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To the Governing Board Chair Northern Adelaide Local Health Network Incorporated

Opinion

I have audited the financial report of the Northern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2026.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Northern Adelaide Local Health Network Incorporated as at 30 June 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Governing Board Chair, the Chief Executive Officer and the Chief Finance Officer.

Basis for opinion

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

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

Responsibilities of the Chief Executive Officer and the Governing Board for the financial report

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

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

The Governing 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 Northern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2026.

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

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

I communicate with the Chief Executive Officer and the Governing 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 Blaskett
Auditor-General

22 September 2026

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Income			
Revenues from SA Government	2	1,311,478	1,172,955
Fees and charges	3	64,866	59,593
Grants and contributions	4	5,743	3,810
Interest	11	436	464
Resources received free of charge	5	7,356	6,258
Other revenues/income	6	9,940	10,159
Total income		1,399,819	1,253,239
Expenses			
Staff related expenses	7	867,642	754,564
Supplies and services	8	457,630	411,097
Depreciation and amortisation	14,15	52,356	43,139
Grants and subsidies		1,961	2,073
Borrowing costs	18	1,414	1,168
Net loss from disposal of non-current and other assets	10	83	363
Impairment loss on receivables	12.1	613	812
Other expenses	9	4,215	2,029
Total expenses		1,385,914	1,215,245
Net result		13,905	37,994
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		56,014	39,833
Total other comprehensive income		56,014	39,833
Total comprehensive result		69,919	77,827

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

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Current assets			
Cash and cash equivalents	11	50,726	41,781
Receivables	12	17,942	16,563
Inventories	13	3,667	3,416
Total current assets		72,335	61,760
Non-current assets			
Receivables	12	3,502	3,865
Property, plant and equipment	14,15	881,266	781,055
Total non-current assets		884,768	784,920
Total assets		957,103	846,680
Current liabilities			
Payables	17	35,913	41,806
Financial liabilities	18	4,164	3,756
Staff related liabilities	19	154,814	121,939
Provisions	20	4,406	4,387
Contract liabilities and other liabilities	21	704	638
Total current liabilities		200,001	172,526
Non-current liabilities			
Financial liabilities	18	45,202	41,606
Staff related liabilities	19	118,509	108,976
Provisions	20	12,329	12,429
Total non-current liabilities		176,040	163,011
Total liabilities		376,041	335,537
Net assets		581,062	511,143
Equity			
Retained earnings		301,234	286,765
Asset revaluation surplus		279,828	224,378
Total equity		581,062	511,143

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

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2026

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2024		184,545	248,242	432,787
Net result for 2024-25		-	37,994	37,994
Gain/(loss) on revaluation of land and buildings	15	39,833	-	39,833
Total comprehensive result for 2024-25		39,833	37,994	77,827
Net assets transferred out as a result of an administrative restructure	1.6	-	529	529
Balance at 30 June 2025		224,378	286,765	511,143
Net result for 2025-26		-	13,905	13,905
Gain/(loss) on revaluation of land and buildings	15	56,014	-	56,014
Total comprehensive result for 2025-26		56,014	13,905	69,919
Transfer between equity components		(564)	564	-
Balance at 30 June 2026		279,828	301,234	581,062

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

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2026

	Note	2026	2025
		\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government		1,089,159	964,225
Fees and charges		63,414	58,592
Grants and contributions		6,042	4,099
Interest received		436	464
GST recovered from ATO		26,529	21,629
Other receipts		888	1,919
Cash outflows			
Staff benefits payments		(824,162)	(735,944)
Payments for supplies and services		(330,088)	(274,369)
Payments of grants and subsidies		(2,157)	(2,271)
Interest paid		(1,414)	(1,168)
Other payments		(2,810)	(1,250)
Net cash from operating activities		25,837	35,926
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(12,982)	(5,001)
Net cash used in investing activities		(12,982)	(5,001)
Cash flows from financing activities			
Cash outflows			
Repayment of lease liabilities		(3,910)	(5,398)
Net cash used in financing activities		(3,910)	(5,398)
Net increase/(decrease) in cash and cash equivalents		8,945	25,527
Cash and cash equivalents at the beginning of the period		41,781	16,254
Cash and cash equivalents at the end of the period	11	50,726	41,781
Non-cash transactions	22		

The accompanying notes form part of these financial statements.

1. About Northern Adelaide Local Health Network

The Northern Adelaide Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated hospital established under the *Health Care Act 2008* (the Act). The financial statements include all controlled activities of the Hospital. The Hospital does not control any other entity and has no interests in unconsolidated structured entities.

Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in Trust funds at note 24 and Administered items at note 30. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital transactions.

1.1 Objectives and activities

The Hospital is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention and achieving equitable health outcomes for all South Australians.

The Hospital is part of the SA Health portfolio providing health services for Northern Adelaide. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based tertiary care including medical, surgical and other acute services, rehabilitation, mental and palliative health and other community health services to veterans and other persons living within the northern Adelaide metropolitan area.

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

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

1.2 Basis of preparation

These financial statements are general purpose finance 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.

Material accounting policy information is set out throughout the notes.

1.3 Taxation

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

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

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

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

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

1.4 Continuity of Operations

As at reporting date 2026, the Hospital had a working capital deficiency of \$127.666 million (\$110.766 million). 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. This ongoing commitment is ultimately outlined in the annually produced and published State Budget Papers which presents the SA Government's current and estimated future economic performance, including forward estimates of revenue, expenses and performance by Agency.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

1.5 Equity

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

1.6 Changes to the Hospital

2025-26

There were no functions transferred in or out during the reporting period.

2024-25

In response to the Commonwealth Government's introduction of a new single assessment aged care system across all State and Territory jurisdictions, the South Australian Health Chief Executives Council (HCEC), on 2 July 2024, approved the proposal to transition Local Health Network based assessment services into a statewide Aged Care Assessment Service (ACAS), to be implemented by the Central Adelaide Local Health Network (CALHN) by 1 July 2025. The Chief Executive Officer of the Hospital, on 28 April 2025, approved the transition of 22 staff to the statewide ACAS in CALHN, effective 19 April 2025. Staff related liabilities of \$0.529 million were transferred out of the Hospital.

2. Revenues from SA Government

	2026	2025
	\$'000	\$'000
Capital projects funding	85,570	83,303
Operational funding	1,225,908	1,089,652
Total revenues from SA Government	1,311,478	1,172,955

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

3. Fees and charges

	2026	2025
	\$'000	\$'000
Car parking revenue	3,117	3,046
Fines, fees and penalties	89	71
Patient and client fees	47,736	42,521
Private practice fees	3,948	3,566
Fees for health services	3,620	4,089
Rent revenue	2,755	2,935
Residential and other aged care charges	135	162
Training revenue	19	14
Other user charges and fees	3,447	3,189
Total fees and charges	64,866	59,593

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.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

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

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	2026 Goods/Services transferred at a point in time	2026 Goods/Services transferred over a period of time	2025 Goods/Services transferred at a point in time	2025 Goods/Services transferred over a period of time
Car parking revenue	672	2,445	719	2,327
Patient and client fees	44,075	-	38,780	-
Private practice fees	3,948	-	3,566	-
Fees for health services	3,393	-	3,919	-
Residential and other aged care charges	135	-	162	-
Training revenue	19	-	14	-
Other user charges and fees	3,324	-	3,066	-
Total contracts with external customers	55,566	2,445	50,226	2,327
Patient and client fees	3,661	-	3,741	-
Fees for health services	227	-	170	-
Other user charges and fees	123	-	123	-
Total contracts with SA Government customers	4,011	-	4,034	-
Total contracts with customers	59,577	2,445	54,260	2,327

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 21). 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 12).

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

Patient and client fees

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

Private practice fees

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

4. Grants and contributions

	2026 \$'000	2025 \$'000
Other SA Government grants and contributions	1,516	880
Private sector grants and contributions	4,227	2,930
Total grants and contributions	5,743	3,810

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

Of the \$5.743 million (\$3.810 million) total grants and contributions, \$4.977 million (\$2.939 million) was provided for specific purposes, such as research and associated activities.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

5. Resources received free of charge

	2026	2025
	\$'000	\$'000
Buildings and improvements	222	-
Plant and equipment	5	-
Services	7,129	6,258
Total resources received free of charge	7,356	6,258

Contribution of services are recognised only when the fair value can be determined reliably and the services would be purchased if they had not been donated. The services the Hospital receives includes Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA valued at \$4.691 million (\$4.252 million), IT and communication services from Office of the Chief Information Officer valued at \$1.739 million (\$1.697 million), and audit services from the Audit Office of South Australia valued at \$0.304 million (\$0.309 million).

In addition, although not recognised, the Hospital receives volunteer services from the Northern Healthcare Volunteer Association. There are several hundred volunteers who provide patient and employee support services to individuals using the Hospital's services. The services include but not limited to: childcare, respite care, transport, therapeutic activities, patient liaison, gift shop and café support.

6. Other revenues/income

	2026	2025
	\$'000	\$'000
Health recoveries	8,648	8,544
Insurance recoveries	392	109
Other	900	1,506
Total other revenues/income	9,940	10,159

7. Staff related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	681,477	593,307
Long service leave	18,968	16,606
Annual leave	71,233	60,706
Skills and experience retention leave	2,797	2,450
Superannuation	86,604	75,258
Workers compensation	4,000	4,230
Board and committee fees	394	327
Other staff related expenses	2,169	1,680
Total staff related expenses	867,642	754,564

Superannuation expense represents the Hospital's contribution to superannuation plans in respect of current services of staff.

7.1 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the eight members of the governing board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and ten (six) members of the Executive Management Group.

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

	2026	2025
	\$'000	\$'000
Compensation		
Salaries and other short term staff benefits	2,942	1,908
Post-employment benefits	914	545
Total	3,856	2,453

Apart from the remuneration for key management personnel, the Hospital did not have any material transactions with key management personnel, their close family members and/or their controlled or jointly controlled entities in 2024-25 and 2025-26.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

7.2 Remuneration of Board and Committees

	2026	2025
	No. of	No. of
	Members	Members
\$0	39	33
\$1 - \$20,000	11	12
\$20,001 - \$40,000	5	4
\$40,001 - \$60,000	1	2
\$60,001 - \$80,000	2	1
Total	58	52

The total remuneration received or receivable by members was \$0.438 million (\$0.362 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and any related fringe benefits and related fringe benefits tax. In accordance with the *Department of the Premier and Cabinet Circular No. 016*, government employees did not receive any remuneration for board/committee duties during the financial year.

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

Refer to note 29 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 Staff remuneration

	2026	2025
	No.	No.
The number of staff whose remuneration received or receivable falls within the following bands:		
\$171,001 - \$177,000*	n/a	53
\$177,001 - \$197,000	162	104
\$197,001 - \$217,000	120	81
\$217,001 - \$237,000	53	37
\$237,001 - \$257,000	39	25
\$257,001 - \$277,000	28	31
\$277,001 - \$297,000	21	21
\$297,001 - \$317,000	24	11
\$317,001 - \$337,000	26	22
\$337,001 - \$357,000	23	10
\$357,001 - \$377,000	16	28
\$377,001 - \$397,000	19	11
\$397,001 - \$417,000	16	16
\$417,001 - \$437,000	14	11
\$437,001 - \$457,000	5	18
\$457,001 - \$477,000	13	9
\$477,001 - \$497,000	9	5
\$497,001 - \$517,000	12	14
\$517,001 - \$537,000	18	6
\$537,001 - \$557,000	3	5
\$557,001 - \$577,000	9	7
\$577,001 - \$597,000	6	8
\$597,001 - \$617,000	8	8
\$617,001 - \$637,000	9	2
\$637,001 - \$657,000	8	2
\$657,001 - \$677,000	2	6
\$677,001 - \$697,000	3	2
\$697,001 - \$717,000	1	3
\$717,001 - \$737,000	5	3
\$737,001 - \$757,000	2	-
\$757,001 - \$777,000	-	4
\$777,001 - \$797,000	1	3
\$797,001 - \$817,000	2	-
\$817,001 - \$837,000	1	1
\$837,001 - \$857,000	3	1
\$857,001 - \$877,000	1	-
\$877,001 - \$897,000	-	1
\$917,001 - \$937,000	1	-
Total number of staff	683	569

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2024-25.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

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, termination payments, salary sacrifice benefits and fringe benefits and any related fringe benefits tax as well as any termination benefits for staff who have left the Hospital.

7.4 Staff remuneration by classification

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

	2026		2025	
	No.	\$'000	No.	\$'000
Executive	9	2,365	5	1,374
Medical (excluding Nursing)	574	188,922	470	156,553
Non-medical (i.e. administration)	5	932	3	585
Nursing	95	18,389	91	17,081
Total	683	210,608	569	175,593

8. Supplies and services

	2026	2025
	\$'000	\$'000
Administration	1,201	1,147
Advertising	326	307
Communication	3,213	3,098
Computing	17,645	15,125
Consultants	-	32
Contract of services	2,949	303
Contractors	2,423	1,769
Contractors - agency staff	34,954	33,873
Drug supplies	21,975	20,188
Electricity, gas and fuel	7,406	6,809
Fee for service	53,190	48,920
Food supplies	13,615	11,910
Housekeeping	37,919	32,320
Insurance	9,206	7,988
Internal SA Health SLA payments	9,696	9,252
Legal	432	311
Medical, surgical and laboratory supplies	131,599	114,897
Minor equipment	8,911	7,915
Motor vehicle expenses	1,476	935
Occupancy rent and rates	4,328	4,204
Patient transport	8,118	8,043
Postage	1,307	1,264
Printing and stationery	1,823	2,270
Repairs and maintenance	32,258	22,940
Security	25,834	22,827
Services from Shared Services SA	4,699	4,258
Training and development	8,766	8,060
Travel expenses	3,971	3,343
Other supplies and services	8,390	16,789
Total supplies and services	457,630	411,097

9. Other expenses

	2026	2025
	\$'000	\$'000
Debts written off	1,846	300
Bank fees and charges	37	24
Other	2,332	1,705
Total other expenses	4,215	2,029

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

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

	2026	2025
	\$'000	\$'000
Plant and equipment	(83)	(276)
Intangible assets	-	(87)
Total net gain/(loss) from disposal of non-current and other assets	(83)	(363)

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

11. Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Cash at bank or on hand	2,123	1,928
Deposits with Treasurer: general operating	36,605	28,255
Deposits with Treasurer: special purpose funds	11,998	11,598
Total cash and cash equivalents in the Statement of Financial Position	50,726	41,781
Total cash and cash equivalents in the Statement of Cash Flows	50,726	41,781

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

The Hospital receives specific purpose funds from various sources including government, private sector and individuals. These 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.

The Hospital earned interest on the special purpose funds deposit account of \$0.436 million (\$0.464 million).

12. Receivables

	Note	2026	2025
		\$'000	\$'000
Current			
Patient/client fees: compensable		1,585	1,095
Patient/client fees: other		14,546	13,471
Debtors		3,856	3,130
Less: allowance for impairment loss on receivables	12.1	(5,736)	(5,123)
Prepayments		758	979
Workers compensation provision recoverable		964	978
Sundry receivables and accrued revenue		1,639	1,590
GST input tax recoverable		330	443
Total current receivables		17,942	16,563
Non-current			
Debtors		282	315
Workers compensation provision recoverable		3,220	3,550
Total non-current receivables		3,502	3,865
Total receivables		21,444	20,428

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.

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12.1 Impairment of receivables

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

Movement in the allowance for impairment loss on receivables:

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	5,123	4,311
Increase/(Decrease) in allowance recognised in profit or loss	613	812
Carrying amount at the end of the period	5,736	5,123

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

Refer to note 27 for details regarding credit risk and the methodology for determining impairment.

13. Inventories

Inventories of \$3.667 million (\$3.416 million) are held for distribution at no or nominal consideration and are measured at the lower of cost and replacement cost.

The amount of 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.

14. Property, plant and equipment and intangible assets

14.1 Acquisition and recognition of non-current assets

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

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

14.2 Depreciation and amortisation of non-current assets

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/amortisation is calculated on a straight line basis. Property, plant and equipment are depreciated over the estimated useful life as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	9 - 60
Right-of-use buildings	Lease Term
Accommodation and leasehold improvements	Lease Term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment	5
• Other plant and equipment	5 - 50
Intangibles	5

14.3 Revaluation

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

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Revaluation of non-current assets or a group of assets is only performed when the asset's fair value at the time of acquisition is greater than \$1.5 million and the estimated useful life exceeds three years. Revaluations are undertaken on a six year 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 \$1.5 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.

14.4 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 and therefore these assets have not been tested for impairment. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

There were no indications of impairment for property, plant and equipment or intangibles as at reporting date.

14.5 Intangible assets

The carrying amount of intangible assets (software) at beginning of the reporting period was nil (\$0.087 million), disposals of nil million (\$0.087 million), resulting in a carrying amount at the end of the reporting period of nil (nil).

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 is 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. Capitalised software is amortised over the useful life of the asset.

14.6 Land and buildings

An independent valuation of owned land and buildings, including site improvements, was performed from March to June 2024 by Certified Practising Valuers from Marsh Pty Ltd as at 1 June 2024, within the regular valuation cycle.

Fair value of unrestricted land was determined using the market approach by way of direct comparison. The valuation was based on an analysis of sales evidence and comparisons with the subject land, taking into account matters such as whether an active market can be established and there are no unreasonable restrictions as to use and/or sale, area, location and other general site characteristics. 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 for specialised land and buildings, 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 the acquisition/transfer costs.

To ensure compliance with AASB 116 *Property, Plant and Equipment*, an annual review of land and buildings fair values was undertaken effective 1 May 2026, including assessment using indices supplied by the Office of the Valuer-General for estimated cost and market values based on location. It was determined that carrying amounts of land and buildings should be increased to better reflect fair value based on changes in replacement cost and market conditions. The Office of the Valuer-General indices were considered appropriate for this purpose.

14.7 Plant and equipment

The value of plant and equipment has not been revalued, this is in accordance with APS116.D, as the carrying value is deemed to approximate fair value. These assets are classified in Level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

14.8 Leased, property, plant and equipment

Right-of-use assets leased by the Hospital as lessee are measured at cost and there were no indications of impairment. 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 lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 18. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 15 and 18. Cash flows related to right-of-use assets are disclosed at note 22.

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15. Reconciliation of property, plant and equipment

The following table shows the movement:

2025-26	Land and buildings:					Plant and equipment:				
	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	Total \$'000
Carrying amount at the beginning of the period	65,901	570,875	42,892	88,650	828	7,538	2,058	-	2,313	781,055
Additions	-	-	7,123	77,612	2,333	7,126	-	-	1,421	95,615
Assets received free of charge	-	-	-	222	-	5	-	-	-	227
Disposals	-	-	-	-	-	(35)	(45)	-	-	(80)
Transfers between asset classes	-	134,722	-	(135,406)	684	198	402	-	(600)	-
Remeasurement	-	-	791	-	-	-	-	-	-	791
Subtotal:	65,901	705,597	50,806	31,078	3,845	14,832	2,415	-	3,134	877,608
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(43,106)	(4,550)	-	(670)	(3,748)	(282)	-	-	(52,356)
Subtotal:	-	(43,106)	(4,550)	-	(670)	(3,748)	(282)	-	-	(52,356)
Gains/(losses) for the period recognised in other comprehensive income:										
Revaluation increment / (decrement)	13,047	42,967	-	-	-	-	-	-	-	56,014
Subtotal:	13,047	42,967	-	-	-	-	-	-	-	56,014
Carrying amount at the end of the period	78,948	705,458	46,256	31,078	3,175	11,084	2,133	-	3,134	881,266
Gross carrying amount										
Gross carrying amount	78,948	787,364	72,372	31,078	10,602	47,958	6,677	-	3,134	1,038,133
Accumulated depreciation / amortisation	-	(81,906)	(26,116)	-	(7,427)	(36,874)	(4,544)	-	-	(156,867)
Carrying amount at the end of the period	78,948	705,458	46,256	31,078	3,175	11,084	2,133	-	3,134	881,266

Refer to notes 14.8 and 18 for details about right-of-use assets and corresponding lease liabilities.

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2024-25	Land and buildings:					Plant and equipment:				
	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	Total \$'000
Carrying amount at the beginning of the period	57,689	528,686	43,928	57,674	1,185	8,820	1,846	694	952	701,474
Additions	753	-	960	75,745	-	1,826	520	1,112	2,066	82,982
Disposals	-	-	-	-	-	(81)	(73)	(1,338)	(122)	(1,614)
Transfers between asset classes	-	44,769	-	(44,769)	-	545	38	-	(583)	-
Remeasurement	-	-	1,519	-	-	-	-	-	-	1,519
Subtotal:	58,442	573,455	46,407	88,650	1,185	11,110	2,331	468	2,313	784,361
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(34,954)	(3,515)	-	(357)	(3,572)	(273)	(468)	-	(43,139)
Subtotal:	-	(34,954)	(3,515)	-	(357)	(3,572)	(273)	(468)	-	(43,139)
Gains/(losses) for the period recognised in other comprehensive income:										
Revaluation increment / (decrement)	7,459	32,374	-	-	-	-	-	-	-	39,833
Subtotal:	7,459	32,374	-	-	-	-	-	-	-	39,833
Carrying amount at the end of the period	65,901	570,875	42,892	88,650	828	7,538	2,058	-	2,313	781,055
Gross carrying amount										
Gross carrying amount	65,901	609,735	64,525	88,650	7,585	43,503	6,638	-	2,313	888,850
Accumulated depreciation / amortisation	-	(38,860)	(21,633)	-	(6,757)	(35,965)	(4,580)	-	-	(107,795)
Carrying amount at the end of the period	65,901	570,875	42,892	88,650	828	7,538	2,058	-	2,313	781,055

16. 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 assets are valued on the basis that the entity intends to retain the assets for a continuous use for the purposes of the entity and for the foreseeable future. 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 \$1.5 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 14 and 16.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

16.1 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 a hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2026

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 15)			
Land	66,051	12,897	78,948
Buildings and improvements	11,928	693,530	705,458
Leasehold improvements	-	3,175	3,175
Plant and equipment	-	13,217	13,217
Total recurring fair value measurements	77,979	722,819	800,798

Fair value measurements at 30 June 2025

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 15)			
Land	54,525	11,376	65,901
Buildings and improvements	10,802	560,073	570,875
Leasehold improvements	-	828	828
Plant and equipment	-	9,596	9,596
Total recurring fair value measurements	65,327	581,873	647,200

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 notes 14 and 16.2.

The Hospital had no valuations categorised into level 1. There are no non-recurring fair value measurements.

16.2 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. To the extent that land has had any restrictions on use and been adjusted with a discount factor these assets are classified as level 3. All other land has been classified as level 2.

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 *Fair Value Measurement*. 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.

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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.

17. Payables

	2026	2025
	\$'000	\$'000
Current		
Creditors and accrued expenses	33,616	39,648
Paid Parental Leave Scheme	176	232
Other payables	2,121	1,926
Total current payables	35,913	41,806
Total payables	35,913	41,806

Payables are measured at nominal amounts. Creditors and accruals are recognised for all amounts owed and unpaid. Contractual payables are normally settled within 15 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to their short-term nature.

Refer to note 27 for information on risk management.

18. Financial liabilities

	2026	2025
	\$'000	\$'000
Current		
Lease liabilities	4,164	3,756
Total current financial liabilities	4,164	3,756
Non-current		
Lease liabilities	45,202	41,606
Total non-current financial liabilities	45,202	41,606
Total financial liabilities	49,366	45,362

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.

The borrowing costs associated with leasing activities is \$1.414 million (\$1.168 million).

Refer to note 27 for information on risk management.

18.1 Leasing activities

The Hospital has a number of lease agreements, lease terms vary from 1 to 21 years. Major lease activities includes multiple properties for uses including; multi-deck car park, office space, GP clinic, Renal Dialysis unit, Older Person's Emergency Review and Assessment clinic.

General property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.

The Hospital has no concessional lease arrangements.

Refer note 15 for details about the right-of-use assets (including depreciation).

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18.2 Maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flows:

	2026	2025
	\$'000	\$'000
Lease Liabilities		
Within one year	5,487	4,804
Later than one year but not longer than five years	18,605	16,432
Later than five years	35,081	31,982
Total lease liabilities (undiscounted)	59,173	53,218

19. Staff related liabilities

	2026	2025
	\$'000	\$'000
Current		
Accrued salaries and wages	41,891	22,498
Annual leave	82,419	72,767
Long service leave	10,316	9,486
Skills and experience retention leave	5,073	4,483
Staff on-costs	15,108	12,710
Other	7	(5)
Total current staff related liabilities	154,814	121,939
Non-current		
Long service leave	112,059	103,044
Staff on-costs	6,450	5,932
Total non-current staff related liabilities	118,509	108,976
Total staff related liabilities	273,323	230,915

Staff related liabilities accrue as a result of services provided up to the reporting date that remain unpaid. Non-current staff related liabilities are measured at present value and current staff related liabilities are measured at nominal amounts.

19.1 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 are expected to be payable within 12 months and are measured at the undiscounted amounts expected to be paid.

As a result of the actuarial assessment performed by DTF, the salary inflation rate has increased from 3.20% to 3.50% for annual leave and skills and experience retention leave liability. As a result, there is an increase in staff related liabilities and staff related expenses of \$0.253 million.

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

19.2 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. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on staff data over SA Government entities and the health sector across government. The split of long service leave between current and non-current is based on the best estimate of the amount to be paid based on leave taken in prior years.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased from 4.25% to 4.75%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, resulting in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF leaves the salary inflation rate unchanged at 3.50% for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$4.165 million, staff on-costs of \$0.235 million and staff related expense of \$4.400 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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19.3 Staff on-costs

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has remained unchanged at 47.00% and the average factor for the calculation of employer superannuation on-costs has remained unchanged at 12.00%. These rates are used in the staff on-cost calculation. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

20. Provisions

The Hospital's provision relates to workers compensation only.

Reconciliation of workers compensation (statutory and additional compensation)

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	16,816	16,834
Additions	4,551	4,991
Payments	(3,477)	(3,725)
Remeasurement	(1,155)	(1,284)
Carrying amount at the end of the period	16,735	16,816

The Hospital as an exempt employer is responsible for the payment of workers compensation claims and the implementation and funding of preventative programs. A liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

The additional compensation scheme 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 nonserious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

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

21. Contract liabilities and other liabilities

	2026	2025
	\$'000	\$'000
Current		
Contract liabilities	423	286
Unearned revenue	253	76
Other	28	276
Total current contract liabilities and other liabilities	704	638
Total contract liabilities and other liabilities	704	638

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22. Cash flow reconciliation

	2026 \$'000	2025 \$'000
Reconciliation of net cash from operating activities to net result:		
Net cash provided by (used in) operating activities	25,837	35,926
Add/less non-cash items		
Capital revenues	74,719	73,599
Depreciation and amortisation expense of non-current assets	(52,356)	(43,139)
Gain/(loss) on sale or disposal of non-current assets	(83)	(363)
Resources received free of charge	227	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	1,016	1,396
Increase/(decrease) in inventories	251	276
(Increase)/decrease in staff benefits	(42,408)	(17,646)
(Increase)/decrease in payables and provisions	6,768	(11,475)
(Increase)/decrease in other liabilities	(66)	(580)
Net result	13,905	37,994

Total cash outflows for leases is \$5.322 million (\$5.209 million).

23. Unrecognised contractual commitments

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

	2026 \$'000	2025 \$'000
Contractual commitments to acquire property, plant and equipment		
Within one year	760	838
Total capital contractual commitments	760	838

The Hospital's contractual 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 (DIT) financial statements.

	2026 \$'000	2025 \$'000
Other contractual commitments		
Within one year	66,464	59,599
Later than one year but not longer than five years	26,905	38,871
Later than five years	2,179	3,407
Total other contractual commitments	95,548	101,877

The Hospital's other contractual commitments are for agreements for goods and services ordered but not received.

24. Trust funds

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

	2026 \$'000	2025 \$'000
Carrying amount at the beginning of period	1,007	775
Client trust receipts	744	712
Client trust payments	(785)	(480)
Carrying amount at the end of the period	966	1,007

25. 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 or contingent liabilities and has made no guarantees.

26. Events after balance date

The Hospital is not aware of any material events from reporting date to final certification of these financial statements.

27. Financial instruments/financial risk management

27.1 Financial risk management

Risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management – Guidelines*.

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

Liquidity Risk

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

Refer to notes 1.4, 17 and 18 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 11 and 12 for further information.

Market Risk

The Hospital does not engage in 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.

27.2 Categorisation of financial instruments

Material accounting policy information 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 financial assets and liabilities were categorised as: financial assets measured at amortised cost; financial assets measured at fair value through profit or loss; financial assets measured at fair value through other comprehensive income; and financial liabilities measured at amortised cost are detailed below. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

A financial asset is measured at amortised cost if:

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

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The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 12 and 17).

Category of financial asset and financial liability	Notes	2026 Carrying amount/ Fair value \$'000	2025 Carrying amount/ Fair value \$'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	11,22	50,726	41,781
Amortised cost			
Receivables	12	15,826	14,093
Total financial assets		66,552	55,874
Financial liabilities			
Financial liabilities at amortised cost			
Payables	17	35,737	41,574
Lease liabilities	18	49,366	45,362
Other liabilities	21	28	276
Total financial liabilities		85,131	87,212

Statutory receivables and payables are excluded from these tables because they are not financial assets and financial liabilities. In government, certain rights to receive or obligations to pay cash may not be contractual but have their source in legislation. The disclosure requirements of AASB7 *Financial Instruments* do not apply to statutory receivables and payables.

27.3 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 with net result, subsequent recoveries of amounts previously written off are credited against the same line item.

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

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

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

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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:

	30 June 2026			30 June 2025		
	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000
Days past due						
Current	0.1 - 1.0%	4,681	28	0.1 - 1.1%	5,446	38
<30 days	0.3 - 1.7%	2,092	17	0.4 - 1.8%	1,716	17
31-60 days	0.8 - 4.1%	1,038	23	1.0 - 4.5%	1,022	23
61-90 days	1.5 - 6.4%	712	27	1.8 - 6.9%	878	33
91-120 days	2.3 - 8.2%	961	55	2.8 - 8.6%	298	17
121-180 days	4.8 - 12.0%	1,264	120	5.5 - 12.1%	649	59
181-360 days	19.8 - 44.1%	3,652	1,544	19.8 - 44.1%	1,649	706
361-540 days	40.9 - 86.0%	1,281	1,037	40.9 - 86.0%	1,275	1,082
>540 days	46.2 - 100.0%	2,970	2,885	46.2 - 100.0%	3,244	3,148
Total		18,651	5,736		16,177	5,123

28. Significant transactions with government related entities

The Hospital is controlled by SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 2), incurred expenditure via the Department for medical, surgical and laboratory supplies, insurance and computing (note 8), and incurred significant investing expenditure with DIT of \$86.782 million (\$65.003 million).

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29. 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
Northern Adelaide Local Health Network Governing Board	-	Searle J (Chair), Culley A (Deputy Chair), Gregory B, Lampard F, Naidoo M, Patetsos M, Roesler C, Swan D
Northern Adelaide Local Health Network Patient Safety and Quality Committee	-	Roesler C (Chair), Lampard F, Lynch L, Naidoo M, Searle J
Northern Adelaide Local Health Network Consumer Community	-	Amos T, Andrew J, Artis T, Baker K, Brooks M, Burner K, Capozza G, Chester M, Coleman L, Covark T, Craig A, Damgaard H, Dawson B, Dhamala A, Dola, Furniss R, Gerges G, Ghulam M, Gill S, Grantham H, Hartwell A, Haydon W, Higginson P, Hoffman J, Iacobini J, Koroma H, Lahcen T, Lawrence D, Logan L, Morgan E, Nicholls E, Nolan B, O'Donnell C, Pewee L, Pick C, Radoslovich H, Rajae S, Ramazani E, Riviere J, Spargo J, Stock M, Streiber N, Strzelecki R, Walmsley B, Warncken I, Warncken J, West V, Yel M
Northern Adelaide Local Health Network Finance Audit and Risk Committee	-	Swan D (Chair), Gregory B, Patetsos M, Powell D
Northern Adelaide Local Health Network and Department for Health and Wellbeing Aboriginal Consumer Reference Group	-	Sansbury D, Weetra C, Rigney D, Weetra R, Young T, Stengle A, Cairns C, Watts M, Chisholm K, Lamont J

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

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30. Schedules of administered funds

The Hospital administers the following funds:

- Private Practice Funds, representing funds billed on behalf of salaried medical officers and subsequently distributed to the Hospital and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement; and
- Nurses Education Funds, representing the balance of payroll deductions from nursing staff held for education purposes.

	2026	2025
	\$'000	\$'000
Revenue from fees and charges	19,193	16,543
Other revenue	40	38
Supplies and services	(25)	(26)
Other expenses	(18,307)	(16,091)
Net result	901	464
Cash and cash equivalents	2,409	1,976
Receivables	1,540	1,069
Liabilities	(12)	(9)
Net assets	3,937	3,036
Cash at beginning of period	1,976	1,713
Cash inflows	18,763	16,373
Cash outflows	(18,330)	(16,110)
Cash at the end of the period	2,409	1,976

Certification of the Financial Statements

We certify that the:

- Financial statements of the Northern 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 Northern Adelaide Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective.



Karen Puvogel
Chief Executive Officer



Natalia Hubczenko
Chief Finance Officer



Andrew Culley
Governing Board Chair

Date: 10/09/2026