	<b>55,516</b>	<b>2,867</b>

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

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

*Patient and Client Fees*

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

*Fees for health services*

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

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

**4. Grants and contributions**

	2021	2020
	\$'000	\$'000
Commonwealth grants and donations	1,906	650
Other SA Government grants and contributions	982	1,235
Private sector capital contributions	-	24
<b>Private sector grants and contributions</b>	<b>1,924</b>	<b>2,925</b>
<b>Total grants and contributions</b>	<b>4,812</b>	<b>4,834</b>

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

Of the \$4.812 million (\$4.834 million) received in 2020-21 for grants and contributions, \$0.723 million (\$1.076 million) was provided for specific purposes, such as research and associated activities.

**5. Resources received free of charge**

	2021	2020
	\$'000	\$'000
Buildings and improvements	1,670	-
Services	6,665	5,015
<b>Total resources received free of charge</b>	<b>8,335</b>	<b>5,015</b>

Buildings and improvements contributions of \$1.670 million relates to photovoltaic cells for Flinders Medical Centre.

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 also receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$5.057 million (\$5.015 million) and ICT (Information and communication technology) services from Department of the Premier and Cabinet valued at \$1.608 million (\$Nil), 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 646 volunteers who provide patient and staff support services to individuals using Hospital's services. The services include but are not limited to: childcare, respite care, transport, therapeutic activities, patient liaison gift shop support, kiosk support and café support.

**6. Other revenues/income**

	2021	2020
	\$'000	\$'000
Donations	567	36
Health recoveries	15,265	12,808
Other	7,920	7,651
<b>Total other income/revenue</b>	<b>23,752</b>	<b>20,495</b>

**7. Staff benefits expenses**

	2021	2020
	\$'000	\$'000
Salaries and wages	658,883	625,223
Targeted voluntary separation packages (refer below)	1,382	1,632
Long service leave	5,694	17,804
Annual leave	64,787	63,293
Skills and experience retention leave	3,016	2,977
Staff on-costs - superannuation*	69,089	66,869
Staff on-costs - other	2	3
Workers compensation	8,158	6,776
Board and committee fees	296	313
Other staff related expenses	1,749	1,891
<b>Total staff benefits expenses</b>	<b>813,056</b>	<b>786,781</b>

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

**7.1 Key Management Personnel**

Key management personnel (KMP) of the Hospital includes the Minister, seven (seven) members of the 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.

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

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 remunerated by the Department and there is no requirement for the Hospital to reimburse those expenses.

Compensation	2021 \$'000	2020 \$'000
Salaries and other short term staff benefits	1,087	1,234
Post-employment benefits	173	116
<b>Total</b>	<b>1,260</b>	<b>1,350</b>

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

### 7.2 Remuneration of board and committee members

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

	2021 No. of Members	2020 No. of Members
\$0	338	348
\$1 - \$20,000	48	50
\$20,001 - \$40,000	5	5
\$40,001 - \$60,000	-	1
\$60,001 - \$80,000	1	1
<b>Total</b>	<b>392</b>	<b>405</b>

The total remuneration received or receivable by members was \$0.322 million (\$0.339 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year. 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.

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

### 7.3 Remuneration of staff

	2021 Number	2020 Number
The number of staff whose remuneration received or receivable falls within the following bands:		
\$154,678 - \$175,000	156	127
\$175,001 - \$195,000	101	77
\$195,001 - \$215,000	50	42
\$215,001 - \$235,000	35	32
\$235,001 - \$255,000	37	46
\$255,001 - \$275,000	39	36
\$275,001 - \$295,000	32	25
\$295,001 - \$315,000	30	31
\$315,001 - \$335,000	19	14
\$335,001 - \$355,000	24	25
\$355,001 - \$375,000	27	22
\$375,001 - \$395,000	25	27
\$395,001 - \$415,000	18	14
\$415,001 - \$435,000	17	32
\$435,001 - \$455,000	26	21
\$455,001 - \$475,000	26	24
\$475,001 - \$495,000	20	15
\$495,001 - \$515,000	12	11
\$515,001 - \$535,000	10	5
\$535,001 - \$555,000	7	7
\$555,001 - \$575,000	9	7

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

	2021	2020
	Number	Number
The number of staff whose remuneration received or receivable falls within the following bands:		
\$575,001 - \$595,000	6	6
\$595,001 - \$615,000	3	-
\$615,001 - \$635,000	1	2
\$635,001 - \$655,000	-	1
\$675,001 - \$695,000	1	-
<b>Total</b>	<b>731</b>	<b>649</b>

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

**7.4 Remuneration of staff by classification**

The total remuneration received by these staff included in note 7.3:

	2021		2020	
	No.	\$'000	No.	\$'000
Nursing remuneration	57	9,634	38	6,253
Medical (excluding Nursing) remuneration	661	195,856	597	178,510
Non-medical (i.e. administration) remuneration	3	660	6	1,389
Executive remuneration	10	2,276	8	1,894
<b>Total</b>	<b>731</b>	<b>208,426</b>	<b>649</b>	<b>188,046</b>

**7.5 Targeted voluntary separation packages (TVSP)**

	2021	2020
	\$'000	\$'000
Amount paid/payable to separated staff:		
Leave paid/payable to separated employees	671	1,232
Targeted voluntary separation packages	1,382	1,632
	<b>2,053</b>	<b>2,864</b>
Recovery from the Department of Treasury and Finance (DTF)	-	819
<b>Net cost to the Hospital</b>	<b>2,053</b>	<b>2,045</b>
The number of staff who received a TVSP during the reporting period	14	29

**8. Supplies and services**

	2021	2020
	\$'000	\$'000
Administration	401	115
Advertising	2,188	2,073
Communication	2,991	1,613
Computing	10,087	10,306
Consultants	643	279
Contract of services	7,592	7,746
Contractors	2,497	2,418
Contractors - agency staff	15,405	17,489
Drug supplies	26,114	25,280
Electricity, gas and fuel	7,287	8,167
Fee for service	41,467	39,587
Food supplies	11,859	10,781
Hotel quarantine - accommodation costs	13	-
Housekeeping	13,094	11,751
Insurance	6,170	5,928
Internal SA Health SLA payments	14,232	13,885
Legal	219	-
Low value lease expense	265	-
Medical, surgical and laboratory supplies	137,667	125,613
Minor equipment	6,639	3,634
Motor vehicle expenses	1,066	1,044
Occupancy rent and rates	2,818	2,954
Patient transport	5,667	5,995
Postage	1,322	1,426
Printing and stationery	2,458	2,377
Repairs and maintenance	17,962	16,261
Security	9,688	7,024
Services from Shared Services SA	5,128	5,068
Short term lease expense	-	18
Training and development	8,545	10,388



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

Travel expenses	346	508
Other supplies and services	10,286	10,398
<b>Total supplies and services</b>	<b>372,116</b>	<b>350,126</b>

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:

	2021		2020	
	No.	\$'000	No.	\$'000
Below \$10,000	1	6	-	-
Above \$10,000	7	637	3	279
<b>Total paid/payable to consultancies engaged</b>	<b>8</b>	<b>643</b>	<b>3</b>	<b>279</b>

**9. Grants and subsidies**

	2021	2020
	\$'000	\$'000
Recurrent grants	342	30
Funding to non-government organisations	-	67
<b>Total grants and subsidies</b>	<b>342</b>	<b>97</b>

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.

**10. Borrowing costs**

	2021	2020
	\$'000	\$'000
Interest expense on lease liabilities	168	198
Interest paid/payable on liabilities measured at amortised cost	-	74
<b>Total borrowing costs</b>	<b>168</b>	<b>272</b>

Interest paid/payables relates to the former Flinders Medical Centre car park loan. The Hospital does not capitalise borrowing costs.

**11. Other expenses**

	2021	2020
	\$'000	\$'000
Assets transferred to the Department	23	-
Debts written off	60	246
Bank fees and charges	44	42
Other*	776	217
<b>Total other expenses</b>	<b>903</b>	<b>505</b>

\*Includes audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$0.363 million (\$0.377 million). No other services were provided by the Auditor-General's Department.

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

	2021	2020
	\$'000	\$'000
Proceeds from disposal	-	47
Less carrying amount of assets disposed	(90)	(206)
<b>Total net gain/(loss) from disposal of non-current and other assets</b>	<b>(90)</b>	<b>(159)</b>

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



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

**13. Cash and cash equivalents**

	2021	2020
	\$'000	\$'000
Cash at bank or on hand	1,322	1,380
Deposits with Treasurer: general operating	23,753	20,035
Deposits with Treasurer: special purpose funds	11,106	10,800
<b>Total cash and cash equivalents</b>	<b>36,181</b>	<b>32,215</b>

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 \$0.004 million (\$0.064 million)

**14. Receivables**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
	Note	
Patient/client fees: compensable	3,472	1,467
Patient/client fees: other	11,162	8,723
Debtors	4,291	3,890
Less: allowance for impairment loss on receivables	14.1 (1,707)	(1,254)
Prepayments	3,865	3,773
Workers compensation provision recoverable	1,583	1,500
Sundry receivables and accrued revenue	2,132	1,742
GST input tax recoverable	586	428
<b>Total current receivables</b>	<b>25,384</b>	<b>20,269</b>
<b>Non-current</b>		
Debtors	947	921
Prepayments	1,488	1,544
Workers compensation provision recoverable	3,839	3,362
<b>Total non-current receivables</b>	<b>6,274</b>	<b>5,827</b>
<b>Total receivables</b>	<b>31,658</b>	<b>26,096</b>

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.

**14.1 Impairment of receivables**

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

Movement in the allowance for impairment loss on receivables:

	2021	2020
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>1,254</b>	<b>1,149</b>
Increase/(Decrease) in allowance recognised in profit or loss	453	105
<b>Carrying amount at the end of the period</b>	<b>1,707</b>	<b>1,254</b>

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

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

**15. Other financial assets**

	2021	2020
	\$'000	\$'000
Non-current		
Joint venture	2,601	2,601
<b>Total other financial assets</b>	<b>2,601</b>	<b>2,601</b>

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 the 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 31 for information on risk management.

**16. Inventories**

	2021	2020
	\$'000	\$'000
Drug supplies	870	834
Inventory imprest stock	2,372	2,086
Other	530	938
<b>Total current inventories - held for distribution</b>	<b>3,772</b>	<b>3,858</b>

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.

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

**17.1 Acquisition and recognition**

Property, plant and equipment 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.

**17.2 Depreciation and amortisation**

The residual values, useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reviewed and adjusted if appropriate on an annual basis. Changes in 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

**17.3 Revaluation**

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

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

---

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

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

#### **17.4 Impairment**

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

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

#### **17.5 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 and recognition criteria, and when the amount of expenditure is greater than or equal to \$10,000.

Carrying amount of \$0.036 million work in progress at the beginning of the period was completed and became operational during the financial year, resulting in intangible assets with a carrying amount of \$0.022 million at the end of reporting period after amortisation of \$0.014 million.

#### **17.6 Land and building**

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

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

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

#### **17.7 Leased property, plant and equipment**

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost and there are no indications of impairment. Additions to right-of-use assets during 2020-21 consists of addition to properties \$0.057 million (\$0.023 million) and motor vehicles \$0.715 million (\$0.403 million). Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in note 8.

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

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 21. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 10 and 18. Cash outflows related to right-of-use assets are disclosed at note 25.

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

**18. Reconciliation of property, plant and equipment**

The following table shows the movement :

2020-21	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	643,636	9,409	21,417	3,791	10,857	2,115	776	46	735,302
Additions	-	-	57	52,581	-	5,248	35	715	773	59,409
Assets received free of charge	-	-	-	1,670	-	-	-	-	-	1,670
Disposals	-	-	-	-	-	(38)	(52)	(12)	-	(102)
Donated assets disposal	(23)	-	-	-	-	-	-	-	-	(23)
Transfers between asset classes	-	38,968	-	(39,136)	-	(28)	372	-	(176)	-
<b>Subtotal:</b>	<b>43,232</b>	<b>682,604</b>	<b>9,466</b>	<b>36,532</b>	<b>3,791</b>	<b>16,039</b>	<b>2,470</b>	<b>1,479</b>	<b>643</b>	<b>796,256</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(36,342)	(1,589)	-	(332)	(4,203)	(434)	(610)	-	(43,510)
<b>Subtotal:</b>	<b>-</b>	<b>(36,342)</b>	<b>(1,589)</b>	<b>-</b>	<b>(332)</b>	<b>(4,203)</b>	<b>(434)</b>	<b>(610)</b>	<b>-</b>	<b>(43,510)</b>
<b>Carrying amount at the end of the period</b>	<b>43,232</b>	<b>646,262</b>	<b>7,877</b>	<b>36,532</b>	<b>3,459</b>	<b>11,836</b>	<b>2,036</b>	<b>869</b>	<b>643</b>	<b>752,746</b>
<b>Gross carrying amount</b>										
Gross carrying amount	43,232	757,932	11,058	36,532	6,108	44,870	9,120	1,646	643	911,141
Accumulated depreciation / amortisation	-	(111,670)	(3,181)	-	(2,649)	(33,034)	(7,084)	(777)	-	(158,395)
<b>Carrying amount at the end of the period</b>	<b>43,232</b>	<b>646,262</b>	<b>7,877</b>	<b>36,532</b>	<b>3,459</b>	<b>11,836</b>	<b>2,036</b>	<b>869</b>	<b>643</b>	<b>752,746</b>

All assets are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 17.7 for details about the right-of-use assets, and note 21 for details about the lease liability for right-of-use assets.



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

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)	-
<b>Subtotal:</b>	<b>43,255</b>	<b>679,458</b>	<b>11,001</b>	<b>21,417</b>	<b>4,123</b>	<b>14,703</b>	<b>2,466</b>	<b>1,403</b>	<b>46</b>	<b>777,872</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(35,822)	(1,592)	-	(332)	(3,846)	(351)	(627)	-	(42,570)
<b>Subtotal:</b>	<b>-</b>	<b>(35,822)</b>	<b>(1,592)</b>	<b>-</b>	<b>(332)</b>	<b>(3,846)</b>	<b>(351)</b>	<b>(627)</b>	<b>-</b>	<b>(42,570)</b>
<b>Carrying amount at the end of the period</b>	<b>43,255</b>	<b>643,636</b>	<b>9,409</b>	<b>21,417</b>	<b>3,791</b>	<b>10,857</b>	<b>2,115</b>	<b>776</b>	<b>46</b>	<b>735,302</b>
<b>Gross carrying amount</b>										
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)
<b>Carrying amount at the end of the period</b>	<b>43,255</b>	<b>643,636</b>	<b>9,409</b>	<b>21,417</b>	<b>3,791</b>	<b>10,857</b>	<b>2,115</b>	<b>776</b>	<b>46</b>	<b>735,302</b>

All assets are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 17.7 for details about the right-of-use assets, and note 21 for details about the lease liability for right-of-use assets.

## **19. Fair Value Measurement**

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

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

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

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

### **19.1 Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Hospital categorises non-financial assets measured at fair value 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 2020-21.

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 17 and 19.2.

During 2020 and 2021, the Hospital had no valuations categorised into Level 1, there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels.

### **19.2 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.

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

**20. Payables**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Creditors and accrued expenses	22,507	20,277
Paid Parental Leave Scheme	144	137
Staff on-costs*	12,620	11,579
Other payables	1,315	1,343
<b>Total current payables</b>	<b>36,586</b>	<b>33,336</b>
<b>Non-current</b>		
Staff on-costs*	6,073	6,142
Other payables	50	169
<b>Total non-current payables</b>	<b>6,123</b>	<b>6,311</b>
<b>Total payables</b>	<b>42,709</b>	<b>39,647</b>

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

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2020 rate (9.80%) to 10.10% to reflect the increase in super guarantee. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff benefits expense of \$0.467 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

The Paid Parental Leave Scheme payable represents amounts which the Hospital has received from the Commonwealth Government to forward onto eligible staff via the Hospital's standard payroll processes. That is, the Hospital is acting as a conduit through which the payment to eligible staff is made on behalf of the Family Assistance Office. Refer to note 31 for information on risk management.

**21. Financial liabilities**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Lease liabilities	1,332	355
<b>Total current financial liabilities</b>	<b>1,332</b>	<b>355</b>
<b>Non-current</b>		
Lease liabilities	7,856	10,086
<b>Total non-current financial liabilities</b>	<b>7,856</b>	<b>10,086</b>
<b>Total financial liabilities</b>	<b>9,188</b>	<b>10,441</b>

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 31 for information on risk management.

Refer note 17 and 18 for details about the right-of-use assets (including depreciation) and note 10 for financing costs associated with these leasing activities.

*21.1 Concessional lease arrangements*

The Hospital has no concessional lease arrangements.

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

*21.2 Maturity analysis*

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

	2021	2020
	\$'000	\$'000
<b>Lease Liabilities</b>		
1 to 3 years	4,215	4,885
3 to 5 years	4,652	1,656
5 to 10 years	983	4,493
<b>Total lease liabilities (undiscounted)</b>	<b>9,850</b>	<b>11,034</b>

**22. Staff benefits**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	26,991	27,365
Annual leave	87,225	80,991
Long service leave	13,472	14,448
Skills and experience retention leave	5,102	5,065
Other	300	354
<b>Total current staff benefits</b>	<b>133,090</b>	<b>128,223</b>
<b>Non-current</b>		
Long service leave	153,244	159,613
<b>Total non-current staff benefits</b>	<b>153,244</b>	<b>159,613</b>
<b>Total staff benefits</b>	<b>286,334</b>	<b>287,836</b>

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

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

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

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

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

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

**22.2 Long service leave**

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

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities and the health sector across government.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from the 2020 rate (0.75%) to 1.50%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of \$11.293 million, payables (employee on-costs) of \$0.434 million and employee benefits expense of \$11.727 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.



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

**23. Provisions**

All provisions are for workers compensation.

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

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	43,853	42,527
Increase in provisions recognised	2,827	2,514
Reductions arising from payments/other sacrifices of future economic benefits	(2,016)	(1,188)
<b>Carrying amount at the end of the period</b>	<b>44,664</b>	<b>43,853</b>

**23.1 Workers Compensation**

*Workers compensation*

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

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

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

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

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

The Hospital has recognised an additional compensation provision from 30 June 2018. The additional compensation provision provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are non-serious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

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

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

**24. Contract liabilities and other liabilities**

	2021	2020
	\$'000	\$'000
Current		
Unearned revenue	73	40
Contract liabilities	1,982	2,200
Other	24	91
<b>Total contract liabilities and other liabilities</b>	<b>2,079</b>	<b>2,331</b>

Revenue relating to services/treatments for drug and alcohol abuse support is recognised over time although all funds are received upfront for these services. A contract liability is recognized for this revenue at the time of initial receipt and is released over the time as and when service obligations are met. All performance obligations from these existing contracts (deferred service income) will be satisfied during the next reporting period and accordingly all amounts will be recognized as revenue.

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

**25. Cash flow reconciliation**

Reconciliation of cash and cash equivalents at the end of the reporting period	2021 \$'000	2020 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	36,181	32,215
<b>Cash as per Statement of Financial Position</b>	<b>36,181</b>	<b>32,215</b>
<b>Balance as per Statement of Cash Flows</b>	<b>36,181</b>	<b>32,215</b>
<b>Reconciliation of net cash provided by operating activities to net result:</b>		
Net cash provided by (used in) operating activities	16,160	39,208
<b>Add/less non-cash items</b>		
Asset donated free of charge	(23)	-
Capital revenues	47,931	10,086
Depreciation and amortisation expense of non-current assets	(43,524)	(42,570)
Gain/(loss) on sale or disposal of non-current assets	(90)	(159)
Net effect of the adoption of new Accounting Standard	-	(343)
Resources received free of charge	1,670	-
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	5,562	(1,894)
Increase/(decrease) in inventories	(86)	652
(Increase)/decrease in staff benefits	1,502	(20,892)
(Increase)/decrease in payables and provisions	(3,348)	(5,238)
(Increase)/decrease in other liabilities	252	508
<b>Net result</b>	<b>26,006</b>	<b>(20,644)</b>

The total cash outflows for leases is \$2.012 million (\$2.163 million).

**26. Unrecognised contractual commitments**

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

**26.1 Capital commitments**

	2021 \$'000	2020 \$'000
Within one year	997	3,190
<b>Total Capital commitments</b>	<b>997</b>	<b>3,190</b>

The Hospital's capital commitments are for plant and equipment ordered but not received and capital works. Capital commitments for major infrastructure works are recognised in the Department for Infrastructure and Transport financial statements.

**26.2 Expenditure commitments**

	2021 \$'000	2020 \$'000
Within one year	52,306	48,065
Later than one year but not longer than five years	111,938	112,635
<b>Total Expenditure commitments</b>	<b>164,244</b>	<b>160,700</b>

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

**27. 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 a 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.

	2021 \$'000	2020 \$'000
Carry amount at the beginning of period	103	34
Client trust receipts	524	510
Client trust payments	584	441
<b>Carrying amount at the end of the period</b>	<b>43</b>	<b>103</b>

## 28. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed within this note and, if quantifiable are measured at nominal value. The Hospital is not aware of any contingent assets and contingent liabilities. The Hospital has made no guarantees.

## 29. Events after balance date

The Hospital is not aware of any material events occurring between the end of the reporting period and when the financial statements were authorised.

## 30. Impact of Standards not yet implemented

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

Amending Standards AASB 2014-10/AASB 2015-10/AASB 2017-5/AASB 2020-3 and AASB 2021-2 will apply from 1 July 2022 and 1 July 2023 respectively. Although applicable to the Hospital, these amending standards are not expected to have an impact on the Hospital's general purpose financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

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

## 31. Financial instruments/financial risk management

### 31.1 Financial risk management

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

#### Liquidity Risk

The Hospital is funded principally 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 1.4, 20 and 21 for further information.

#### Credit risk

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

Refer to notes 13, 14 and 15 for further information.

#### 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.

### 31.2 Categorisation of financial instruments

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

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.

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

Category of financial asset and financial liability	Notes	2021 Carrying amount/ Fair value \$'000	2020 Carrying amount/ Fair value \$'000
<b>Financial assets</b>			
Cash and equivalent			
Cash and cash equivalents	13	36,181	32,215
Amortised cost			
Receivables <sup>(1)(2)</sup>	14	19,295	14,513
Fair value through profit or loss			
Other financial assets	15	2,601	2,601
<b>Total financial assets</b>		<b>58,077</b>	<b>49,329</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Payables <sup>(3)</sup>	20	23,509	21,410
Financial liabilities	21	9,188	10,441
Other liabilities	24	24	91
<b>Total financial liabilities</b>		<b>32,721</b>	<b>31,942</b>

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and fees and charges; this is in addition to employee related receivables and payables such as payroll tax, fringe benefits tax etc. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the disclosure requirements of AASB 7 will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they will 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 as they are not financial assets.

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

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

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

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

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

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

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

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

	30 June 2021			30 June 2020		
	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
<b>Days past due</b>						
Current	0.1 – 2.3 %	5,019	52	0.1 – 3.0 %	3,515	36
<30 days	0.2 – 2.7 %	3,186	57	0.2 – 3.7 %	3,064	57
31-60 days	0.4 – 4.7%	1,776	38	0.5 – 6.4%	1,593	34
61-90 days	0.6 – 6.9 %	462	19	0.7 – 8.6 %	828	43
91-120 days	0.9 – 10.1 %	1,483	98	1.0 – 11.7 %	616	51
121-180 days	1.5 – 15.4 %	980	119	1.7 – 15.9 %	380	54
181-360 days	2.5 – 38.0 %	1,566	343	2.6 – 37.9 %	594	94
361-540 days	22.7 – 53.9 %	275	129	22.7 – 53.8 %	477	239
>540 days	27.8 – 100.0 %	1,219	852	27.8 – 71.9 %	1,005	646
<b>Total</b>		<b>15,966</b>	<b>1,707</b>		<b>12,072</b>	<b>1,254</b>

### 32. Significant transactions with Government related entities

The Hospital is controlled by the SA Government.

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

Significant transactions with SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 2), and incurred expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 8). The Department transferred capital works in progress of \$47.931 million (\$18.526 million) to the Hospital. The Hospital incurred expenditure with the Department for Infrastructure and Transport (DIT) for capital works of \$4.059 million (\$2.961 million).

### 33. 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%

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.

The profits have not been distributed for 30 June 2021 as accumulated losses from previous financial years are yet to be recouped.

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

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

	<b>2021</b>	<b>2020</b>
Percentage ownership interest	50 %	50 %
	<b>\$'000</b>	<b>\$'000</b>
Current assets	2,316	1,696
Current liabilities	(2,071)	(1,814)
Non-current assets	2,512	2,730
Non-current liabilities	(5,834)	(6,260)
<b>Net assets</b>	<b>(3,077)</b>	<b>(3,648)</b>
<b>Groups share of net assets (50%)</b>		
Share of beneficial entitlement	2,601	2,601
<b>Carrying amount of interest in joint venture</b>	<b>2,601</b>	<b>2,601</b>
Expenses	(6,075)	(5,059)
Revenue	6,649	5,164
<b>Profit/(loss) and total comprehensive income</b>	<b>574</b>	<b>105</b>
<b>Entity's share of profit and total comprehensive income (50%)*</b>	<b>287</b>	<b>52</b>

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



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

**34. Board and committee members**

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

Board/Committee name:	Government employee members	Other members
Mental Health Consumer and Carer Advisory Group	10	Aldahn V (ceased 7 October 2020), Braund S, Buer S, Clarke W, Corena M, Harrison J, Hofhuis C, Hopkins R, King P
DASSA Clinical Executive Committee	7	Braund S (appointed 27 August 2020), Moore P
DASSA Community Advisory Council	3	Braund S (Chair), Byron A, Cauchi R, Cornish M, Cramp T, Davis J, Daw H, Les D, Mclean J, Moore P, Newrick K, Nimmo E, O'Brien J, Percy S, Petracco C, Randle M, Retz A, Tran K, Whiteway L
DASSA Drug and Therapeutics Committee (Sub Committee of the DASSA Clinical Executive Committee)	9	Derbyshire C, Randle M (appointed 28 June 2021)
DASSA Executive Group	9	O'Brien J
Southern Adelaide Local Health Network Mental Health Services Noarlunga Lived Experience Group	3	Buer S (Chair), Aldham V (ceased 7 October 2020), Cairns E, Elliott C (appointed 1 November 2020), Hopkins R, Hutchison S, Johns S, Penberthy V, Smith K (appointed 1 August 2020)
Partnering with Consumer Advisory Group	14	King P (Co Chair), Ball R, Christensen C (ceased 31 December 2020), Dame T, Davies S (ceased 31 December 2020), Duke J, Hofhius C (appointed 1 January 2021), Hoiles J, Holtham R (appointed 25 February 2021), Klinge N, Oudih E, Pascoe P, Rankine J, Reece S (resigned 18 February 2021, Roberts D, Voss D
Southern Adelaide Clinical Human Research Ethics Committee	24	Jenski L (Deputy Chair), Lange B (Deputy Chair), Arnold G, Barr C (ceased 2 June 2021), Berg M, Cahalan P (appointed 28 August 2020), Du H, Dykes L, Hackett J (ceased 3 July 2020), Haines C, Holtham R, Ingleson V, Kemp C (ceased 20 October 2020), Lister C, Lower K, McEvoy M, Miliotis B, Mudd A, Nguyen A, Sharma S, Shephard S (appointed 11 March 2021), Souzeau E, Spencer M, Trethewey C, Trethewey Y, Treloar H (appointed 28 August 2020), Van Lueven J (appointed 8 June 2021), Velayudham P (appointed 8 June 2021), Voss D (ceased 23 October 2020), Were L, Westwood T, Yip L, Zhou Y
Southern Adelaide Local Health Network Marion Lived Experience Group Mental Health Services	5	Hofhuis C (Chair), Brooke B (appointed 12 November 2020), English L, Martini J (ceased 1 January 2021), Police D, Clarissa (resigned 1 January 2021)
Southern Adelaide Local Health Network Clinical Council	48	Dame T, Duong M, Voss D

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

Southern Adelaide Local Health Network Drugs and Therapeutics Committee	33	Barrington D
Southern Adelaide Local Health Network Older Persons Lived Experience Group Mental Health Services	5	Clark W (Chair), Cook K, Eckert N, Henrichs B, James S, Lillecrapp D, McPherson H, Schettlers J, Whitmore A
Southern Adelaide Local Health Network Governing Board	0	Butcher M (Chair), Baggoley C (resigned 12 November 2020), Hickey V, Mackean T, Mitchell J, Noble J, Richter J
Southern Adelaide Local Health Network Community Engagement (Sub-Committee of the Governing Board)	0	Mitchell J (Chair), Butcher M, King P, Mackean T, Voss D (appointed 27 April 2021)
Southern Adelaide Local Health Network Clinical Governance (Sub-Committee of the Governing Board)	0	Richter J (Chair), Baggoley C (appointed 20 November 2020), Eckert M (appointed 6 August 2020), Mackean T, Voss D
Southern Adelaide Local Health Network Audit and Risk Sub Committee (Sub Committee of the Governing Board)	0	Hickey V (Chair), Noble J, Stevens R

Refer to note 7.2 for remuneration of board and committee members.



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

---

**35. 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 Arrangements.

	Total	
	2021	2020
	\$'000	\$'000
Other expenses	(13,838)	(15,222)
Revenue from fees and charges	14,087	15,006
<b>Net result</b>	<b>249</b>	<b>(216)</b>
Cash and cash equivalents	1,555	1,354
Receivables	780	718
Other current provisions/liabilities	(21)	(7)
<b>Net assets</b>	<b>2,314</b>	<b>2,065</b>
Cash at 1 July	1,354	1,635
Cash Inflows	14,025	14,945
Cash Outflows	(13,824)	(15,226)
<b>Cash at 30 June</b>	<b>1,555</b>	<b>1,354</b>