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To the Governing Board Chair 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 2026.

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 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 Southern Adelaide Local Health Network Incorporated. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive Officer and the 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 Southern 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 Southern Adelaide Local Health Network Incorporated's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- 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

18 September 2026

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.



Kerrie Mahon
Chief Executive Officer



Matt Rooney
Chief Finance Officer



Mark Butcher
Governing Board Chair

Date 10 September 2026

SOUTHERN 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	1,874,913	1,677,744
Fees and charges	3	107,193	91,023
Grants and contributions	4	6,372	7,798
Interest	12	835	774
Resources received free of charge	5	10,126	11,930
Other revenues/income	6	27,167	25,298
Total income		2,026,606	1,814,567
Expenses			
Staff-related expenses	7	1,219,447	1,110,350
Supplies and services	8	651,126	583,984
Depreciation and amortisation	16,17	61,132	55,698
Grants and subsidies	9	1,310	357
Borrowing costs	20	221	203
Net loss from disposal of non-current and other assets	11	222	2,151
Impairment loss on receivables	13.1	179	1,397
Other expenses	10	3,693	3,146
Total expenses		1,937,330	1,757,286
Net result		89,276	57,281
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		184,173	57,771
Total other comprehensive income		184,173	57,771
Total comprehensive result		273,449	115,052

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 2026

	Note	2026	2025
		\$'000	\$'000
Current assets			
Cash and cash equivalents	12	68,135	57,515
Receivables	13	43,533	36,412
Inventories	15	5,182	4,782
Total current assets		116,850	98,709
Non-current assets			
Receivables	13	7,816	8,394
Other financial assets	14	1,500	1,379
Property, plant and equipment	16,17	1,462,046	1,169,925
Total non-current assets		1,471,362	1,179,698
Total assets		1,588,212	1,278,407
Current liabilities			
Payables	19	52,986	55,043
Financial liabilities	20	1,619	1,113
Staff related liabilities	21	219,400	191,070
Provisions	22	9,290	9,266
Contract liabilities and other liabilities	23	129	410
Total current liabilities		283,424	256,902
Non-current liabilities			
Payables	19	57	57
Financial liabilities	20	5,747	3,743
Staff related liabilities	21	177,195	166,304
Provisions	22	42,827	45,888
Total non-current liabilities		225,826	215,992
Total liabilities		509,250	472,894
Net assets		1,078,962	805,513
Equity			
Retained earnings		497,228	407,952
Asset revaluation surplus		581,734	397,561
Total equity		1,078,962	805,513

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 2026

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2024		341,534	347,331	688,865
Prior period adjustment	1.7	955	-	955
Restated balance at 30 June 2024		342,489	347,331	689,820
Restated net result for 2024-25		-	57,281	57,281
Gain/(loss) on revaluation of land and buildings	17	57,771	-	57,771
Total comprehensive result for 2024-25		57,771	57,281	115,052
Transfer between equity components		(2,699)	2,699	-
Net assets transferred out as a result of an administrative restructure	1.6	-	641	641
Balance at 30 June 2025		397,561	407,952	805,513
Net result for 2025-26		-	89,276	89,276
Gain/(loss) on revaluation of land and buildings	17	184,173	-	184,173
Total comprehensive result for 2025-26		184,173	89,276	273,449
Balance at 30 June 2026		581,734	497,228	1,078,962

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 2026

		2026	2025
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government		1,504,896	1,364,404
Fees and charges		100,719	86,971
Grants and contributions		6,768	8,324
Interest received		835	774
GST recovered from ATO		29,635	25,347
Other receipts		12,831	13,563
Cash outflows			
Staff benefits payments		(1,181,861)	(1,066,877)
Payments for supplies and services		(444,995)	(383,293)
Payments of grants and subsidies		(1,369)	(378)
Interest paid		(221)	(203)
Other payments		(1,548)	(1,466)
Net cash from operating activities	24	25,690	47,166
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(13,459)	(15,282)
Net cash used in investing activities		(13,459)	(15,282)
Cash flows from financing activities			
Cash outflows			
Repayment of lease liabilities		(1,611)	(3,355)
Net cash used in financing activities		(1,611)	(3,355)
Net increase/(decrease) in cash and cash equivalents		10,620	28,529
Cash and cash equivalents at the beginning of the period		57,515	28,986
Cash and cash equivalents at the end of the period	12	68,135	57,515

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 2026

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 31.

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 33). 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.

Material 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 2026

1.4 Continuity of Operations

As at reporting date, the Hospital had a working capital deficiency of \$166.574 million (\$158.193 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. 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.

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

2025-26

There was no functions transferred in or out during the year.

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 1 April 2025, approved the transition of 24 staff to the statewide ACAS in CALHN, effective 17 May 2025. Staff related liabilities of \$0.641 million were transferred out of the Hospital.

1.7 Prior period error correction

During the year the Hospital identified that a dwelling asset located at Amata within the APY Lands which had been under the control of the Hospital for several years, had not been accurately recognised in the asset register. Details were subsequently confirmed by infrastructure team in the Department and external valuer. As a result, the dwelling asset was recognised and added to the balance sheet during the reporting period along with retrospective depreciation.

Restatement of 2024-25 comparative information	2025 reported \$'000	Prior period adjustment \$'000	2025 restated \$'000
Opening balances 1 July 2024			
Assets: Property, plant and equipment – buildings; note 17	873,059	955	874,014
Equity: Asset revaluation surplus	341,534	955	342,489
Closing balances 30 June 2025			
Assets: Property, plant and equipment – buildings; note 17	933,049	955	933,940
Equity: Asset revaluation surplus	396,606	955	397,561
Expense: Depreciation and amortisation expense; note 17	55,634	64	55,698
Total comprehensive result	115,116	(64)	115,052

2. Revenues from SA Government

	2026 \$'000	2025 \$'000
Operational funding	1,707,883	1,549,499
Capital projects funding	167,030	128,245
Total revenues from Department for Health and Wellbeing	1,874,913	1,677,744

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.

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

3. Fees and charges

	2026 \$'000	2025 \$'000
Car parking revenue	8,316	7,765
Commissions revenue	7	8
Fees for health services	14,270	15,134
Fines, fees and penalties	17	18
Patient and client fees	74,225	59,761
Private practice fees	3,950	3,477
Sale of goods - medical supplies	648	529
Training revenue	46	42
Other user charges and fees	5,714	4,289
Total fees and charges	107,193	91,023

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	2026 \$'000 Goods/Services transferred at a point in time	2026 \$'000 Goods/Services transferred over a period of time	2025 \$'000 Goods/Services transferred at a point in time	2025 \$'000 Goods/Services transferred over a period of time
Car parking revenue	4,747	3,569	4,368	3,397
Commissions revenue	7	-	8	-
Patient and client fees	64,055	-	52,172	-
Private practice fees	3,950	-	3,477	-
Fees for health services	13,812	-	14,514	-
Sale of goods - medical supplies	291	-	100	-
Training revenue	34	-	30	-
Other user charges and fees	4,664	-	3,938	-
Total contracts with external customers	91,560	3,569	78,607	3,397
Patient and client fees	10,170	-	7,589	-
Fees for health services	458	-	620	-
Sale of goods - medical supplies	357	-	429	-
Training revenue	12	-	12	-
Other user charges and fees	1,050	-	351	-
Total contracts with SA Government customers	12,047	-	9,001	-
Total contracts with customers	103,607	3,569	87,608	3,397

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

The Hospital recognises revenue (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 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.

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.

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

Private practice fees

SA Health 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 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 recognised as it's collected as per the Rights of Private Practice Agreement.

Car parking revenue

The Hospital provides access to car parks directly to staff, patients and visitors. A discounted weekly ticket is also available. Revenue is recognised 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, nurses and other staff.

4. Grants and contributions

	2026 \$'000	2025 \$'000
Commonwealth grants and donations	1,930	1,497
Other SA Government grants and contributions	1,272	1,157
Private sector capital contributions	166	1,171
Private sector grants and contributions	3,004	3,973
Total grants and contributions	6,372	7,798

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

Of the \$6.372 million (\$7.798 million) total grants and contributions, \$2.097 million (\$2.451 million) was provided for specific purposes, such as research and associated activities.

5. Resources received free of charge

	2026 \$'000	2025 \$'000
Buildings and improvements	-	2,794
Services	10,126	9,136
Total resources received free of charge	10,126	11,930

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 free of charge valued at \$6.688 million (\$6.204 million), IT and communication services from the Office of the Chief Information Officer valued at \$2.612 million (\$2.549 million), and audit services from the Audit Office of South Australia valued at \$0.364 million (\$0.383 million). Refer to notes 8 and 10 for corresponding expenses.

In addition, although not recognised the Hospital received volunteer services from the Volunteer Service for Flinders Medical Centre Inc. There are several hundred volunteers who provide patient and employee 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

	2026 \$'000	2025 \$'000
Donations	37	5
Health recoveries	15,235	12,896
Other	11,895	12,397
Total other income/revenue	27,167	25,298

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

7. Staff related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	957,414	859,327
Targeted voluntary separation packages	-	133
Long service leave	26,067	25,096
Annual leave	100,045	89,031
Skills and experience retention leave	4,363	3,937
Superannuation	123,836	110,033
Workers compensation	5,473	20,407
Board and committee fees	363	334
Other staff related expenses	1,886	2,052
Total staff related expenses	1,219,447	1,110,350

7.1 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, eight members of the governing board, the Chief Executive of the Department, Chief Executive Officer of the Hospital and the eleven (ten in 2025) members of the Executive Management Group who have responsibility for the strategic direction and management of the Hospital.

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

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

Compensation

	2026	2025
	\$'000	\$'000
Salaries and other short term staff benefits	3,109	2,268
Post-employment benefits	1,066	837
Total	4,175	3,105

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.

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:

	2026	2025
	No. of Members	No. of Members
\$0	338	349
\$1 - \$20,000	31	33
\$20,001 - \$40,000	6	5
\$40,001 - \$60,000	1	1
\$60,001 - \$80,000	1	1
Total	377	389

The total remuneration received or receivable by members was \$0.402 million (\$0.371 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 32 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.

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

7.3 Staff remuneration

	2026	2025
	Number	Number
The number of staff whose remuneration received or receivable falls within the following bands:		
\$171,001 - \$177,000*	n/a	40
\$177,001 - \$197,000	155	151
\$197,001 - \$217,000	117	109
\$217,001 - \$237,000	87	60
\$237,001 - \$257,000	59	38
\$257,001 - \$277,000	46	43
\$277,001 - \$297,000	46	55
\$297,001 - \$317,000	39	40
\$317,001 - \$337,000	45	37
\$337,001 - \$357,000	28	32
\$357,001 - \$377,000	30	29
\$377,001 - \$397,000	36	12
\$397,001 - \$417,000	22	27
\$417,001 - \$437,000	21	29
\$437,001 - \$457,000	32	12
\$457,001 - \$477,000	12	18
\$477,001 - \$497,000	20	26
\$497,001 - \$517,000	27	22
\$517,001 - \$537,000	28	17
\$537,001 - \$557,000	12	12
\$557,001 - \$577,000	12	10
\$577,001 - \$597,000	9	-
\$597,001 - \$617,000	6	6
\$617,001 - \$637,000	4	6
\$637,001 - \$657,000	3	6
\$657,001 - \$677,000	9	2
\$677,001 - \$697,000	4	1
\$697,001 - \$717,000	1	-
\$717,001 - \$737,000	1	2
\$757,001 - \$777,000	1	-
\$837,001 - \$857,000	1	-
Total	913	842

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

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 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
Nursing remuneration	81	16,058	73	13,658
Medical (excluding Nursing) remuneration	811	267,647	748	237,198
Non-medical (i.e. administration) remuneration	9	1,782	8	1,502
Executive remuneration	12	3,344	13	3,226
Total	913	288,831	842	255,584

7.5 Targeted voluntary separation packages (TVSP)

	2026	2025
	\$'000	\$'000
Amount paid to separated staff:		
Targeted voluntary separation packages	-	133
Leave paid to separate staff	-	23
Net cost to the Hospital	-	156

The number of staff who received a TVSP during the reporting period	-	1
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8. Supplies and services

	2026	2025
	\$'000	\$'000
Administration	361	559
Advertising	198	654
Communication	4,087	3,948
Computing	20,077	16,689
Consultants	141	484
Contract of services	21,340	21,330
Contractors	6,659	6,519
Contractors - agency staff	27,714	29,126
Drug supplies	35,238	32,669
Electricity, gas and fuel	7,758	7,554
Fee for service	131,616	113,934
Food supplies	22,257	20,419
Housekeeping	17,002	14,032
Insurance	9,828	8,625
Internal SA Health SLA payments	17,044	16,527
Legal	2,728	622
Medical, surgical and laboratory supplies	202,363	176,176
Minor equipment	6,532	6,633
Motor vehicle expenses	1,784	1,050
Occupancy rent and rates	6,110	4,953
Patient transport	8,605	8,341
Postage	1,933	1,799
Printing and stationery	2,466	2,356
Repairs and maintenance	31,922	32,001
Security	23,564	19,024
Services from Shared Services SA	6,922	6,404
Training and development	12,710	11,586
Travel expenses	6,414	6,319
Other supplies and services	15,753	13,651
Total supplies and services	651,126	583,984

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.

9. Grants and subsidies

	2026	2025
	\$'000	\$'000
Subsidies	493	-
Funding to non-government organisations	817	357
Total grants and subsidies	1,310	357

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. Other expenses

	2026	2025
	\$'000	\$'000
Debts written off	143	95
Bank fees and charges	33	57
Donated assets expense	56	188
Other	3,461	2,806
Total other expenses	3,693	3,146

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

	2026	2025
	\$'000	\$'000
Land and buildings	40	1,960
Plant and equipment	182	191
Total net loss from disposal of non-current and other assets	222	2,151

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.

12. Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Cash at bank or on hand	3,003	2,418
Deposits with Treasurer: general operating	40,758	34,489
Deposits with Treasurer: special purpose funds	24,374	20,608
Total cash and cash equivalents in the Statement of Financial Position	68,135	57,515
Total cash and cash equivalents in the Statement of Cash Flows	68,135	57,515

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 earned interest on the special purpose funds deposit account of \$0.835 million (\$0.774 million).

13. Receivables

		2026	2025
	Note	\$'000	\$'000
Current			
Patient/client fees: compensable		1,855	1,939
Patient/client fees: other		22,645	17,060
Debtors		6,333	7,442
Less: allowance for impairment loss on receivables	13.1	(3,821)	(3,642)
Prepayments		5,538	5,068
Workers compensation provision recoverable		1,775	1,858
Sundry receivables and accrued revenue		9,071	6,053
GST input tax recoverable		137	634
Total current receivables		43,533	36,412
Non-current			
Debtors		697	715
Prepayments		1,208	1,264
Workers compensation provision recoverable		5,911	6,415
Total non-current receivables		7,816	8,394
Total receivables		51,349	44,806

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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13.1 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 provision.

Movement in the allowance for impairment loss on receivables:

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	3,642	2,245
Increase/(Decrease) in allowance recognised in profit or loss	179	1,397
Carrying amount at the end of the period	3,821	3,642

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government. Refer to note 29 for details regarding credit risk and the methodology for determining impairment.

14. Other financial assets

	2026	2025
	\$'000	\$'000
Non-current		
Joint venture	1,500	1,379
Total other financial assets	1,500	1,379

The joint venture represents the Hospital's interest in 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 participate.

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 beneficial entitlement and share of net assets as a financial asset.

There is no impairment on other financial assets. Refer to note 29 for information on risk management.

15. Inventories

	2026	2025
	\$'000	\$'000
Drug supplies	1,061	1,155
Inventory imprest stock	3,450	2,938
Other	671	689
Total current inventories - held for distribution	5,182	4,782

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

16. Property, plant and equipment and intangible assets

16.1 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.

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16.2 Depreciation and amortisation

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

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

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	5 – 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 – 10
• Computing	3
• Vehicles	5
• Other plant and equipment	3 – 50
Intangible assets	5

16.3 Revaluation

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

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

16.4 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 reporting date.

16.5 Intangible assets

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

The acquisition of, or internal development of, software is capitalised only when the expenditure meets the definition criteria and recognition criteria, and when the amount of expenditure is greater than or equal to \$10,000.

The Hospital has computer software with a carrying amount of nil (nil) at the end of reporting period after amortisation of nil (\$0.001 million).

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16.6 Land and building

An independent valuation of land and buildings owned by the Hospital was performed from March to June 2024 by certified practising valuers from Marsh Pty Ltd as at 1 June 2024, within 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, 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.

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.

16.7 Plant and equipment

The value of plant and equipment has not been revalued, this is in accordance with APS 116.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.

16.8 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. 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 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.

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, maturity analysis and interest expense are disclosed at note 20. Depreciation expense related to right-of-use assets is disclosed at note 17. Cash outflows related to right-of-use assets are disclosed at note 24.

The Hospital is a lessor of property under a ground underlease agreement with Adelaide Community Healthcare Alliance Incorporated, trading as Flinders Private Hospital. This arrangement has been classified as an operating lease, and has a term of 39 years. Rent is nominal. Income from variable lease payments was received as profit share of \$1.127 million (\$1.086 million).

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17. Reconciliation of property, plant and equipment

The following table shows the movement :

2025-26	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	66,700	933,940	4,028	147,214	2,297	11,752	1,201	-	2,793	1,169,925
Additions	7,200	44	4,121	152,567	16	3,136	515	-	1,759	169,358
Disposals	-	-	-	(40)	-	(78)	-	-	(104)	(222)
Donated assets disposal	-	-	-	-	-	(56)	-	-	-	(56)
Transfers between asset classes	-	104,537	-	(105,708)	1,171	2,369	64	-	(2,433)	-
Subtotal:	73,900	1,038,521	8,149	194,033	3,484	17,123	1,780	-	2,015	1,339,005
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(53,849)	(1,719)	-	(311)	(5,036)	(217)	-	-	(61,132)
Subtotal:	-	(53,849)	(1,719)	-	(311)	(5,036)	(217)	-	-	(61,132)
Gains/(losses) for the period recognised in other comprehensive income:										
Revaluation increment / (decrement)	10,270	173,903	-	-	-	-	-	-	-	184,173
Subtotal:	10,270	173,903	-	-	-	-	-	-	-	184,173
Carrying amount at the end of the period	84,170	1,158,575	6,430	194,033	3,173	12,087	1,563	-	2,015	1,462,046
Gross carrying amount										
Gross carrying amount	84,170	1,264,698	16,474	194,033	7,320	54,151	9,078	-	2,015	1,631,939
Accumulated depreciation / amortisation	-	(106,123)	(10,044)	-	(4,147)	(42,064)	(7,515)	-	-	(169,893)
Carrying amount at the end of the period	84,170	1,158,575	6,430	194,033	3,173	12,087	1,563	-	2,015	1,462,046

Included in the movements are assets classified in the level 2 fair value hierarchy:

- Land: \$66.700 million at beginning of period, \$10.270 million revaluation increment, \$76.970 million at end of period.
- Buildings: \$1.518 million at beginning of period, (\$0.304 million) depreciation expense, \$1.699 million revaluation increment, \$2.913 million at end of period.

All other movements are attributed to assets in the level 3 fair value hierarchy except for capital works in progress and right-of-use assets (not classified).

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2024-25	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	81,480	874,014	4,199	60,432	2,579	11,482	1,335	1,157	1,421	1,038,099
Additions	-	268	1,295	121,667	-	4,269	-	828	2,394	130,721
Assets received free of charge	-	-	-	2,794	-	-	-	-	-	2,794
Disposals	-	(1,960)	-	-	-	(181)	(10)	(1,424)	-	(3,575)
Donated assets disposal	-	-	-	-	-	(188)	-	-	-	(188)
Transfers between asset classes	(19,233)	56,680	-	(37,679)	-	1,179	75	-	(1,022)	-
Subtotal:	62,247	929,002	5,494	147,214	2,579	16,561	1,400	561	2,793	1,167,851
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(48,380)	(1,466)	-	(282)	(4,809)	(199)	(561)	-	(55,697)
Subtotal:	-	(48,380)	(1,466)	-	(282)	(4,809)	(199)	(561)	-	(55,697)
Gains/(losses) for the period recognised in other comprehensive income:										
Revaluation increment / (decrement)	4,453	53,318	-	-	-	-	-	-	-	57,771
Subtotal:	4,453	53,318	-	-	-	-	-	-	-	57,771
Carrying amount at the end of the period	66,700	933,940	4,028	147,214	2,297	11,752	1,201	-	2,793	1,169,925
Gross carrying amount										
Gross carrying amount	66,700	986,216	12,353	147,214	6,133	51,342	8,518	-	2,793	1,281,269
Accumulated depreciation / amortisation	-	(52,276)	(8,325)	-	(3,836)	(39,590)	(7,317)	-	-	(111,344)
Carrying amount at the end of the period	66,700	933,940	4,028	147,214	2,297	11,752	1,201	-	2,793	1,169,925

2024-25 buildings carrying amounts and movements have been restated, refer to note 1.7.

Included in the movements are assets classified in the level 2 fair value hierarchy:

- Land: \$62.247 million at beginning of period, \$4.453 million revaluation increment, \$66.700 million at end of period.
 - Buildings: \$1.477 million at beginning of period, (\$0.111 million) depreciation expense, \$0.152 million revaluation increment, \$1.518 million at end of period.
- All other movements are attributed to assets in the level 3 fair value hierarchy except for capital works in progress and right-of-use assets (not classified).

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18. Fair Value Measurement

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

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

The Hospital's 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 \$1.500 million or an estimated useful life that was less than three years are deemed to approximate fair value.

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

18.1 Fair value hierarchy

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

Fair value measurements at 30 June 2026

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 17)			
Land	76,970	7,200	84,170
Buildings and improvements	2,913	1,155,662	1,158,575
Leasehold improvements	-	3,173	3,173
Plant and equipment	-	13,650	13,650
Total	79,883	1,179,685	1,259,568

Fair value measurements at 30 June 2025

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 17)			
Land	66,700	-	66,700
Buildings and improvements	1,518	932,422	933,940
Leasehold improvements	-	2,297	2,297
Plant and equipment	-	12,953	12,953
Total	68,218	947,672	1,015,890

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

During the reporting period, the Hospital had no valuations categorised into Level 1.

18.2 Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. 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.

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.

19. Payables

	2026	2025
	\$'000	\$'000
Current		
Creditors and accrued expenses	49,712	52,377
Paid Parental Leave Scheme	271	248
Other payables	3,003	2,418
Total current payables	52,986	55,043
Non-current		
Other payables	57	57
Total non-current payables	57	57
Total payables	53,043	55,100

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 29 for information on risk management.

20. Financial liabilities

	2026	2025
	\$'000	\$'000
Current		
Lease liabilities	1,619	1,113
Total current financial liabilities	1,619	1,113
Non-current		
Lease liabilities	5,747	3,743
Total non-current financial liabilities	5,747	3,743
Total financial liabilities	7,366	4,856

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

The Hospital incurred borrowing costs associated with leasing activities of \$0.221 million (\$0.203 million). Refer to note 16 for details about the right-of-use assets (including depreciation).

The Hospital has no concessional lease arrangements.

Refer to note 29 for information on risk management.

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20.1 Maturity analysis

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

	2026	2025
	\$'000	\$'000
Lease Liabilities		
Within one year	1,844	1,204
Later than one year but not longer than five years	4,269	3,884
Later than five years	2,532	-
Total lease liabilities (undiscounted)	8,645	5,088

21. Staff related liabilities

	2026	2025
	\$'000	\$'000
Current		
Accrued salaries and wages	37,548	30,107
Annual leave	133,894	119,763
Long service leave	15,425	14,477
Skills and experience retention leave	7,263	6,928
Staff on-costs	25,236	19,791
Other	34	4
Total current staff related liabilities	219,400	191,070
Non-current		
Long service leave	167,550	157,252
Staff on-costs	9,645	9,052
Total non-current staff related liabilities	177,195	166,304
Total staff related liabilities	396,595	357,374

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

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

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

The annual leave liability and the skills and experience retention leave liability 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 the staff related liabilities and staff related expenses of \$0.409 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.

21.2 Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method. 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 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 \$6.019 million, staff on-costs of \$0.340 million and staff related expense of \$6.359 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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21.3 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% and the average factor for the calculation of employer superannuation on-costs has remained unchanged at 12%. 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.

22. Provisions

All provisions are for workers compensation.

Reconciliation of workers compensation (statutory and additional compensation)

	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	55,154	42,956
Additions	8,605	8,612
Payments	(7,292)	(6,404)
Remeasurements	(4,350)	9,990
Carrying amount at the end of the period	52,117	55,154

22.1 Workers Compensation

The Hospital 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.

23. Contract liabilities and other liabilities

	2026	2025
	\$'000	\$'000
Current		
Unearned revenue	23	23
Contract liabilities	35	363
Other	71	24
Total contract liabilities and other liabilities	129	410

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 recognised 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 recognised as revenue.

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24. Cash flow reconciliation

Reconciliation of net cash from operating activities to net result:	2026	2025
	\$'000	\$'000
Net cash provided by/(used in) operating activities	25,690	47,166
Add/less non-cash items		
Asset donated free of charge	(56)	(188)
Capital revenues	151,778	113,170
Depreciation and amortisation expense of non-current assets	(61,132)	(55,698)
Gain/(loss) on sale or disposal of non-current assets	(222)	(2,151)
Resources received free of charge	-	2,794
Revaluation of investments	121	2
Movement in assets and liabilities		
Increase/(decrease) in receivables	6,543	5,370
Increase/(decrease) in inventories	400	105
(Increase)/decrease in staff benefits	(39,221)	(29,793)
(Increase)/decrease in payables and provisions	5,094	(23,573)
(Increase)/decrease in other liabilities	281	77
Net result	89,276	57,281

The total cash outflows for leases were \$1.832 million (\$2.112 million).

25. Unrecognised contractual commitments

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

25.1 Contractual commitments to acquire property, plant and equipment

	2026	2025
	\$'000	\$'000
Within one year	1,306	7,837
Total capital commitments	1,306	7,837

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 (DIT) financial statements.

25.2 Other contractual commitments

	2026	2025
	\$'000	\$'000
Within one year	146,448	134,463
Later than one year but not longer than five years	218,349	213,664
Later than five years	60,632	238,678
Total expenditure commitments	425,429	586,805

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

26. Trust funds

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

	2026	2025
	\$'000	\$'000
Carry amount at the beginning of period	44	52
Client trust receipts	346	381
Client trust payments	(348)	(389)
Carrying amount at the end of the period	42	44

27. Contingent assets and liabilities

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

Contingent assets

During 2026 surgery was temporarily deferred at Noarlunga Hospital and Flinders Medical Centre, to ensure patient safety, due to air conditioning infrastructure issues and high levels of humidity and condensation. Potentially damaged sterile stock was reviewed and replaced where necessary. The Hospital incurred material expenses associated with stock loss, additional workforce hours including restocking, and infrastructure repairs. Multiple insurance claims have been raised for infrastructure works, theatre stock and activity. Estimated total value of all insurance claims is uncertain, contingent on final assessment of discarded stock, activity impacts, and engineer's report.

28. Events after balance date

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

29. Financial instruments/financial risk management

29.1 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 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, 19 and 20 for further information.

Credit risk

The Hospital has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Hospital has minimal concentration of credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital.
Refer to notes 12, 13 and 14 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.

29.2 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 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; and financial liabilities measured at amortised cost are detailed below. All 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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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	12	68,135	57,515
Amortised cost			
Receivables	13	35,974	28,765
Fair value through profit or loss			
Other financial assets	14	1,500	1,379
Total financial assets		105,609	87,659
Financial liabilities			
Financial liabilities at amortised cost			
Payables	19	52,772	54,852
Financial liabilities	20	7,366	4,856
Other liabilities	23	71	24
Total financial liabilities		60,209	59,732

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 AASB 7 *Financial Instruments* do not apply to statutory receivables and payables.

29.3 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:

	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 - 1.3%	8,654	48	0.1 - 1.4%	8,272	155
<30 days	0.1 - 1.8%	5,118	43	0.2 - 1.8%	4,834	372
31-60 days	0.4 - 3.5%	3,248	37	0.4 - 3.6%	1,797	19
61-90 days	0.6 - 6.5%	685	14	0.7 - 6.4%	802	101
91-120 days	1.0 - 10.3%	897	217	1.0 - 10.2%	240	12
121-180 days	2.1 - 16.7%	1,875	1,085	2.1 - 16.4%	251	46
181-360 days	4.8 - 41.1%	1,289	587	4.5 - 40.5%	677	156
361-540 days	25.1 - 57.6%	301	215	24.7 - 57.4%	2,257	2,095
>540 days	30.4 - 75.6%	1,827	1,575	30.0 - 75.2%	1,120	686
Total		23,894	3,821		20,250	3,642

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30. 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), incurred expenditure with the Department for medical, surgical and laboratory supplies, computing and insurance (note 8), and incurred significant investing expenditure with DIT of \$135.093 million (\$100.270 million).

31. 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 this reporting period as accumulated losses from previous financial years are yet to be recouped.

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

	2026	2025
Percentage ownership interest	50 %	50 %
	\$'000	\$'000
Current assets	2,075	1,677
Current liabilities	(1,344)	(1,125)
Non-current assets	2,526	2,583
Non-current liabilities	(5,460)	(5,578)
Net assets	(2,203)	(2,443)
Groups share of net assets (50%)	(1,101)	(1,222)
Share of beneficial entitlement	2,601	2,601
Carrying amount of interest in joint venture	1,500	1,379
Expenses	(8,083)	(7,393)
Revenue	8,324	7,397
Profit/(loss) and total comprehensive income	241	4
Entity's share of profit and total comprehensive income (50%)	121	2

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32. 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
Southern Adelaide Local Health Network Governing Board	-	Agius A, Sherbon A (Deputy Chair), Butcher M (Chair), Kirkpatrick E, Stone I (appointed 01/07/2025), Mitchell J, Rowlands K, Hickey V (resigned 30/06/2026)
DASSA Clinical Executive Committee	10	Newrick K
DASSA Leadership Committee	9	Moncrieff D
Consumer and Carer Committee (formerly Consumer and Community Operational Committee)	27	Andrews K, Bickley B, Burtnik E, Clarke S, Creeks J (resigned 30/12/2025), Gray H, Voss D
Mental Health Consumer and Carer Advisory Group	6	Bickley B (Co Chair), Clark W, Corena M (appointed 13/11/2025), Gallagher K, Palmer G (appointed 08/01/2026 and resigned 30/05/2026), Thorsen K, Heredia M, Smith K
Southern Adelaide Clinical Human Research Ethics Committee	26	Adey-Wakeling T, Argent J (appointed 07/10/2025), Zhou M (appointed 31/07/2025), J Thompson (appointed 16/03/2026), Cahalan P, Coles S (resigned 05/01/2026), Dykes L, Guaqueta C, Lange B (Deputy Chair) (resigned 31/01/2026), Lower K, McEvoy M, Mudd A, Phillips C, Putsey T, Sharma S, Shephard S, Souzeau E, Stacey A, Telfer R, Thomas J, Toews M, Trethewey C, Trethewey Y, Van Lueven J, Velayudham P, Watt B, Were L, Yip L, Zhou Y
Southern Adelaide Local Health Network Audit and Risk Sub Committee (Sub Committee of the Governing Board)	-	Forman A, Hickey V (Chair) (resigned 30/06/2026), Reynolds N (appointed 26/07/2025 and resigned 30/06/2026), Stone I (appointed 01/07/2025)
Southern Adelaide Local Health Network Clinical Council	42	Duong M, Voss D
Southern Adelaide Local Health Network Clinical Governance (Sub-Committee of the Governing Board)	-	Kirkpatrick E, Mitchell J (Chair), Sherbon A, Eckert M (resigned 31/10/2025), Kennedy C (resigned 01/12/2025), Agius A, Steere M (appointed 22/08/2025)
Southern Adelaide Local Health Network Communicating for Patient Safety Committee	63	Crocker H (resigned 10/02/2026), Maddock A (appointed 26/08/2025)
Southern Adelaide Local Health Network Comprehensive Care Committee	53	Stankowski C
Southern Adelaide Local Health Network Drugs and Therapeutics Committee	32	Pascoe P
Southern Adelaide Local Health Network End of Life Steering Committee	13	Barrington D, Phelan C, Gray H

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Board/Committee name	Government employee members	Other members
Southern Adelaide Local Health Network Marion Lived Experience Group Mental Health Services	2	Bickley B (Chair), English L, Police D
Southern Adelaide Local Health Network Mental Health Services Noarlunga Lived Experience Group	4	Buer S (Chair), Hopkins R, Marshall H, Oakley T
Southern Adelaide Local Health Network New Technology and Clinical Practice Innovation Committee	9	Kaambwa B, Burtnik E
Southern Adelaide Local Health Network Older Persons Lived Experience Group Mental Health Services	10	Brown L, Clark W (Chair), Eckert N, Lillecrapp D, Lushington G, Masters R, Schetters J, Werner J, Whitemore A
Southern Adelaide Local Health Network SEDS Lived Experience Group Mental Health Services	1	Braund S, Corena M, Gallagher K (Chair), Higgins K, James S, McGregor A, Rouvray L, Wilkins H, Witt K, Woolford L
Southern Adelaide Local Health Network Veterans Lived Experience Group Mental Health Services	6	Damare D (Carer Representative, appointed 01/08/2025), Damare M, Forder K (appointed 1/12/2025), Frampton R (resigned 30/11/2025), Kelly K (appointed 01/12/2025), Madden J (appointed 01/12/2025), Morgan C (appointed 01/12/2025), Palmer G (resigned 30/05/2026), Rye I, South H (Chair), Warren S (Deputy Chair), Wilcox A (appointed 01/12/2025)
Southern Adelaide Local Health Network Finance and Performance Committee (Sub-Committee of the Governing Board)	-	Kirkpatrick E, Rowlands K, Belej M (resigned 02/12/2025), Sherbon A (Chair), Worthington-Eyer P
Southern Adelaide Local Health Network Board Executive Committee (Sub-Committee of the Governing Board)	-	Hickey V (resigned 30/06/2026), Butcher M (Chair), Mitchell J, Mackean T, Steere M (appointed 22/08/2025)

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

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33. Administered items

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

	Rights of Private Practice	
	2026	2025
	\$'000	\$'000
Other expenses	(15,627)	(14,296)
Revenue from fees and charges	15,925	14,338
Net result	298	42
Cash and cash equivalents	1,938	1,738
Receivables	836	735
Other current provisions/liabilities	(2)	-
Net assets	2,772	2,473
Cash at the beginning of the reporting period	1,738	1,617
Fees and charges	15,824	14,429
Other payments	(15,625)	(14,308)
Cash at the end of the reporting period	1,937	1,738