

Appendix: Audited financial statements 2020-21

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Your ref: A3036757

15th September 2021

Principal Audit Manager
Auditor-General's Department
Level 9, State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Dear Stephen Jared,

Management representation letter

Yorke and Northern Local Health Network Incorporated financial statements for the year ended 30 June 2021

We make the following representation, for your audit of the financial statements of the Yorke and Northern Local Health Network Inc. for the year ended 30 June 2021, having made such enquiries as we considered necessary for appropriately informing ourselves and according to the best of our knowledge and belief.

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter dated 27 April 2021 for the preparation of financial statements that give a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards.
2. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
 - (b) additional information that you have requested from us for the purpose of the audit
 - (c) unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence and

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- (d) information regarding all legal issues and legal opinions which have the capacity to be relevant to the control environment and the fair presentation of the financial statements.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error. We have established and maintained an effective internal control structure to facilitate the preparation of reliable financial statements, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control that we are aware of.
5. We have disclosed to you all information about
- fraud or suspected fraud involving:
 - i. management
 - ii. employees who have significant roles in internal control
 - iii. others where the fraud could have a material effect on the financial statements
 - allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
7. We have disclosed to you all known or suspected instances of non-compliance with laws, regulations, contracts or agreements, the effects of which should be considered when preparing the financial statements.
8. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in line with the financial reporting framework.
9. We believe the methods, the data, and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
10. We have assessed the impact of new accounting standards applied for the first time this year and have provided you with sufficient and appropriate documented evidence of our analysis which supports our judgements and conclusions about our accounting treatment.

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11. All events occurring subsequent to the date of the financial statements and for which the financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
12. There have been no changes in accounting policies or application of those policies that would have a material effect on the financial statements, except as disclosed in the financial statements.
13. **Non-current assets**
 - (a) The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
 - (b) Depreciation on assets has been allocated on a systematic basis over the estimated useful lives of assets. Useful lives and residual values of the assets were reviewed during the reporting period and adjusted where necessary. Any resulting changes were accounted for as a change in accounting estimate.
 - (c) We have considered the requirements of accounting standards when assessing whether there are indicators of impairment of assets, and in ensuring that no assets are stated in excess of their recoverable amount.
 - (d) We consider the measurement methods (including related assumptions) used to determine the value of assets to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.
14. **Receivables**
 - (a) Balances owing by trade and other debtors at balance date are valid receivables and do not include charges for goods on consignment, approval or repurchase agreements.
 - (b) All known bad debts have been written off and the provision for doubtful debts in our opinion is adequate and has been calculated in accordance with the requirements of AASB 9 Financial Instruments.
15. **Right of use asset and lease liabilities**
 - (a) We confirm that management has undertaken a detailed exercise pertaining to the assessment of the impact of AASB 16 Leases on the financial report. Contracts not previously identified as leases under AASB 117 and Interpretation 4 have not been reassessed for whether there is a lease under AASB 16. AASB 16 has only been applied to contracts entered into or changes on or after 1 January 2019.

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- (b) The right of use asset has been initially measured at cost comprising the amount of the initial measurement of lease liability, adjusted for any lease payments made at or before the commencement date less any lease incentives received; plus any initial direct costs, and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.
- (c) Rates of depreciation applied to reduce book values of the right to use asset reflect the shorter of the probable useful lives of those assets and the lease term on a straight-line basis, unless the leases transfers ownership of the underlying asset to the company at the end of the lease terms or the company can reasonably expected to exercise a purchase option. In this case, the right of use asset is depreciated over the underlying asset's useful life which is determined on the same basis as those of property plant and equipment.
- (d) We confirm that the right of use asset has been assessed for impairment periodically (at least annually). Where the right of use asset has been considered impaired the asset has been reduced by those impairment losses accordingly.
- (e) The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. Where that rate cannot be readily determined the company's incremental borrowing rate has been used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

16. Liabilities

- (a) We have recognised all liabilities in the financial statements.
- (b) We consider the measurement methods (including related assumptions) used to determine the value of liabilities to be appropriate, consistently applied, and sufficiently disclosed in the financial statements.

17. Contingent liabilities

All material contingent liabilities have been completely and adequately disclosed in the financial statements.

We confirm the negotiations around the current Enterprise Bargaining agreement is ongoing and has been appropriately disclosed in the financial statements.

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18. Commitments

We have disclosed all material commitments in the financial statements.

19. Related party transactions

- (a) We have disclosed to you the identity of all related parties and related party relationships and transactions of which we are aware.
- (b) We have appropriately accounted for and disclosed such relationships and transactions in line with the requirements of the financial reporting framework.

20. Uncorrected misstatements

We have reviewed the attached summary of uncorrected misstatements and believe the effects of those uncorrected misstatements aggregated by you during the audit, are immaterial, both individually and in aggregate, to the financial statements taken as a whole.


21. Publication on a website

With respect to the publication of the audited financial report on our website, we acknowledge that:

- (a) We are responsible for the electronic publication of the audited financial report.
- (b) We will ensure that the electronic version of the audited financial report and the auditor's report on the website are identical to the final signed hard copy version.
- (c) We will clearly differentiate between audited and unaudited information on our website as we understand the risk of potential misrepresentation.
- (d) We have assessed the controls over the security and integrity of the data on the website and that adequate procedures are in place to ensure the integrity of the information published.
- (e) We will not present the auditor's report on the full financial report with extracts only of the full financial report.

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Yours sincerely




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Chief Executive

15/09/2021
.....

Date:



.....

Chief Finance Officer

15/09/21
.....

Date:

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Summary of uncorrected misstatements – Current Period

Total net misstatements	Current period	Prior period
(Overstatement)/Understatement of net result	(36,023)	-
Overstatement/(Understatement) of net assets	36,023	-

Uncorrected misstatements for the current period

Item	Financial Statement line(s) affected	Explanation	Statement of Financial Position				Statement of Comprehensive Income	
			Assets \$	Liabilities \$	Retained earnings beg of year \$	Other equity \$	Income \$	Expenses \$
			Overstated (Understated)	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	Overstated (Understated)
	Non-Current Liabilities – Staff Benefits – Long Service Leave Expenses – Staff Benefits – Long Service Leave	<i>Estimated</i> Insufficient information provided for Audit to determine if identified variances between Audit’s estimated and actual entitlements are errors.		36,023				(36,023)

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Item	Financial Statement line(s) affected	Explanation	Statement of Financial Position				Statement of Comprehensive Income	
			Assets \$	Liabilities \$	Retained earnings beg of year \$	Other equity \$	Income \$	Expenses \$
			Overstated (Understated)	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	Overstated (Understated)
	Non-Current Assets - Property Plant and Equipment – Capital Works in Progress Land and Buildings	<i>Unknown</i> Insufficient information provided for Audit to determine if projects that appear to be completed but	1,102,184					
	Non-Current Assets - Property Plant and Equipment – Buildings	remain in WIP have been completed or remain in progress.	(1,102,184)					
	Total			36,023				(36,023)

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Uncorrected misstatements for the prior (comparative) period

Item	Financial Statement line(s) affected	Explanation	Statement of Financial Position				Statement of Comprehensive Income	
			Assets \$	Liabilities \$	Retained earnings beg of year \$	Other equity \$	Income \$	Expenses \$
			Overstated (Understated)	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	(Overstated) Understated	Overstated (Understated)
	Property Plant and Equipment <i>Capital Works in Progress Land and Buildings</i>	<i>Factual</i> Completed projects not transferred to asset classes.	796,801					
	<i>Buildings</i>		(796,801)					
	Total							

In addition to these uncorrected misstatements, no other misstatements were identified.

**Certification of the financial statements
Yorke and Northern Local Health Network**

We certify that the:

- financial statements of the Yorke and Northern 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 Yorke and Northern Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



.....
John Voumard
Board Chair



.....
Roger Kirchner
Chief Executive Officer



.....
Vincent Bellifemini
Chief Finance Officer

Date 15/09/21

YORKE AND NORTHERN LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2021

	Note	Consolidated		Parent	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income					
Revenues from SA Government	2	138,469	128,848	138,469	128,848
Fees and charges	3	13,537	13,199	13,537	13,199
Grants and contributions	4	29,184	27,626	29,451	27,847
Interest		130	356	111	303
Resources received free of charge	5	3,500	1,984	3,500	1,984
Other revenues/income	6	1,376	1,199	849	1,017
Total income		186,196	173,212	185,917	173,198
Expenses					
Staff benefits expenses	8	108,541	103,007	108,541	103,007
Supplies and services	9	66,255	62,876	66,253	62,876
Depreciation and amortisation	15,16	10,186	10,215	6,454	6,486
Grants and subsidies		10	-	-	20
Borrowing costs	19	19	29	19	29
Net loss from disposal of non-current and other assets	7	4	1,466	4	1,466
Impairment loss on receivables	12.1	75	258	75	258
Other expenses	10	434	338	2,565	390
Total expenses		185,524	178,189	183,911	174,532
Net result		672	(4,977)	2,006	(1,334)
Total comprehensive result		672	(4,977)	2,006	(1,334)

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

YORKE AND NORTHERN LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	Consolidated		Parent	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current assets					
Cash and cash equivalents	11	9,585	4,756	9,275	4,240
Receivables	12	3,677	3,706	3,686	3,693
Other financial assets	13	20,576	20,471	17,358	17,748
Inventories	14	930	794	930	794
Total current assets		34,768	29,727	31,249	26,475
Non-current assets					
Receivables	12	425	434	425	434
Property, plant and equipment	15,16	151,674	154,334	89,457	90,516
Intangible assets	15.5	700	700	700	700
Total non-current assets		152,799	155,468	90,582	91,650
Total assets		187,567	185,195	121,831	118,125
Current liabilities					
Payables	18	5,943	5,395	5,943	5,395
Financial liabilities	19	650	730	650	730
Staff benefits	20	14,816	13,881	14,816	13,881
Provisions	21	853	764	853	764
Contract liabilities and other liabilities	22	15,256	14,606	15,256	14,606
Total current liabilities		37,518	35,376	37,518	35,376
Non-current liabilities					
Payables	18	723	720	723	720
Financial liabilities	19	668	728	668	728
Staff benefits	20	18,226	18,719	18,226	18,719
Provisions	21	1,126	1,018	1,126	1,018
Total non-current liabilities		20,743	21,185	20,743	21,185
Total liabilities		58,261	56,561	58,261	56,561
Net assets		129,306	128,634	63,570	61,564
Equity					
Retained earnings		100,811	100,139	63,570	61,564
Asset revaluation surplus		28,495	28,495	-	-
Total equity		129,306	128,634	63,570	61,564

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

YORKE AND NORTHERN LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

CONSOLIDATED

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2019		-	-	-
Net assets received from an administrative restructure	1.6	-	62,898	62,898
Net assets received on first time consolidation	1.6	28,495	42,218	70,713
Adjusted balance at 1 July 2019		28,495	105,116	133,611
Net result for 2019-20		-	(4,977)	(4,977)
Total comprehensive result for 2019-20		-	(4,977)	(4,977)
Balance at 30 June 2020		28,495	100,139	128,634
Net result for 2020-21		-	672	672
Total comprehensive result for 2020-21		-	672	672
Balance at 30 June 2021		28,495	100,811	129,306

PARENT

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2019		-	-	-
Net assets received from an administrative restructure	1.6	-	62,898	62,898
Adjusted balance at 1 July 2019		-	62,898	62,898
Net result for 2019-20		-	(1,334)	(1,334)
Total comprehensive result for 2019-20		-	(1,334)	(1,334)
Balance at 30 June 2020		-	61,564	61,564
Net result for 2020-21		-	2,006	2,006
Total comprehensive result for 2020-21		-	2,006	2,006
Balance at 30 June 2021		-	63,570	63,570

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

YORKE AND NORTHERN LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	Note	Consolidated		Parent	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash inflows					
Receipts from SA Government		113,409	122,851	113,409	122,851
Fees and charges		13,789	12,369	13,775	12,369
Grants and contributions		29,394	28,588	29,661	28,809
Interest received		77	248	76	247
Residential aged care bonds received		3,700	4,636	3,700	4,636
GST recovered from ATO		3,604	3,405	3,604	3,405
Other receipts		631	1,206	104	1,024
Cash generated from operations		164,604	173,303	164,329	173,341
Cash outflows					
Staff benefits payments		(107,767)	(100,315)	(107,767)	(100,315)
Payments for supplies and services		(46,050)	(64,102)	(46,048)	(64,102)
Payments of grants and subsidies		(10)	-	-	(20)
Interest paid		(19)	(29)	(19)	(29)
Residential aged care bonds refunded		(3,423)	(4,120)	(3,423)	(4,120)
Other payments		(452)	(306)	(452)	(306)
Cash used in operations		(157,721)	(168,872)	(157,709)	(168,892)
Net cash provided by operating activities		6,883	4,431	6,620	4,449
Cash flows from investing activities					
Cash inflows					
Proceeds from sale of property, plant and equipment		7	20	7	20
Proceeds from sale/maturities of investments		518	1,263	440	-
Cash generated from investing activities		525	1,283	447	20
Cash outflows					
Purchase of property, plant and equipment		(1,208)	(1,134)	(1,208)	(1,134)
Purchase of investments		(547)	(2,152)	-	(1,100)
Cash used in investing activities		(1,755)	(3,286)	(1,208)	(2,234)
Net cash provided by/(used in) investing activities		(1,230)	(2,003)	(761)	(2,214)
Cash flows from financing activities					
Cash inflows					
Cash received from restructuring activities		-	3,203	-	2,880
Cash generated from financing activities		-	3,203	-	2,880
Cash outflows					
Repayment of lease liabilities		(824)	(875)	(824)	(875)
Cash used in financing activities		(824)	(875)	(824)	(875)
Net cash provided by/(used in) financing activities		(824)	2,328	(824)	2,005
Net increase/(decrease) in cash and cash equivalents		4,829	4,756	5,035	4,240
Cash and cash equivalents at the beginning of the period		4,756	-	4,240	-
Cash and cash equivalents at the end of the period	11	9,585	4,756	9,275	4,240
Non-cash transactions	23				

The accompanying notes form part of these financial statements.

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

1. About Yorke and Northern Local Health Network

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

Parent Entity

The Parent entity consists of the following:

- Balaklava Soldiers' Memorial District Hospital
- Ira Parker Nursing Home
- Booleroo Centre District Hospital and Health Services
- Burra Hospital
- Holder Homes
- Central Yorke Peninsula Hospital (Maitland)
- Clare Hospital
- Kara House
- Crystal Brook and District Hospital
- Gladstone Health Centre
- Jamestown Hospital and Health Service
- Laura and District Hospital
- Minlaton Health Service
- Melaleuca Court
- Orroroo and District Health Service
- Orroroo Community Home
- Peterborough Soldiers' Memorial Hospital and Health Service
- Nalya Lodge Hostel
- Port Broughton District Hospital and Health Service
- Port Pirie Regional Health Service
- Hammill House
- Riverton District Soldiers' Memorial Hospital
- Snowtown Hospital
- Lumeah Homes
- Wallaroo Hospital and Health Service
- Southern Yorke Peninsula Health Service (Yorketown)
- Yorke and Northern Region Community Health Services

Consolidated Entity

The consolidated entity includes the parent entity, the Incorporated Health Advisory Councils (HACs) and the Incorporated HAC Gift Fund Trusts (GFTs) as listed in note 31.

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

The consolidated financial statements have been prepared in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at note 31.

Administered items

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and disclosed in note 32. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting principles as for the Hospital's 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 the Yorke and Northern region.

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

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

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

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

1.2 Basis of preparation

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

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

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

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

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

1.3 Taxation

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

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

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

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

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

1.4 Continuity of operations

As at 30 June 2021, the Hospital had working capital deficiency of \$2.750 million (\$5.649 million). The SA Government is committed to continuing the delivery of hospital services to country and regional SA and accordingly it has demonstrated a commitment to the ongoing funding of the hospitals.

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 Change to reporting entity

2020-21

There were no administrative restructures impacting on the reporting entity during this period.

2019-20

CHSALHN was dissolved on 1 July 2019. Six new entities were established to provide hospital, health and aged care services to country and regional SA. As per the *Health Care (Local Health Networks) Proclamation 2019* contained in the South Australian Government Gazette No 30, dated 27th June 2019, assets, rights and liabilities were transferred from CHSALHN to the relevant entity, effective 1 July 2019. This resulted in the transfer of 1,773 employees, and net assets of \$133.611 million to be received by the Hospital as detailed below.

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

Assets and liabilities transferred in for the Hospital were:

	Consolidated	Parent
	2020	2020
	\$'000	\$'000
Cash	3,203	2,880
Receivables	3,903	3,880
Property, plant and equipment	156,040	88,546
Other assets	20,787	17,915
Total assets	183,933	113,221
Payables	5,281	5,282
Staff benefits	30,581	30,581
Provisions	1,486	1,486
Other liabilities	12,974	12,974
Total liabilities	50,322	50,323
Total net assets transferred in	133,611	62,898

1.7 Impact of COVID-19 pandemic

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an increase in costs associated with COVID capacity and preparation, the readiness of COVID-19 testing clinics, establishment of vaccine clinics, increased demand for personal protective equipment, increased staffing costs (including agency) to ensure necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital were \$1.946 million (\$0.528 million).

1.8 Change in accounting policy

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

2. Revenues from SA Government

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Capital projects funding	6,670	7,379	6,670	7,379
Operational funding	131,799	121,469	131,799	121,469
Total revenues from SA Government	138,469	128,848	138,469	128,848

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

3. Fees and charges

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Patient and client fees	5,850	5,563	5,850	5,563
Fees for health services	1,678	1,805	1,678	1,805
Residential and other aged care charges	4,786	4,716	4,786	4,716
Sale of goods - medical supplies	53	115	53	115
Other user charges and fees	1,170	1,000	1,170	1,000
Total fees and charges	13,537	13,199	13,537	13,199

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

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

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

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.

Residential and other aged care charges

Long stay nursing home fees include daily care fees and daily accommodation fees. Residents pay fortnightly in arrears for services rendered and accommodation supplied. Revenue from these services and accommodation is recognised on a time basis as provided. Residents are invoiced fortnightly in arrears as services and accommodation are provided. Any amounts remaining unpaid or unbilled 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 an accounts receivable.

4. Grants and contributions

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	16,222	14,420	16,222	14,420
Commonwealth aged care subsidies	11,104	11,422	11,104	11,422
SA Government capital contributions	25	-	25	7
Other SA Government grants and contributions	828	924	1,095	1,138
Private sector capital contributions	-	67	-	67
Private sector grants and contributions	1,005	793	1,005	793
Total grants and contributions	29,184	27,626	29,451	27,847

The grants provided to the Hospital are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. All grants and contributions were provided for specific purposes such as aged care, community health services and other related health services and were recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities*.

5. Resources received free of charge

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Plant and equipment	324	526	324	526
Services	2,085	1,458	2,085	1,458
Other	1,091	-	1,091	-
Total resources received free of charge	3,500	1,984	3,500	1,984

Resources received free of charge were plant and equipment and are recorded at their fair value. Other resources received free of charge was minor equipment received from the Department of Human Services Domiciliary Equipment Service.

Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$1.542 million (\$1.458 million), and ICT services from Department of the Premier and Cabinet (DPC) valued at \$0.543 million, following Cabinet's approval to cease intra-government charging.

Although not recognised, the Hospital receives volunteer services from around 130 volunteers who provide consumer and staff support services to individuals using the Hospital's services. The volunteer programs include, but are not limited to: administration (in patient surveys, preparing packs), church services, community activities, community advocacy, consumer liaison, entertainment, gardening, kiosk support, leisure & lifestyle assistance, life stories, meal deliveries, patient support, social support, transport, volunteer and driving.

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6. Other revenues/income

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Donations	580	252	53	73
Health recoveries	762	693	762	693
Other	34	254	34	251
Total other revenues/income	1,376	1,199	849	1,017

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

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Proceeds from disposal	-	-	-	-
Less carrying amount of assets disposed	-	(1,413)	-	(1,413)
Net loss from disposal of land and buildings	-	(1,413)	-	(1,413)

Plant and equipment:

Proceeds from disposal	6	20	6	20
Less carrying amount of assets disposed	(10)	(73)	(10)	(73)
Net loss from disposal of plant and equipment	(4)	(53)	(4)	(53)

Total assets:

Total proceeds from disposal	6	20	6	20
Less total carrying amount of assets disposed	(10)	(1,486)	(10)	(1,486)
Total net loss from disposal of assets	(4)	(1,466)	(4)	(1,466)

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.

8. Staff benefits expenses

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	88,030	82,659	88,030	82,659
Targeted voluntary separation packages (refer below)	-	96	-	96
Long service leave	1,252	2,124	1,252	2,124
Annual leave	8,348	8,012	8,348	8,012
Skills and experience retention leave	450	462	450	462
Staff on-costs - superannuation*	9,363	8,961	9,363	8,961
Workers compensation	985	543	985	543
Board and committee fees	105	150	105	150
Other staff related expenses	8	-	8	-
Total staff benefits expenses	108,541	103,007	108,541	103,007

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

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8.1 Key Management Personnel

Key management personnel (KMP) of the consolidated and parent entity includes the Minister, the five (five) members of the Governing Board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the seven (six) 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. 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 the DTF) under section 6 of the *Parliamentary Remuneration Act 1990*; and
- The Chief Executive of the Department. The Chief Executive is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses.

Compensation	2021	2020
	\$'000	\$'000
Salaries and other short term employee benefits	1,657	1,135
Post-employment benefits	193	140
Total	1,850	1,275

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

8.2 Remuneration of Boards and Committees

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

	2021	2020
	No. of	No. of
	Members	Members
\$0	2	1
\$1 - \$20,000	2	2
\$20,001 - \$40,000	2	4
\$40,001 - \$60,000	1	1
Total	7	8

The total remuneration received or receivable by members was \$0.124 million (\$0.164 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, mileage, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

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

8.3 Remuneration of staff

	Consolidated		Parent	
	2021	2020	2021	2020
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number	Number	Number
\$154,678 - \$175,000	11	3	11	3
\$175,001 - \$195,000	2	1	2	1
\$195,001 - \$215,000	1	-	1	-
\$215,001 - \$235,000	1	1	1	1
\$555,001 - \$575,000	1	-	1	-
Total number of staff	16	5	16	5

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.

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8.4 Remuneration of staff by classification

The total remuneration received by staff included above:

	Consolidated				Parent			
	2021		2020		2021		2020	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	1	232	1	233	1	232	1	233
Medical (excluding Nursing)	1	566	-	-	1	566	-	-
Non-medical (i.e. administration)	1	160	-	-	1	160	-	-
Nursing	13	2,174	4	658	13	2,174	4	658
Total	16	3,132	5	891	16	3,132	5	891

8.5 Targeted voluntary separation packages

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Amount paid/Payable to separated staff:				
Targeted voluntary separation packages	-	96	-	96
Leave paid/payable to separated employees	-	51	-	51
Net cost to the Hospital	-	147	-	147

The number of staff who received a TVSP during the reporting period	-	2	-	2
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9. Supplies and services

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Administration	326	233	326	233
Advertising	26	29	26	29
Communication	1,132	850	1,132	850
Computing	1,872	2,077	1,872	2,077
Consultants	61	273	61	273
Contract of services	264	264	264	264
Contractors	52	29	52	29
Contractors - agency staff	7,323	2,106	7,323	2,106
Drug supplies	1,766	1,724	1,766	1,724
Electricity, gas and fuel	1,969	2,226	1,969	2,226
Fee for service*	13,664	17,117	13,664	17,117
Food supplies	2,057	1,998	2,057	1,998
Housekeeping	1,603	1,624	1,603	1,624
Insurance	1,962	1,807	1,962	1,807
Internal SA Health SLA payments	5,729	6,216	5,729	6,216
Legal	27	7	27	7
Medical, surgical and laboratory supplies	10,624	9,873	10,624	9,873
Minor equipment	2,821	986	2,821	986
Motor vehicle expenses	633	635	633	635
Occupancy rent and rates	473	533	473	533
Patient transport	2,345	2,287	2,345	2,287
Postage	320	263	320	263
Printing and stationery	641	598	641	598
Repairs and maintenance	4,663	5,707	4,663	5,707
Security	44	100	44	100
Services from Shared Services SA	1,551	1,464	1,551	1,464
Short term lease expense	115	44	115	44
Training and development	362	271	362	271
Travel expenses	206	170	206	170
Other supplies and services	1,624	1,365	1,622	1,365
Total supplies and services	66,255	62,876	66,253	62,876

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

The Hospital recognises lease payments associated with short term leases (12 months or less) 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.

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Consultants

The number of consultancies and dollar amount paid/payable (included in supplies and service expense) to consultants that fell within the following bands

	Consolidated				Parent			
	2021		2020		2021		2020	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	-	-	2	10	-	-	2	10
Above \$10,000	2	61	3	263	2	61	3	263
Total	2	61	5	273	2	61	5	273

10. Other expenses

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Debts written off	229	41	229	41
Bank fees and charges	4	4	4	4
Donated assets expense	-	43	2,131	95
Other*	201	250	201	250
Total other expenses	434	338	2,565	390

In 2019-20 donated assets expense (\$0.043 million) relates to plant and equipment and is recorded as expenditure at their fair value. The parent entity donated building improvements of \$0.052 million to HACs, which is eliminated on consolidation.

* Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* of \$0.105 million (\$0.153 million). No other services were provided by the Auditor-General's Department. Also includes fees paid or payable to Galpins Accountants Auditors and Business Consultants of \$0.036 million (\$0.042 million) for HACs and aged care audit services.

11. Cash and cash equivalents

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	2,201	2,295	1,891	1,779
Deposits with Treasurer: general operating	7,384	2,461	7,384	2,461
Total cash and cash equivalents	9,585	4,756	9,275	4,240

Cash is measured at nominal amounts. The Hospital operates through the Department's general operating account held with the Treasurer and does not earn interest on this account. Interest is earned on HAC and GFT bank accounts and accounts holding aged care funds, including refundable deposits. Of the \$9.585 million (\$4.756 million) held, \$1.512 million (\$0.896 million) relates to aged care refundable deposits.

12. Receivables

Current	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Patient/client fees: compensable	489	455	489	455
Patient/client fees: aged care	891	1,331	891	1,331
Patient/client fees: other	814	642	814	642
Debtors	628	703	628	703
Less: allowance for impairment loss on receivables	(603)	(528)	(603)	(528)
Prepayments	81	78	81	78
Interest	15	38	10	25
Workers compensation provision recoverable	250	253	250	253
Sundry receivables and accrued revenue	1,029	641	1,043	641
GST input tax recoverable	83	93	83	93
Total current receivables	3,677	3,706	3,686	3,693

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Non-current

Debtors	22	12	22	12
Workers compensation provision recoverable	403	422	403	422
Total non-current receivables	425	434	425	434

Total receivables	4,102	4,140	4,111	4,127
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Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Hospital's trading terms for receivables are generally 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

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

12.1 Impairment of receivables

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

Movement in the allowance for impairment loss on receivables:

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	528	-	528	-
Transfer through administrative restructure	-	270	-	270
Increase/(Decrease) in allowance recognised in profit or loss	75	258	75	258
Carrying amount at the end of the period	603	528	603	528

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

13. Other financial assets

The consolidated and parent entities hold term deposits of \$20.576 million (\$20.471 million) and \$17.358 million (\$17.748 million) respectively. Of these deposits \$11.305 million (\$11.745 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised cost. There is no impairment on term deposits.

14. Inventories

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Drug supplies	314	288	314	288
Medical, surgical and laboratory supplies	444	329	444	329
Food and hotel supplies	146	151	146	151
Engineering supplies	5	-	5	-
Other	21	26	21	26
Total current inventories - held for distribution	930	794	930	794

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

15. Property, plant and equipment, investment property and intangible assets

15.1 Acquisition and recognition

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

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

15.2 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 are calculated on a straight line basis.

Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	10 – 80
Right-of-use buildings	Lease term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2 - 25
• Computing equipment	3 - 5
• Vehicles	2 - 25
• Other plant and equipment	3 – 50
Right-of-use plant and equipment	Lease term
Intangibles	5 – 30

15.3 Revaluation

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

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

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

15.4 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. Fair value is assessed each year. There were no indications of impairment for property, plant and equipment or intangibles as at 30 June 2021.

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15.5 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 Hospital has residential aged care bed licences which have an indefinite useful life and are therefore not amortised. Thirty bed licences are recorded at their original cost of \$0.700 million. Other bed licences that were received for no consideration from the Commonwealth Government are recognised at their fair value. Having regard to recent sale activity within SA's country areas and the relaxation of ceiling limits on bed licences, the Hospital has recorded these licences at nil value.

15.6 Land and buildings

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

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

15.7 Plant and equipment

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

15.8 Leased property, plant and equipment

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost and there were no indications of impairment. Additions to right-of-use assets during 2020-21 were \$0.695 million (\$0.646 million). Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in note 9.

The Hospital has a number of lease agreements including concessional. Lease terms vary in length from 2 to 13 years. Major lease activities include the use of:

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

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

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 19. Expenses related to leases including depreciation and interest expense are disclosed at note 16 and 19. Cash outflows related to leases are disclosed at note 23.

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16. Reconciliation of property, plant and equipment

The following table shows the movement:

Consolidated

2020-21

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	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	10,313	133,028	499	6,875	1,613	925	940	141	154,334
Additions	-	79	106	5,744	486	141	589	75	7,220
Assets received free of charge	-	-	-	-	83	-	-	241	324
Disposals	-	-	-	-	(10)	-	(12)	-	(22)
Transfers between asset classes	-	8,210	-	(8,210)	382	-	-	(382)	-
Other movements	-	-	4	-	-	-	-	-	4
Subtotal:	10,313	141,317	609	4,409	2,554	1,066	1,517	75	161,860
Gains/(losses) for the period recognised in net result:									
Depreciation and amortisation	-	(8,528)	(189)	-	(664)	(173)	(632)	-	(10,186)
Subtotal:	-	(8,528)	(189)	-	(664)	(173)	(632)	-	(10,186)
Carrying amount at the end of the period*	10,313	132,789	420	4,409	1,890	893	885	75	151,674
Gross carrying amount									
Gross carrying amount	10,313	153,879	697	4,409	3,781	1,247	1,683	75	176,084
Accumulated depreciation / amortisation	-	(21,090)	(277)	-	(1,891)	(354)	(798)	-	(24,410)
Carrying amount at the end of the period	10,313	132,789	420	4,409	1,890	893	885	75	151,674

All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is not classified. Refer to note 19 for details about the lease liability for right-of-use assets.

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Consolidated

2019-20

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	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	10,313	142,900	748	186	1,541	915	942	184	157,729
Additions	-	65	-	6,689	285	-	646	142	7,827
Assets received free of charge	-	-	-	-	345	182	-	-	527
Disposals	-	(1,413)	-	-	(57)	(16)	(5)	-	(1,491)
Donated assets disposal	-	-	-	-	(43)	-	-	-	(43)
Transfers between asset classes	-	-	-	-	159	26	-	(185)	-
Subtotal:	10,313	141,552	748	6,875	2,230	1,107	1,583	141	164,549
Gains/(losses) for the period recognised in net result:									
Depreciation and amortisation	-	(8,524)	(249)	-	(617)	(182)	(643)	-	(10,215)
Subtotal:	-	(8,524)	(249)	-	(617)	(182)	(643)	-	(10,215)
Carrying amount at the end of the period*	10,313	133,028	499	6,875	1,613	925	940	141	154,334
Gross carrying amount									
Gross carrying amount	10,313	145,590	748	6,875	2,830	1,106	1,473	141	169,076
Accumulated depreciation / amortisation	-	(12,562)	(249)	-	(1,217)	(181)	(533)	-	(14,742)
Carrying amount at the end of the period	10,313	133,028	499	6,875	1,613	925	940	141	154,334

All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is not classified. Refer to note 19 for details about the lease liability for right-of-use assets.

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Parent
2020-21

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	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	5,675	73,848	499	6,875	1,613	925	940	141	90,516
Additions	-	79	106	5,744	486	141	589	75	7,220
Assets received free of charge	-	-	-	-	83	-	-	241	324
Disposals	-	-	-	-	(10)	-	(12)	-	(22)
Donated assets disposal	-	-	-	(2,131)	-	-	-	-	(2,131)
Transfers between asset classes	-	6,079	-	(6,079)	382	-	-	(382)	-
Other movements	-	-	4	-	-	-	-	-	4
Subtotal:	5,675	80,006	609	4,409	2,554	1,066	1,517	75	95,911
Gains/(losses) for the period recognised in net result:									
Depreciation and amortisation	-	(4,796)	(189)	-	(664)	(173)	(632)	-	(6,454)
Subtotal:	-	(4,796)	(189)	-	(664)	(173)	(632)	-	(6,454)
Carrying amount at the end of the period*	5,675	75,210	420	4,409	1,890	893	885	75	89,457
Gross carrying amount									
Gross carrying amount	5,675	84,801	697	4,409	3,781	1,247	1,683	75	102,368
Accumulated depreciation / amortisation	-	(9,591)	(277)	-	(1,891)	(354)	(798)	-	(12,911)
Carrying amount at the end of the period	5,675	75,210	420	4,409	1,890	893	885	75	89,457

All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is not classified. Refer to note 19 for details about the lease liability for right-of-use assets.

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Parent

2019-20

	Land and buildings:			Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	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	5,675	80,043	748	186	1,541	915	942	184	90,234
Additions	-	65	-	6,689	285	-	646	142	7,827
Assets received free of charge	-	-	-	-	345	182	-	-	527
Disposals	-	(1,413)	-	-	(57)	(16)	(5)	-	(1,491)
Donated assets disposal	-	(52)	-	-	(43)	-	-	-	(95)
Transfers between asset classes	-	-	-	-	159	26	-	(185)	-
Subtotal:	5,675	78,643	748	6,875	2,230	1,107	1,583	141	97,002
Gains/(losses) for the period recognised in net result:									
Depreciation and amortisation	-	(4,795)	(249)	-	(617)	(182)	(643)	-	(6,486)
Subtotal:	-	(4,795)	(249)	-	(617)	(182)	(643)	-	(6,486)
Carrying amount at the end of the period*	5,675	73,848	499	6,875	1,613	925	940	141	90,516
Gross carrying amount									
Gross carrying amount	5,675	78,643	748	6,875	2,830	1,106	1,473	141	97,491
Accumulated depreciation / amortisation	-	(4,795)	(249)	-	(1,217)	(181)	(533)	-	(6,975)
Carrying amount at the end of the period	5,675	73,848	499	6,875	1,613	925	940	141	90,516

All property, plant and equipment are classified in the Level 3 fair value hierarchy except for capital works in progress which is not classified. Refer to note 19 for details about the lease liability for right-of-use assets.

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17. Fair value measurement

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

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

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

Refer to notes 15 and 17.2 and for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

17.1 Fair value hierarchy

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

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

17.2 Valuation techniques and inputs

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

Unobservable inputs used to arrive at final valuation figures included:

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

18. Payables

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	4,399	4,032	4,399	4,032
Paid Parental Leave Scheme	40	23	40	23
Staff on-costs*	1,404	1,278	1,404	1,278
Other payables	100	62	100	62
Total current payables	5,943	5,395	5,943	5,395
Non-current				
Staff on-costs*	723	720	723	720
Total non-current payables	723	720	723	720
Total payables	6,666	6,115	6,666	6,115

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

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

As a result of an actuarial assessment performed by the DTF, the portion of long service leave taken as leave is unchanged 38%, and the average factor for the calculation of employer superannuation on-costs has increased from the 2020 rate (9.8%) to 10.1% to reflect the increase in super guarantee. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff benefits expenses and the staff on-oncost liability of \$0.053 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 29 for information on risk management.

19. Financial liabilities

The Hospital has lease liabilities of \$1.318 million (\$1.458 million), which 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 borrowing costs associated with these lease liabilities was \$0.019 million (\$0.029 million).

Refer to note 29 for information on risk management.

Refer to notes 15 and 16 for details about the right-of-use assets (including depreciation).

19.1 Concessional lease arrangements for right-of-use assets

The Hospital has one concessional lease arrangement for right-of-use assets as lessee with a local council.

Right-of-use asset	Nature of arrangements	Details
Buildings and improvements	Term is for 13 years Payments are \$1 per annum	Concessional building arrangement is for the use of premises at Clare for community health services

19.2 Maturity analysis

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

	Consolidated		Parent	
	2021	2020	2021	2020
Lease Liabilities	\$'000	\$'000	\$'000	\$'000
1 to 3 years	650	663	650	663
3 to 5 years	40	75	40	75
5 to 10 years	3	-	3	-
Total lease liabilities (undiscounted)	693	738	693	738

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20. Staff benefits

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued salaries and wages	3,126	3,128	3,126	3,128
Annual leave	9,216	8,259	9,216	8,259
Long service leave	1,602	1,694	1,602	1,694
Skills and experience retention leave	846	784	846	784
Other	26	16	26	16
Total current staff benefits	14,816	13,881	14,816	13,881
Non-current				
Long service leave	18,226	18,719	18,226	18,719
Total non-current staff benefits	18,226	18,719	18,226	18,719
Total staff benefits	33,042	32,600	33,042	32,600

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

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

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

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

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

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

20.2 Long service leave

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

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

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$1.159 million, Payables (staff on-costs) of \$0.045 million and staff benefits expense of \$1.204 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

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21. Provisions

Provisions represent workers compensation.

Reconciliation of workers compensation (statutory and non-statutory)

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	1,782	-	1,782	-
Transfer in through administrative restructure	-	1,486	-	1,486
Increase in provisions recognised	584	296	584	296
Reductions arising from payments/other sacrifices of future economic benefits	(387)	-	(387)	-
Carrying amount at the end of the period	1,979	1,782	1,979	1,782

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

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

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

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

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

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

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

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

22. Contract liabilities and other liabilities

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Contract liabilities	2,273	1,602	2,273	1,602
Residential aged care bonds	12,952	12,989	12,952	12,989
Other	31	15	31	15
Total contract liabilities and other liabilities	15,256	14,606	15,256	14,606

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

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refunding event occurs the other liability becomes interest bearing. The interest rate applied is the prevailing interest rate at the time as prescribed by the Commonwealth Department of Health.

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

23. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	9,585	4,756	9,275	4,240
Cash as per Statement of Financial Position	9,585	4,756	9,275	4,240
Balance as per Statement of Cash Flows	9,585	4,756	9,275	4,240
Reconciliation of net cash provided by operating activities to net result:				
Net cash provided by (used in) operating activities	6,883	4,431	6,620	4,449
Add/less non-cash items				
Asset donated free of charge	-	(43)	(2,131)	(95)
Capital revenues	5,284	5,993	5,284	5,993
Depreciation and amortisation expense of non-current assets	(10,186)	(10,215)	(6,454)	(6,486)
Gain/(loss) on sale or disposal of non-current assets	(4)	(1,466)	(4)	(1,466)
Interest credited directly to investments	76	212	50	150
Resources received free of charge	324	526	324	526
Movement in assets/liabilities				
Increase/(decrease) in inventories	136	75	136	75
Increase/(decrease) in receivables	(38)	236	(16)	246
(Increase)/decrease in other liabilities	(650)	(1,632)	(650)	(1,632)
(Increase)/decrease in payables and provisions	(711)	(1,075)	(711)	(1,075)
(Increase)/decrease in staff benefits	(442)	(2,019)	(442)	(2,019)
Net result	672	(4,977)	2,006	(1,334)

Total cash outflows for leases is \$0.843 million (\$0.904 million).

24. Unrecognised contractual commitments

Expenditure commitments	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Within one year	2,364	1,298	2,364	1,298
Later than one year but not longer than five years	194	363	194	363
Total other expenditure commitments	2,558	1,661	2,558	1,661

The Hospital's expenditure commitments are for agreements for goods and services ordered but not received and are disclosed at nominal amounts. The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2021 has not been quantified.

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25. Trust funds

The Hospital holds money in trust on behalf of consumers that reside in its facilities whilst the consumer is receiving 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 consolidated entity cannot use these funds to achieve its objectives.

	2021	2020
	\$'000	\$'000
Carry amount at the beginning of period	58	-
Transfer in through administrative restructure	-	69
Client trust receipts	276	270
Client trust payments	(288)	(281)
Carrying amount at the end of the period	46	58

26. 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 liabilities. In addition, it has no guarantees.

27. Events after balance date

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

28. Impact of Standards not yet implemented

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

- Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to the Hospital, these amending standards are not expected to have an impact on the Hospital's general purpose financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.
- Amending standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The Hospital continues to assess liabilities eg long service leave and whether or not the Hospital has a substantive right to defer settlement. Where applicable, these liabilities will be classified as current.

29. Financial instruments/financial risk management

29.1 Financial risk management

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

Liquidity Risk

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

Refer to notes 1.4, 18 and 19 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 and 13 for further information.

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Market risk

The Hospital does not engage in high risk hedging for its financial assets. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Hospital's residential aged care refundable deposits become interest bearing once a refunding event occurs as per Note 22. There is no exposure to foreign currency or other price risks.

29.2 Categorisation of financial instruments

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

Financial assets and financial liabilities are measured at amortised cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables at amortised cost are \$3.260 million (\$3.501 million) and \$4.357 million (\$3.834 million) respectively.

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 amounts previously written off are credited against the same line item.

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

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

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

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

CONSOLIDATED and PARENT

	Expected credit loss rate(s) %	30 June 2021		Expected credit loss rate(s) %	30 June 2020	
		Gross carrying amount \$'000	Expected credit losses \$'000		Gross carrying amount \$'000	Expected credit losses \$'000
Days past due						
Current	0.3-2.8%	872	17	0.3 - 3.4%	1,070	14
<30 days	0.8-3.8%	470	8	0.8 – 4.3%	219	7
31-60 days	2.3-6.6%	97	9	2.1 – 6.6%	107	5
61-90 days	3.6-10.5%	124	9	3.2 - 12.7%	96	9
91-120 days	4.6-13.0%	110	6	4.1 – 17.0%	133	16
121-180 days	6.4-17.5%	79	3	5.4 – 22.9%	75	12
181-360 days	10.8-45.7%	270	79	7.5 – 38.8%	285	57
361-540 days	19.4-81.3%	220	112	19.3 – 74.3%	251	91
>540 days	23.3-95.7%	808	360	23.2 – 89.2%	848	317
Total		3,050	603		3,084	528

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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 the SA Government are identifiable throughout this financial report.

The Hospital received funding from the SA Government via the Department (note 2), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 9). The Department transferred capital works in progress of \$5.284 million (\$5.993 million) to the Hospital. The Hospital incurred significant expenditure with the Department for Infrastructure and Transport (DIT) for property repairs and maintenance of \$1.708 million (\$4.812 million) (note 9).

31. Interests in other entities

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

Controlled Entities

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

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

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

The above assets, rights and liabilities of the former Hospitals whose HAC elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc, which from 1 July 2019 was renamed to Country Health Gift Fund Health Advisory Council Inc, and is reported as part of Barossa Hills Fleurieu Local Health Network Inc.

The HACs have no powers to direct or make decisions with respect to the management and administration of the Hospital.

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

The net assets of the GFTs associated with unincorporated HACs are vested in the Country Health Gift Fund Health Advisory Council Inc Gift Fund Trust, and are reported as part of Barossa Hills Fleurieu Local Health Network Inc.

Health Advisory Councils and associated Gift Fund Trusts		
Incorporated HACs and GFTs		
Balaklava Riverton Health Advisory Council Inc	Lower North Health Advisory Council Inc	Mid North Health Advisory Council Inc
Northern Yorke Peninsula Health Advisory Council Inc	Port Broughton District Health Advisory Council Inc	Yorke Peninsula Health Advisory Council Inc
Balaklava Riverton Health Advisory Council Inc Gift Fund Trust	Lower North Health Advisory Council Inc Gift Fund Trust	Mid North Health Advisory Council Inc Gift Fund Trust
Northern Yorke Peninsula Health Advisory Council Inc Gift Fund Trust	Port Broughton District Health Advisory Council Inc Gift Fund Trust	Yorke Peninsula Health Advisory Council Inc Gift Fund Trust
Unincorporated HACs and GFTs		
Port Pirie Health Service Advisory Council**	Southern Flinders Health Advisory Council**	
Port Pirie Health Service Health Advisory Council Gift Fund Trust	Southern Flinders Health Advisory Council Gift Fund Trust	

**On 27 May 2021 the Minister for Health and Wellbeing declared these unincorporated HACs to be incorporated. The transfer of assets from Country Health Gift Fund Health Advisory Council Inc to the newly incorporated HACs is yet to be formalised but is expected to occur in the 2021-22 financial year. The transfer of assets from Country Health Gift Fund Health Advisory Council Inc Gift Fund Trust will also occur once incorporated GFTs are established for the newly incorporated HACs.

YORKE AND NORTHERN LOCAL HEALTH NETWORK
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32. Administered items

The Hospital administers arrangements at the Booleroo Medical Centre. Fees and charges are collected on behalf of doctors who work in the Hospital-owned medical centre. The Hospital cannot use these administered funds for the achievement of its objectives.

	2021	2020
	\$'000	\$'000
Other expenses	(621)	(780)
Revenue from fees and charges	621	780
Net result	-	-
Cash at bank	56	33
Payables	(56)	(33)
Net administered assets/equity	-	-
Cash at 1 July	33	-
Cash inflows	621	780
Cash outflows	(598)	(747)
Cash at 30 June	56	33

YORKE AND NORTHERN LOCAL HEALTH NETWORK
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33. Board and committee members

Members of boards/committees who served for all or part of the financial year and were entitled to receive income from membership in accordance with APS124.B were:

Board/Committee name:	Government employee members	Other members
Yorke and Northern Local Health Network Governing Board	2	Voumard J (chair), Badenoch J, Malcolm E, O'Connor J
Yorke and Northern Local Health Network Audit and Risk Committee	-	Voumard J (chair), Traeger E

Refer to note 8.2 for remuneration of board and committee members