Appendix 4: Audited financial statements 2018-19

Audited Financial Statements commence page 175.

The 2018-19 financial statements reflect the first time adoption of AASB 9 Financial Instruments, noting that the new Leasing Standard (AASB 16) and Revenue Standards (AASB 15 and AASB 1058) become effective next year (2019-20).

For official use only

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Auditor-General's Department

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Our ref: A19/078

20 September 2019

Dr C McGowan
Chief Executive
Department for Health and Wellbeing
DX 243 ADELAIDE SA

Dear Dr McGowan

Audit of Department for Health and Wellbeing for the year to 30 June 2019

We have completed the audit of your accounts for the year ended 30 June 2019. Two key outcomes from the audit are the:

1. Independent Auditor's Report on your agency's financial report
2. audit management letters recommending you address identified weaknesses.

1 Independent Auditor's Report

We are returning the financial statements for the Department for Health and Wellbeing, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

2 Audit management letters

During the year, we sent you audit management letters detailing the weaknesses we noted and improvements we considered you need to make including matters we considered in forming our collective opinion on financial controls required by the *Public Finance and Audit Act 1987*.

Significant matters related to:

- Procurement and contract management practices require improvement.
- Absence of risk management planning for some sampled procurement and contract management plans.
- Absence of conflict of interest declarations and confidentiality agreements for some sampled procurement.
- Expenditure systems approval profiles not regularly reviewed
- Purchasing and procurement policy does not explicitly require approvers to consider budget when making procurement decisions

- Employee payroll and leave management not regularly reviewed.
- Legal compliance framework not fully implemented.
- Processes not adequate to ensure consistent and appropriate management of medical officers' professional development.

We have received responses to our letters and will follow these up in the 2019-20 audit.

I have also included summary comments about these matters in my annual report. These identify areas we assessed as not meeting a sufficient standard of financial management, accounting and control.

What the audit covered

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- payroll
- accounts payable
- procurement
- contract management
- cash
- general ledger
- funding to health services
- funding to non-government organisations
- interstate transfers
- non-current assets
- inventory management
- revenues from the Commonwealth
- insurance services
- IT systems controls
- professional development entitlements.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely

Andrew Richardson
Auditor-General

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INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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To the Chief Executive
Department for Health and Wellbeing

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Health and Wellbeing and the consolidated entity comprising the Department for Health and Wellbeing and its controlled entities for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Health and Wellbeing and its controlled entities as at 30 June 2019, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Chief Finance Officer.

Basis for opinion

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

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

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department for Health and Wellbeing's and its controlled entities' internal controls

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Andrew Richardson
Auditor-General
20 September 2019

Certification of the financial statements

We certify that the:

- financial statements of the Department for Health and Wellbeing:
  - 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 Department for Health and Wellbeing over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

....
Christopher McGowan
Chief Executive

....
Jamin Woolcock
Chief Finance Officer

Date 17-9-2019

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Expenses					
Employee benefits expenses	3	4,221,026	3,915,604	200,495	188,804
Supplies and services	4	1,995,434	1,917,121	539,744	513,844
Depreciation and amortisation expense	21,22	287,485	256,201	16,545	16,292
Grants and subsidies	5	34,866	39,238	4,835,120	5,027,564
Borrowing costs	6	169,345	263,186	412	760
Net loss from disposal of non-current and other assets	12	2,679	2,260	27	-
Impairment loss on receivables	16	7,513	(5,048)	9	16
Other expenses	7	65,501	93,730	25,305	26,523
Total expenses		**6,783,849**	**6,482,292**	**5,617,657**	**5,773,803**
Income					
Revenues from fees and charges	8	637,678	580,125	356,900	343,716
Grants and contributions	9	1,771,846	1,768,798	1,395,868	1,427,958
Interest revenues	10	8,515	6,843	4,242	3,234
Resources received free of charge	11	50,459	49,865	24,027	22,486
Net gain from disposal of non-current and other assets	12	-	-	-	356
Other revenues/income	13	83,818	71,975	3,424	3,055
Total income		**2,552,316**	**2,477,606**	**1,784,461**	**1,800,805**
Net cost of providing services		**4,231,533**	**4,004,686**	**3,833,196**	**3,972,998**
Revenues from SA Government					
Revenues from SA Government	14	4,203,772	3,986,313	4,203,772	3,986,313
Payments to SA Government	14	(36,113)	-	(36,113)	-
Total revenues from SA Government		**4,167,659**	**3,986,313**	**4,167,659**	**3,986,313**
Net result		**(63,874)**	**(18,373)**	**334,463**	**13,315**
Other Comprehensive Income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus		84	331,168	-	(2,746)
Items that will be reclassified subsequently to net result when specific conditions are met					
Gains or losses recognised directly in equity		(14,231)	2,218	-	-
Total other comprehensive income		**(14,147)**	**333,386**	**-**	**(2,746)**
Total comprehensive result		**(78,021)**	**315,013**	**334,463**	**10,569**

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

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Current assets					
Cash and cash equivalents	15	839,942	585,059	633,360	292,602
Receivables	16	419,947	309,083	224,602	173,569
Other financial assets	17	109,758	102,333	-	-
Inventories	18	48,814	47,995	17,230	16,053
Other assets		188	26	-	-
		1,418,649	**1,044,496**	**875,192**	**482,224**
Non-current assets classified as held for sale	19	-	506	-	506
Total current assets		**1,418,649**	**1,045,002**	**875,192**	**482,730**
Non-current assets					
Receivables	16	4,908	5,223	203	3,430
Other financial assets	17	6,207	6,088	-	-
Property, plant and equipment	21	5,862,307	6,042,101	46,010	49,853
Investment property	21	22,012	21,582	-	-
Intangible assets	22	96,596	117,606	48,754	59,081
Total non-current assets		**5,992,030**	**6,192,600**	**94,967**	**112,364**
Total assets		**7,410,679**	**7,237,602**	**970,159**	**595,094**
Current liabilities					
Payables	24	385,618	328,866	150,567	128,361
Borrowings	25	67,475	68,469	3,007	3,908
Employee benefits	26	596,864	533,059	24,293	23,204
Provisions	27	40,770	37,729	17,695	14,971
Other liabilities	28	93,942	85,183	597	512
Total current liabilities		**1,184,669**	**1,053,306**	**196,159**	**170,956**
Non-current liabilities					
Payables	24	27,374	25,212	18,618	19,038
Borrowings	25	2,657,657	2,712,733	-	3,007
Employee benefits	26	838,572	674,964	42,471	32,452
Provisions	27	195,364	189,789	114,228	105,052
Other liabilities	28	3,814	4,550	977	1,543
Total non-current liabilities		**3,722,781**	**3,607,248**	**176,294**	**161,092**
Total liabilities		**4,907,450**	**4,660,554**	**372,453**	**332,048**
Net assets		**2,503,229**	**2,577,048**	**597,706**	**263,046**
Equity					
Contributed capital		1,700,853	1,700,853	1,700,853	1,700,853
Asset revaluation surplus		536,908	536,105	31,934	31,163
Other reserves		31,790	46,114	-	-
Retained earnings		233,678	293,976	(1,135,081)	(1,468,970)
Total equity		**2,503,229**	**2,577,048**	**597,706**	**263,046**

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

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

CONSOLIDATED

	Note	Contributed capital $ '000	Asset revaluation surplus $ '000	Other reserves $'000	Retained earnings $ '000	Total equity $ '000
Balance at 30 June 2017		1,700,853	271,797	43,896	245,948	2,262,494
Error correction	1.6	-	-	-	(459)	(459)
Net result for 2017-18	1.6	-	-	-	(18,373)	(18,373)
Gain/(loss) on revaluation of land and buildings	1.6	-	328,764	-	-	328,764
Gain/(loss) on revaluation of plant and equipment		-	2,404	-	-	2,404
Gain/(loss) on revaluation of other financial assets		-	-	127	-	127
Gain/(loss) on revaluation of defined benefit fund liability		-	-	2,091	-	2,091
Total comprehensive result for 2017-18		-	331,168	2,218	(18,373)	315,013
Transfer between equity components	1.6	-	(66,860)	-	66,860	-
Balance at 30 June 2018		1,700,853	536,105	46,114	293,976	2,577,048
Adjustments on initial adoption of Accounting Standards		-	-	(50)	4,252	4,202
Adjusted balance at 1 July 2018		1,700,853	536,105	46,064	298,228	2,581,250
Net result for 2018-19		-	-	-	(63,874)	(63,874)
Gain/(loss) on revaluation of land and buildings		-	84	-	-	84
Gain/(loss) on revaluation of other financial assets		-	-	141	-	141
Gain/(loss) on revaluation of defined benefit fund liability		-	-	(14,372)	-	(14,372)
Total comprehensive result for 2018-19		-	84	(14,231)	(63,874)	(78,021)
Transfer between equity components		-	719	(43)	(676)	-
Balance at 30 June 2019		1,700,853	536,908	31,790	233,678	2,503,229

PARENT

	Note	Contributed capital $ '000	Asset revaluation surplus $ '000	Other reserves $'000	Retained earnings $ '000	Total equity $ '000
Balance at 30 June 2017		1,700,853	35,401	-	(1,483,777)	252,477
Net result for 2017-18		-	-	-	13,315	13,315
Gain/(loss) on revaluation of land and buildings		-	(2,746)	-	-	(2,746)
Total comprehensive result for 2017-18		-	(2,746)	-	13,315	10,569
Transfer between equity components		-	(1,492)	-	1,492	-
Balance at 30 June 2018		1,700,853	31,163	-	(1,468,970)	263,046
Adjustments on initial adoption of Accounting Standards		-	-	-	197	197
Adjusted balance at 1 July 2018		1,700,853	31,163	-	(1,468,773)	263,243
Net result for 2018-19		-	-	-	334,463	334,463
Total comprehensive result for 2018-19		-	-	-	334,463	334,463
Transfer between equity components		-	771	-	(771)	-
Balance at 30 June 2019		1,700,853	31,934	-	(1,135,081)	597,706

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

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Cash flows from operating activities					
Cash outflows					
Employee benefits payments		(4,018,344)	(3,803,628)	(190,673)	(193,748)
Payments for supplies and services		(2,052,451)	(2,067,188)	(544,608)	(558,006)
Payments of grants and subsidies		(42,928)	(60,175)	(4,598,978)	(4,806,037)
Interest paid		(157,383)	(252,285)	(412)	(760)
Residential aged care bonds refunded		(19,801)	(14,698)	-	-
Other payments		(66,539)	(56,657)	(3,769)	(4,057)
Cash used in operations		**(6,357,446)**	**(6,254,631)**	**(5,338,440)**	**(5,562,608)**
Cash inflows					
Fees and charges		546,024	604,412	59,326	104,319
Grants and contributions		1,783,300	1,780,307	1,397,406	1,427,742
Interest received		7,958	4,624	3,923	2,568
Residential aged care bonds received		23,511	24,008	-	-
GST recovered from ATO		153,742	168,683	48,611	47,096
Other receipts		92,323	72,389	3,343	2,823
Cash generated from operations		**2,606,858**	**2,654,423**	**1,512,609**	**1,584,548**
Cash flows from SA Government					
Receipts from SA Government		4,203,772	3,986,313	4,203,772	3,986,313
Payments to SA Government		(36,113)	-	(36,113)	-
Cash generated from SA Government		**4,167,659**	**3,986,313**	**4,167,659**	**3,986,313**
Net cash provided by operating activities		**417,071**	**386,105**	**341,828**	**8,253**
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(89,780)	(231,616)	(2,003)	(2,464)
Purchase of intangibles		(1,083)	(4,955)	(283)	(1,993)
Purchase of investments		(11,550)	(4,713)	-	-
Cash used in investing activities		**(102,413)**	**(241,284)**	**(2,286)**	**(4,457)**
Cash inflows					
Proceeds from sale of property, plant and equipment		1,149	2,669	501	1,730
Proceeds from sale/maturities of investments		5,099	6,014	-	-
Cash generated from investing activities		**6,248**	**8,683**	**501**	**1,730**
Net cash provided by/(used in) investing activities		**(96,165)**	**(232,601)**	**(1,785)**	**(2,727)**
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(62,115)	(34,770)	-	-
Repayment of borrowings		(3,908)	(3,546)	(3,908)	(3,546)
Cash used in financing activities		**(66,023)**	**(38,316)**	**(3,908)**	**(3,546)**
Cash inflows					
Proceeds from borrowings		-	144	4,623	4,379
Cash generated from financing activities		**-**	**144**	**4,623**	**4,379**
Net cash provided by/(used in) financing activities		**(66,023)**	**(38,172)**	**715**	**833**

THE DEPARTMENT FOR HEALTH AND WELLBEING
STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	Note	Consolidated		Parent	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Net increase/(decrease) in cash and cash equivalents		**254,883**	**115,332**	**340,758**	**6,359**
Cash and cash equivalents at the beginning of the period		585,059	469,727	292,602	286,243
Cash and cash equivalents at the end of the period	15	**839,942**	**585,059**	**633,360**	**292,602**
Non-cash transactions	29				

The accompanying notes form part of these financial statements.

1. Basis of financial statements

1.1 Reporting entity

The Consolidated Entity – SA Health

The not-for-profit Consolidated Entity known as SA Health, consists of the following controlled entities:

- The Department for Health and Wellbeing (Parent);
- Central Adelaide Local Health Network Incorporated (includes the subsidiary AusHealth Corporate Pty Ltd (AusHealth));
- Country Health SA Local Health Network Incorporated (includes the Health Advisory Councils (HACs));
- Northern Adelaide Local Health Network Incorporated;
- Southern Adelaide Local Health Network Incorporated;
- Women's and Children's Health Network Incorporated; and
- SA Ambulance Service Inc (includes SA Ambulance Development Fund).

The Consolidated Entity operates within the *Public Sector Act 2009* and the *Health Care Act 2008.*

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 interest in other entities is at note 37.

The Department for Health and Wellbeing (the Department) – Parent Entity

The Department is a not-for-profit government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The Department is an administrative unit acting on behalf of the Crown.

Administered items

The Department has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedule of Administered Financial Statements. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for the Department and Consolidated Entity transactions.

Reporting Entity on 1 July 2019

Effective from 1 July 2019, there are changes to both the structure and governance arrangements associated with SA Health's controlled entities.

A proclamation dated 27 June 2019 advised that the Country Health SA Local Health Network Incorporated (CHSALHN) would be dissolved on 1 July 2019 and the service delivery provided via CHSALHN to country and regional SA will be via the following six controlled country and regional local health networks:

- Barossa Hills Fleurieu Local Health Network Incorporated
- Eyre and Far North Local Health Network Incorporated
- Flinders and Upper Local Health Network Incorporated
- Riverland Mallee Coorong Local Health Network Incorporated
- South East Local Health Network (renamed Limestone Incorporated Coast Local Health Network Incorporated by proclamation on 27 June 2019)
- Yorke and Northern Local Health Network Incorporated.

Although the above local health networks were established on 2 August 2018 (under the Act) they did not commence service delivery until 1 July 2019.

In addition, on 1 July 2019, ten governing boards were established for each of SA Health's controlled local health networks. From July, each board will have responsibility for governance and oversight of their respective local health network. Noting that prior to each governing board being established, each local health network had transitional advisory boards refer to note 38 for details.

The local health networks Chief Executive Officers are responsible for managing the operations and affairs of their respective local health network and are accountable to, and subject to, the direction of the Board in undertaking that function. The Governing Board must comply with any direction of the Minister or Chief Executive of the Department.

1.2 Statement of compliance

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.

1.3 Basis of preparation

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 on a different basis.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date 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 throughout the notes.

1.4 Taxation

The Consolidated Entity is not subject to income tax. The Consolidated Entity is liable for fringe benefits tax (FBT) and goods and services tax (GST). The Department is additionally liable for payroll tax and emergency services levy.

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.

1.5 Continuity of operations

As at 30 June 2019, the Consolidated Entity had working capital of $233.980 million ($8.304 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Consolidated Entity to enable it to perform its functions.

1.6 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.

Other reserves includes Branch Reserves, Country Capital Reserves, Defined Benefit Fund Remeasurement and Investment Revaluation Reserve.

Error Correction

CHSALHN is a party to a three way agreement with the Commonwealth Government and Mid West Health and Aged Care Incorporated (MWH&AC). When CHSALHN was establish in 2008, a bank account in the name of MWH&AC was brought to account as part of the opening balances of CHSALHN. It has since been determined that CHSALHN does not have control over this bank account, or the associated Refundable Deposit Liability.

In addition to this, CHSALHN owns a number of Medical Centres with agreements in place with Doctors who work in these Medical Centres. It has been determined that the fees and charges collected on behalf of the doctors are not controlled by CHSALHN, and should be recognised as an administered item.

These errors have been corrected by adjusting each of the affected financial statement line items as follows;

	Consolidated
	2018
Impact on Equity	$'000
Cash at Bank	(2,239)
Receivable	5
Residential Aged Care Bond Liability	(1,775)
Total impact on Equity	**(459)**

Impact on net result	
Revenue from fees and charges	(1,470)
Interest Revenue	(20)
Fee for Service	(1,469)
Other Supplies and Services	(21)
Total impact on Net Result	**0**

During 2018-19 SA Health reviewed its consolidation processes as they related to the asset revaluation surplus. This review resulted in the following prior period adjustments to the following financial statement line items.

	Consolidated
	2018
Impact on Equity	$'000
Asset Revaluation Reserve	53,655
Retained earnings	(53,655)
Total Impact on Equity	-

The above adjustments of $53,655 million to the 2017-18 audited financial statements balance of $13,205 million, results in a closing transfer between equity balance of $66,860 million.

Impact on net result	
Other Expenses	(17,617)
Total Impact on Net Result	**(17,617)**

The above adjustment of $17,617 million to the 2017-18 audited financial statements balance of $35,990 million, results in a closing net result of $18,373 million.

1.7 Change in accounting policy

On 22 March 2019, pursuant to the *Public Finance and Audit Act 1987*, the Treasurer issued *Treasurer's Instructions (Accounting Policy Statements)* and revoked all previously issued Accounting Policy Statements. The new Accounting Policy Statements have largely been prepared on a no-policy change basis. The changes below do not impact the amounts reported in the financial statements:

- removal of the requirement to report transactions with the SA Government
- removal of the requirement to report a statement of equity for administered items
- increase in bands from $10,000 to $20,000 for employee, board and committee member reporting.

<u>AASB 9 *Financial Instruments*</u>

The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

AASB 9 replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to recognition, classification, impairment and measurement of the Consolidated Entity's financial assets.

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The classification is based on two criteria; the Consolidated Entity's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

As part of the adoption of AASB 9, the Consolidated Entity adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior years, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been included in the financial statements.
- Accounting Policy Statements requires adoption of AASB 9 without restating comparative information for classification and measurement requirements (i.e. continues to be reported under AASB 139). All adjustments are recognised in retained earnings at 1 July 2018.

The total impact on the Consolidated Entity's retained earnings as at 1 July 2018 is as follows:

	Consolidated $'000	Parent $'000
Closing retained earnings 30 June 2018 – AASB 139	293,975	(1,468,970)
Decrease in provision for trade receivables (decrease in impairment allowance for receivables) *	4,252	197
Adjustment to retained earnings from adoption of AASB 9 for reclassifying:		
• investments from FVOCI to amortised cost (from other reserves)	80	-
• investments from FVPL to FVOCI (to other reserves)	(31)	-
Opening retained earnings 1 July 2018 – AASB 9	298,276	(1,468,773)

*this relates to applying the new expected credit loss (ECL) model rather than incurred loss model.

The assessment of the Consolidated Entity's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on the financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

In summary, upon the adoption of AASB 9, the Consolidated Entity had the following required and elected reclassifications of financial assets as at 1 July 2018:

		AASB 9 measurement		
	Carrying amount 30 June 2018	**Amortised cost**	**Fair value OCI**	**Fair value PL**
AASB 139 category	**$'000**	**$'000**	**$'000**	**$'000**
Consolidated				
Loans and receivables				
Receivables*	93,875	98,078	-	-
Held-to-maturity				
Term deposits	97,393	97,393	-	-
Fair value through profit or loss				
Other financial assets	6,983	-	108	6,875
Available-for-sale				
Other financial assets**	4,047	-	1,313	2,734
Net carrying amount	**202,298**	**195,471**	**1,421**	**9,609**

		AASB 9 measurement		
	Carrying amount 30 June 2018	Amortised cost	Fair value OCI	Fair value PL
AASB 139 category	**$'000**	**$'000**	**$'000**	**$'000**
Parent				
Loans and receivables				
Receivables*	3,267	3,464	-	-
Net carrying amount	**3,267**	**3,464**	-	-

* The change in carrying amount is a result of decreased impairment allowance. Refer to note 16 for information on impairment of receivables.
** Flinders Reproductive Medicine Pty Ltd $2.657 million (out of scope of AASB 9 as they are joint arrangements)

The following are the changes in the classification and measurement of financial assets:

- Reclassification of investments held at FVOCI to amortised cost – a Term Deposit (with Westpac) held by AusHealth (subsidiary) that was previously classified as available for sale is now classified as a debt instrument as it meets the appropriate criteria under AASB 9. As a result of the change in classification, the available for sale reserve (other reserves) related to those investments was reclassified to retained earnings at 1 July 2018.
- Reclassification of investments held at FVPL to FVOCI – Woolworth Shares held by CHSALHN that were previously classified as held for sale is now classified as not held for trading (with an irrevocable election) as CHSALHN intends to hold these assets. As a result of the change in classification, the cumulative gains related to those investments was reclassified from retained earnings to other reserves at 1 July 2018.
- Trade receivables and loans, being debt instruments, remain measured at amortised costs, similar to the previous classification of loans and receivables under AASB 139.
- Term deposits are now classified as SPPI and remain measured at amortised cost, similar to the previous classification of 'held to maturity'.
- Other investments, largely quoted equity instruments held for trading, will continue to be measured at FVPL, although these were previously classified as available for sale and are now classified as held for trading as they meet the appropriate criteria under AASB 9.

Adoption of AASB 9 has not had an impact on the recognition, measurement and classification on the Consolidated Entity's financial liabilities.

2. Objectives and activities

2.1 Objectives of the Department for Health and Wellbeing

SA Health is the brand name for the health portfolio of services and agencies (i.e. Consolidated Entity) responsible to the Minister for Health and Wellbeing.

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

The Department (i.e. Parent Entity) assists the Minister for Health and Wellbeing to set the policy framework and strategic direction for SA Health.

The Department is committed to protecting and improving the health of all South Australians by leading and serving the SA Health system through setting strategy and policy, delivering innovative reform and improvement programs, setting standards and undertaking regulation activities, providing commissioning, purchasing and performance managing services and providing state-wide system support services. Through Wellbeing SA the Department also has a focus on prevention, health promotion, primary health care, encouraging collaborations and advocacy.

The Department is comprised of nine divisions:

- Health Regulation and Protection;
- System Leadership and Design;
- Commissioning and Performance;
- Corporate and System Support Services;
- Office of the Chief Psychiatrist / Mental Health

- Office of the Chief Executive;
- Wellbeing SA*;
- Digital Health SA; and
- Commission on Excellence and Innovation in Health*.

* The model for Wellbeing SA and the Commission on Excellence and Innovation in Health will be developed over the coming six months, and will include information about their respective functions and outcomes. Work continues on the governance structure to establish Wellbeing SA and the Commission on Excellence and Innovation in Health as an attached office as per the direction set by the Minister for Health and Wellbeing.

On 1 July 2019, as part of the governance reforms and new department structure parts of the Financial Accounting function will transfer from the Department to the Government Accounting Services section of the Department of Treasury and Finance.

2.2 Activities of the Consolidated Entity
In achieving its objectives, the Consolidated Entity provides a range of goods and services classified into the following activities:

Policy, Clinical Services, System Transformation and Administration
Responsible for health policy and promotion, clinical services and administration associated with the provision of health services across South Australia.

This Activity largely reflects the activities of the Department itself (refer to Parent column on the face of the Statements and also the notes accompanying the Statements).

Health Services
The provision of hospital-based tertiary care and other acute services as well as rehabilitation, mental health and other community health services within the metropolitan and country areas, the provision of grants to non-government organisations for the provision of health services, and responsibility for Aboriginal controlled primary health services in Ceduna, Port Augusta and surrounding areas.

This Activity largely reflects the activities of the Local Health Networks (LHNs) and SA Ambulance Service (SAAS), refer to the Consolidated Entity column less the Parent column on the face of the Statements and the notes accompanying the Statements.

Accordingly, additional disaggregated disclosure schedules by major class of income, expense, asset and liability have not been included in the financial statements, as information can be reliably determined from the face of the Statements and the notes accompanying the Statements. It is noted that there are minor and immaterial variances between the two Activities due to inter-entity eliminations upon consolidation, with the exceptions of supplies and services and grants (expenditure), fees and charges (income), inter-entity loans receivable (asset) and workers compensation payable (liability) - refer to notes 4, 5, 8, 16 and 24 respectively for further information.

3. Employee benefits expenses

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Salaries and wages	3,231,816	3,095,211	133,625	134,924
Targeted Voluntary Separation Packages (refer below)	4,866	12,380	884	1,588
Long Service Leave	247,698	105,061	13,986	3,144
Annual leave	328,488	299,702	13,222	12,632
Skills and Experience Retention Leave	15,091	14,007	828	721
Employment on-costs - superannuation*	341,713	323,383	16,591	15,759
Employment on-costs - other	7,064	6,067	6,671	5,727
Workers compensation	29,977	47,672	5,612	4,718
Board and committee fees	1,765	736	314	248
Other employee related expenses	12,548	11,385	8,762	9,343
Total employee benefits expenses	**4,221,026**	**3,915,604**	**200,495**	**188,804**

* The superannuation employment on-cost charge represents the Consolidated Entity's contribution to superannuation plans in respect of current services of employees. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements except for SAAS staff who are members of the SAAS defined benefit scheme.

Expenses recognised in profit and loss for the Consolidated Entity in respect of the SAAS defined benefit scheme was $9.975 million ($9.595 million), comprising current service cost of $9.456 million ($9.070 million) and interest cost of $0.519 million ($0.525 million).

3.1 Key Management Personnel

Key management personnel (KMP) of the Consolidated Entity includes the Minister*, the Chief Executive* and the three Deputy Chief Executives* of the Department, the Chief Public Health Officer*, the Chief Psychiatrist*, the Chief Digital Health Officer* and the six Chief Executive Officers of the Local Health Networks and SA Ambulance Service who have responsibility for the strategic direction and management of the Consolidated Entity.

The compensation detailed below excludes salaries and other benefits received by the Minister for Health and Wellbeing. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of South Australia, respectively, and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

* are also key management personnel of the Department.

Compensation	**2019 $'000**	**2018 $'000**
Salaries and other short term employee benefits	3,457	3,024
Post-employment benefits	1,361	599
Other long-term employment benefits	-	85
Termination benefits	-	177
Total	**4,818**	**3,885**

The Consolidated Entity 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.

3.2 Remuneration of Boards and Committees

	2019 No. of Members	**2018 No. of Members**
$0	938	832
$1 - $20,000	267	216
$20,001 - $40,000	12	9
$40,001 - $60,000	4	-
$60,001 - $80,000	4	-
Total	**1,225**	**1,057**

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was $1.628 million ($0.739 million).

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 38 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.

3.3 Remuneration of employees

	Consolidated		Parent	
The number of employees whose remuneration received or receivable falls within the following bands:	**2019 Number**	**2018 Number**	**2019 Number**	**2018 Number**
$149,000 - $151,000*	n/a	104	n/a	4
$151,001 - $171,000	880	795	25	27
$171,001 - $191,000	516	477	11	5
$191,001 - $211,000	315	294	7	10
$211,001 - $231,000	197	193	4	2
$231,001 - $251,000	167	130	3	3
$251,001 - $271,000	113	124	7	9
$271,001 - $291,000	105	87	1	3
$291,001 - $311,000	80	78	4	4
$311,001 - $331,000	92	82	1	1
$331,001 - $351,000	93	97	-	-
$351,001 - $371,000	83	75	-	1
$371,001 - $391,000	88	98	3	4
$391,001 - $411,000	96	86	-	2
$411,001 - $431,000	92	89	3	-
$431,001 - $451,000	72	61	-	-
$451,001 - $471,000	69	60	2	-
$471,001 - $491,000	49	48	-	-
$491,001 - $511,000	54	43	-	-
$511,001 - $531,000	38	47	-	-
$531,001 - $551,000	44	32	-	-
$551,001 - $571,000	31	28	1	-
$571,001 - $591,000	23	21	-	1
$591,001 - $611,000	19	20	-	-
$611,001 - $631,000	24	16	-	-
$631,001 - $651,000	13	13	-	-
$651,001 - $671,000	8	9	-	-
$671,001 - $691,000	10	5	-	-
$691,001 - $711,000	6	9	1	-
$711,001 - $731,000	3	3	-	-
$731,001 - $751,000	3	3	-	-
$751,001 - $771,000	3	1	-	-
$771,001 - $791,000	1	1	-	-
$811,001 - $831,000	-	1	-	1
$831,001 - $851,000	1	1	-	-
$871,001 - $891,000	1	-	-	-
$891,001 - $911,000	-	1	-	-
$911,001 - $931,000	1	-	-	-
$931,001 - $951,000	1	-	-	-
$1,031,001 - $1,051,000	1	-	-	-
$1,071,001 - $1,091,000	1	-	-	-
$1,211,001 - $1,231,000	1	-	-	-
$1,611,001 - $1,631,000	1	-	-	-
Total number of employees	**3,395**	**3,232**	**73**	**77**

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2017-18.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees 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 fringe benefits tax paid or payable in respect of those benefits.

3.4 Remuneration of employees by classification

The total remuneration received by these employees, included above:

	Consolidated				Parent			
	2019		2018		2019		2018	
	No.	$'000	No.	$'000	No.	$'000	No.	$'000
Executive	104	24,524	104	23,951	39	9,714	36	9,245
Medical (excluding Nursing)	2,512	756,512	2,415	711,938	8	2,558	11	3,194
Non-medical (i.e. administration)	121	21,301	136	24,286	21	3,747	25	4,501
Nursing	271	45,643	202	32,423	5	1,129	5	812
Operational	387	73,309	375	68,229	-	-	-	-
Total	3,395	921,289	3,232	860,827	73	17,148	77	17,752

3.5 Targeted voluntary separation packages (TVSP)

	Consolidated		Parent	
	2019	2018	2019	2018
Amount paid/payable to separated employees:	$'000	$'000	$'000	$'000
Targeted Voluntary Separation Packages	4,866	12,380	884	1,588
Leave paid/payable to those employees	4,203	3,659	561	679
	9,069	**16,039**	**1,445**	**2,267**
Recovery from the Department of Treasury and Finance (DTF)	1,718	9,868	866	237
Net cost to the entity	**7,351**	**6,171**	**579**	**2,030**
The number of employees who received a TVSP during the reporting period	**97**	**199**	**8**	**20**

2019 TVSPs include separations resulting from the Registered Nurse/Midwife Workforce Renewal program.

4. Supplies and services

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Administration	9,852	12,205	1,542	1,659
Advertising	5,553	6,777	1,537	2,685
Communication	25,069	26,662	12,047	14,076
Computing	104,295	109,096	96,057	97,493
Consultants	9,418	6,004	3,179	4,303
Contract of services	148,703	136,067	115,610	105,461
Contractors	30,549	21,160	7,922	4,310
Contractors - agency staff	87,926	99,389	18,661	22,910
Cost of goods sold	2,628	2,756	105,342	100,534
Drug supplies	264,624	225,502	12,752	1,345
Electricity, gas and fuel	49,325	54,486	143	143
Fee for service	169,506	167,672	-	-
Finance lease contingent rentals	2,573	2,462	-	-
Food supplies	32,098	31,767	64	60
Housekeeping	79,371	82,864	472	434
Insurance	50,660	54,849	49,041	52,695
Interstate patient transfers	42,930	37,140	42,886	37,119
Legal	13,514	8,660	10,544	5,992
Medical, surgical and laboratory supplies	318,614	308,606	64	66
Minor equipment	22,763	27,591	3,299	3,542
Motor vehicle expenses	12,918	13,590	474	484
Occupancy rent and rates	51,338	51,062	14,005	14,131
Patient transport	32,234	29,948	-	-
Services from Shared Services SA	28,228	26,748	1,688	2,028
Postage	15,633	17,862	2,386	2,526
Printing and stationery	16,903	19,031	1,323	1,465
PPP operating expenses	85,775	61,786	-	-
Rental expense on operating lease	12,421	11,833	1,482	414
Repairs and maintenance	102,210	101,571	23,033	21,492
Security	39,614	34,221	466	458
Employee training and development	49,431	43,159	3,820	4,020
Employee travel expenses	12,811	13,869	1,011	1,069
Other supplies and services	65,947	70,726	8,894	10,930
Total supplies and services	**1,995,434**	**1,917,121**	**539,744**	**513,844**

Inter-entity transactions between the Department and Health Services amounts to $9.082 million ($11.326 million). Refer to note 2.2 for further information.

Operating Leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The aggregate benefit of lease incentives received by the Consolidated Entity in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

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

	Consolidated				Parent			
	2019		2018		2019		2018	
	No.	$'000	No.	$'000	No.	$'000	No.	$'000
Below $10,000	18	71	19	99	2	11	4	18
Above $10,000	82	9,347	38	5,905	41	3,168	19	4,285
Total	**100**	**9,418**	**57**	**6,004**	**43**	**3,179**	**23**	**4,303**

5. Grants and subsidies

		Consolidated		Parent	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Recurrent funding to incorporated Health Services	5.1	-	-	4,704,139	4,699,940
Capital funding to incorporated Health Services	5.1	-	-	103,125	295,690
Subsidies		7,310	6,930	6,904	6,831
Funding to non-government organisations		22,262	26,714	15,799	19,545
Other		5,294	5,594	5,153	5,558
Total grants and subsidies		**34,866**	**39,238**	**4,835,120**	**5,027,564**

5.1 Funding by the Department (Parent) to incorporated Health Services

	Recurrent		Capital	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
SA Ambulance Service Incorporated	160,438	137,313	4,292	27,730
Country Health SA Local Health Network Incorporated	692,089	651,526	14,289	9,950
Southern Adelaide Local Health Network Incorporated	943,767	942,284	13,964	53,907
Central Adelaide Local Health Network Incorporated	1,852,972	1,944,474	46,355	188,562
Women's and Children's Health Network Incorporated	402,453	405,062	10,721	7,451
Northern Adelaide Local Health Network Incorporated	652,420	619,281	13,504	8,090
Total funding to incorporated Health Services	**4,704,139**	**4,699,940**	**103,125**	**295,690**

Inter-entity transactions between the Department and Health Services amounts to $4,807.264 million ($4,995.819 million). Refer to note 2.2 for further information.

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

6. Borrowing costs

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Finance lease costs	168,933	262,427	-	-
Interest paid/payable on borrowings	406	745	406	745
Other finance charges	6	14	6	15
Total borrowing costs	**169,345**	**263,186**	**412**	**760**

The consolidated entity does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was $169.345 million ($263.186 million).

Included in finance lease costs is $167.526 million ($260.791 million) which relates to the Public Private Partnership (PPP) agreement for the Royal Adelaide Hospital.

7. Other expenses

		Consolidated		Parent	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Debts written off	16	22,201	20,727	30	24
Bank fees and charges		344	302	6	10
Donated assets expense		-	15,023	-	-
Donated drug vaccine expense		22,574	22,935	22,574	22,935
Impairment expense	21	-	13,837	-	-
Net loss on revaluation of investments		68	1,210	-	-
Net loss on sale of investments		15	-	-	-
Royalty payments		13,028	9,831	-	-
Other*		7,271	9,865	2,695	3,554
Total other expenses		**65,501**	**93,730**	**25,305**	**26,523**

* Includes audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of $2.837 million ($2.555 million). No other services were provided by the Auditor-General's Department. Other expenses paid or payable to Galpins Accountants, Auditors and Business Consultants were $0.220 million ($0.288 million) for other audit services and BDO for work performed for AusHealth of $0.035 million (nil).

Donated assets expense
Donated assets expense includes transfer of property, plant and equipment and intangible assets and is recorded as expenditure at their fair value.

Donated drug vaccine expense
The Consolidated Entity provided various anti-viral and highly specialised drugs to health providers to distribute free of charge to the South Australian community.

8. Revenues from fees and charges

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Ambulance cover	28,244	26,953	-	-
Ambulance transport	75,298	66,998	-	-
Business services	1,549	1,325	1,549	1,325
Call Direct	1,092	1,156	-	-
Fines, fees and penalties	1,267	1,262	1,084	1,135
Insurance recoveries	180	261	34,976	34,342
Interstate patient transfers	77,773	72,072	77,770	72,072
Patient and client fees	296,956	261,774	20,659	20,097
Private practice fees	55,869	46,065	4,584	2,534
Recoveries	32,905	34,568	109,462	110,129
Residential and other aged care charges	27,903	26,968	-	-
Sale of goods - medical supplies	1,917	2,074	105,198	100,708
Other user charges and fees	36,725	38,649	1,618	1,374
Total revenues from fees and charges	**637,678**	**580,125**	**356,900**	**343,716**

Inter-entity transactions between the Department and Health Services amounts to $252.042 million ($245.553 million). Refer to note 2.2 for further information.

9. Grants and contributions

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Commonwealth grants and donations	(2,200)	(989)	-	-
Commonwealth aged care subsidies	75,724	73,088	-	-
Pharmaceutical Benefits Scheme Commonwealth subsidy	186,800	157,918	-	-
Commonwealth National Health Reform Agreement	1,306,079	1,335,323	1,306,079	1,335,323
Department of Veterans' Affairs (Commonwealth)	40,027	43,052	40,027	43,052
Commonwealth Transition Care Program	24,785	23,819	24,785	23,819
Other Commonwealth grants and contributions	70,794	70,094	16,808	16,792
SA Government Community Development Fund	7,000	7,000	7,000	7,000
Other SA Government grants and contributions	22,262	20,679	453	696
Private sector capital contributions	535	626	-	-
Other grants and contributions	40,040	38,188	716	1,276
Total grants and contributions	**1,771,846**	**1,768,798**	**1,395,868**	**1,427,958**

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

Of the $1,771.846 million ($1,768.798 million) received during the reporting period $1,415.460 million ($1,580.189 million) was provided for specific purposes, including State and Commonwealth Health initiatives-Health reforms, research and other associated activities.

10. Interest revenues

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Bank interest	6,514	4,964	3,810	2,432
Interest from SAFA	25	25	-	-
Interest on loans	-	-	432	802
Interest on Special Purpose Funds	1,976	1,854	-	-
Total interest revenues	**8,515**	**6,843**	**4,242**	**3,234**

11. Resources received free of charge

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Land and buildings	-	2,326	-	-
Plant and equipment	385	672	-	-
Inventory	22,367	20,872	22,367	20,872
Services	27,707	25,995	1,660	1,614
Total resources received free of charge	**50,459**	**49,865**	**24,027**	**22,486**

Resources received free of charge includes property, plant and equipment and immunisation drugs recorded at their fair value.

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

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

	Consolidated		Parent	
	2019	2018	2019	2018
Land and buildings:	**$'000**	**$'000**	**$'000**	**$'000**
Proceeds from disposal	-	213	-	-
Less net book value of assets disposed	(2,132)	(671)	-	-
Less other costs of disposal	-	(10)	-	-
Net gain/(loss) from disposal of land and buildings	**(2,132)**	**(468)**	**-**	**-**
Plant and equipment:				
Proceeds from disposal	696	992	-	-
Less net book value of assets disposed	(1,190)	(2,879)	(22)	(56)
Less other costs of disposal	(48)	(255)	-	-
Net gain/(loss) from disposal of plant and equipment	**(542)**	**(2,142)**	**(22)**	**(56)**
Intangibles:				
Proceeds from disposal	-	-	-	-
Less net book value of assets disposed	-	(61)	-	-
Net gain/(loss) from disposal of intangibles	**-**	**(61)**	**-**	**-**
Non-current assets held for sale:				
Proceeds from disposal	505	1,748	505	1,748
Less net book value of assets disposed	(506)	(1,318)	(506)	(1,318)
Less other costs of disposal	(4)	(19)	(4)	(18)
Net gain/(loss) from disposal of non-current assets held for sale	**(5)**	**411**	**(5)**	**412**
Total assets:				
Total proceeds from disposal	1,201	2,953	505	1,748
Less total value of assets disposed	(3,828)	(4,929)	(528)	(1,374)
Less other costs of disposal	(52)	(284)	(4)	(18)
Total net gain/(loss) from disposal of assets	**(2,679)**	**(2,260)**	**(27)**	**356**

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

13. Other revenues/income

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	**$'000**	**$'000**	**$'000**
Commissions revenue	201	231	19	16
Dividend revenue	267	274	-	-
Royalty income	19,273	15,540	-	-
Training revenue	1,287	1,451	483	559
Donations	9,726	13,303	2	30
Gain on revaluation of investment property	430	15	-	-
Car parking revenue	19,728	18,503	51	55
Emergency Services Levy	1,419	1,384	-	-
Other	31,487	21,274	2,869	2,395
Total other revenues/income	**83,818**	**71,975**	**3,424**	**3,055**

14. Revenues from SA Government

	Consolidated		Parent	
	2019	2018	2019	2018
Revenues from SA Government	**$'000**	**$'000**	**$'000**	**$'000**
Contingency funds from Department of Treasury and Finance	83,155	105,217	83,155	105,217
TVSP recovery funds from Department of Treasury and Finance	1,718	9,868	1,718	9,868
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	4,102,164	3,851,857	4,102,164	3,851,857
Commonwealth capital grants received via Treasury	2,500	-	2,500	-
Commonwealth recurrent grants received via Treasury	14,235	19,371	14,235	19,371
Total revenues from SA Government	**4,203,772**	**3,986,313**	**4,203,772**	**3,986,313**

Payments to SA Government				
Return of surplus cash pursuant to cash alignment policy	36,113	-	36,113	-
Total payments to SA Government	**36,113**	**-**	**36,113**	**-**

The Department is the administrative unit of the Consolidated Entity and as such receives all appropriation from DTF. The Department provides recurrent and capital funding under a service level agreement to the LHNs and SAAS for the provision of services. Appropriations are recognised upon receipt.

15. Cash and cash equivalents

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank or on hand	335,646	68,953	309,383	43,169
Deposits with Treasurer	504,296	516,106	323,977	249,433
Total cash	**839,942**	**585,059**	**633,360**	**292,602**

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

Deposits with the Treasurer
The Consolidated Entity has three deposit accounts with the Treasurer: a general operating account, an Accrual Appropriation Excess Funds account and a special purpose funds account. Although the Consolidated Entity controls the money in the Accrual Appropriation Account, its use must be approved by the Treasurer. The Consolidated Entity earns interest on the special purpose funds account.

16. Receivables

		Consolidated		Parent	
		2019	2018	2019	2018
Current	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Patient/client fees: compensable		12,852	8,926	1,748	1,684
Patient/client fees: aged care		3,203	3,621	-	-
Patient/client fees: other		62,649	54,678	-	-
Debtors		57,493	57,961	1,507	1,842
Less: allowance for impairment of receivables	16.1	(34,618)	(31,309)	(71)	(259)
Interstate patient transfers		175,448	129,051	175,448	129,051
Prepayments		40,358	25,874	27,597	13,803
Loans	16.2	-	-	3,224	4,621
Dividends		19	29	-	-
Interest		522	732	67	154
Grants		45	847	-	723
Sundry receivables and accrued revenue		83,045	32,565	134	209
GST input tax recoverable		18,931	26,108	14,948	21,741
Total current receivables		**419,947**	**309,083**	**224,602**	**173,569**
Non-Current					
Debtors		1,827	1,792	4	5
Prepayments		1,600	1,656	-	-
Loans	16.2	-	-	199	3,425
GST input tax recoverable		1,481	1,775	-	-
Total non-current receivables		**4,908**	**5,223**	**203**	**3,430**
Total receivables		**424,855**	**314,306**	**224,805**	**176,999**

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Consolidated Entity'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 of 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.

Interstate patient transfers

Under the National Health Reform Agreement - When a resident of one state/territory receives hospital treatment in another state/territory, the 'resident state/territory' compensates the treating or 'provider state/territory' for the cost of that care via a 'cross-border' payment. Contributions by the resident state/territory are made to the provider state/territory through the National Health Funding Pool account via activity estimates. Consistent with past years, the amounts disclosed are current estimates and may change. The department is continuing to refine its calculations of receivables and payables, which are based on the cross-border activity from 2015-16 and national efficient pricing rates from each year accrued.

Receivables between state and territory governments are expected to have an insignificant, and therefore immaterial, level of credit risk exposure, accordingly the department has not measured or recognised an allowance for impairment loss on this receivable.

16.1 Impairment of receivables

AASB 9 replaces the incurred loss model in AASB 139 with an expected credit loss model. The new impairment requirements result in a provision being applied to all receivables (expected loss) rather than only on those receivables that are credit impaired (incurred loss). The Consolidated Entity has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all trade receivables using a provision matrix as a practical expedient to measure the impairment provision. This results in a decrease of the loss allowance on 1 July 2018 for trade receivables external to State, Territory or Commonwealth Government (due to the Governments' high quality credit rating).

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Movement in the allowance for impairment of receivables:

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at 30 June under AASB 139	**31,309**	**36,358**	**259**	**243**
Adjustments on initial adoption of AASB 9	(4,203)	-	(197)	-
Carrying amount at the beginning of the period	**27,106**	**36,358**	**62**	**243**
Increase/(Decrease) in allowance recognised in profit or loss	7,513	(5,048)	9	16
Carrying amount at the end of the period	**34,618**	**31,309**	**71**	**259**

Refer to note 34 for details regarding credit risk and the methodology for determining impairment.

16.2 Reconciliation of loans receivable by the Parent and related movements

	Health Services		Back-to-Back	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at 1 July	8,046	12,425	6,915	10,461
Principal repayments	(4,623)	(4,379)	(3,908)	(3,546)
Balance at 30 June	**3,423**	**8,046**	**3,007**	**6,915**

As at 30 June 2019 the Department has financed two Health Services with loans of $0.416 million ($1.131 million) for aged care housing and $3.007 million ($6.915 million) for the Flinders Medical Centre (FMC) carpark from departmental funds with a back-to-back loan arrangement with DTF for the FMC carpark loan.

Inter-entity transactions between the Department and Health Services amounts to $3.423 million ($8.046 million). Refer to note 2.2 for further information.

17. Other financial assets

	Consolidated		Parent	
	2019	2018	2019	2018
Current	$'000	$'000	$'000	$'000
Term deposits	102,994	95,773	-	-
Other investments FVOCI	-	-	-	-
Other investments FVPL	6,764	6,560	-	-
Total current financial assets	**109,758**	**102,333**	-	-
Non-current				
Interest in wholly owned subsidiary	-	-	-	-
Joint venture	2,678	2,734	-	-
Term deposits	2,069	1,618	-	-
Other investments FVOCI	1,460	1,736	-	-
Other investments FVPL	-	-	-	-
Total non-current financial assets	**6,207**	**6,088**	-	-
Total financial assets	**115,965**	**108,421**	-	-

The Consolidated Entity measures term deposits at amortised cost, listed equities and other investments are measured as fair value represented by market value.

Non-current investments at FVOCI were reclassified from FVPL at adoption of AASB 9 on 1 July 2018. Fair value gain (or loss) for the year ended 30 June 2019 was $(0.003) million.

The joint venture represents the Consolidated Entity's share of beneficial entitlement of Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility and equity interest in property at Cleve.

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

The Consolidated Entity has a 12.28% equity interest in property at Whyte Street, Cleve in the State of South Australia by way of a mortgage on certificate of title volume 5902 folio 901. The registered proprietor of the property is the Lutheran Community Housing Support Unit Inc.

Refer to note 37 for further information on interests in other entities.

There is no impairment on other financial assets. Refer to note 34 for information on risk management.

18. Inventories

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Drug supplies	22,169	21,696	7,753	7,226
Medical, surgical and laboratory supplies	2,505	2,501	-	-
Food and hotel supplies	617	567	-	-
Engineering supplies	32	29	-	-
SA Health Distribution Centre and bulk warehouses	9,459	8,827	9,459	8,827
Inventory imprest stock	13,161	13,421	-	-
Other	871	954	18	-
Total current inventories - held for distribution	**48,814**	**47,995**	**17,230**	**16,053**

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.

19. Non-current assets classified as held for sale

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Land	-	218	-	218
Buildings and improvements	-	288	-	288
Total non-current assets classified as held for sale	**-**	**506**	**-**	**506**

Non-current assets are classified as held for sale and are stated at the lower of their carrying amount and fair value less costs to sell.

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

20.1 Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. 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 Consolidated Entity capitalises all non-current tangible property, plant and equipment and intangible assets that it controls 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.

20.2 Depreciation and amortisation

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

The useful lives, depreciation and amortisation methods of all major assets held by the Consolidated Entity are reassessed on an annual basis. Changes in 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, which is a change in accounting estimate.

Land and non-current assets held for sale are not depreciated.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Depreciation/amortisation is calculated on a straight line basis over the estimated or revised useful life of the classes of assets as follows:

Class of asset	Useful life (years)
Buildings and improvements including under finance lease	10 – 200
Leasehold improvements	Life of lease
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
• Under finance lease	Life of lease
Intangibles	5 – 30

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

The Consolidated Entity revalues all land, buildings and site improvements on a regular cycle via a Certified Practicing Valuer. The revaluation of non-current assets by a Certified Practicing Valuer is only performed when the asset's fair value at the time of acquisition is greater than $1 million and the estimated useful life exceeds three years.

If at any time management considers that the carrying amount of an asset greater than $1 million materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any asset revaluation surplus relating to that asset is transferred to retained earnings.

20.4 Impairment
The Consolidated Entity holds its property, plant and equipment and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

There were no indications of impairment of intangibles or investment properties as at 30 June 2019.

Impairment Events
2017/18
Following the release of the Expression of Interest for Reactivating the Repat Health Precinct in 2018, certain buildings were identified that could potentially be demolished depending on the proposal adopted. As a consequence it was deemed appropriate that these buildings be impaired to nil value.

2018/19
As part of Reactivating the Repat Health Precinct certain buildings previously impaired to nil value were identified for reactivation, as a consequence the impairment of these buildings was reversed. Other buildings at the Repat Health Precinct were identified to be demolished, resulting in impairment to nil value.

20.5 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 Consolidated Entity has intangibles with indefinite useful lives, amortisation is not recognised against these intangible assets.

The acquisition of, or internal development of, software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured), and when the amount of expenditure is greater than or equal to $10,000.

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

20.6 Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in March and April 2018 by Certified Practicing Valuers from Jones Lang Lasalle (SA) Pty Ltd and AssetVal (JLT) Pty Ltd as at 1 June 2018.

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

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

20.7 Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisitions less than $1 million have not been revalued in accordance with Accounting Policy Statements. The carrying values of these items are 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.

The Consolidated Entity's plant and equipment assets with a fair value greater than $1 million were revalued using the fair value methodology, as at 1 June 2018, based on independent valuations performed by a Certified Practicing Valuer from Jones Lang Lasalle (SA) Pty Ltd.

20.8 Valuation of investment property

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

An independent valuation was performed on the investment property at Unit 1, 27 Kermode St North Adelaide by a Certified Practicing Valuer from AssetVal (JLT) Pty Ltd, as at 30 June 2019. Fair value has been determined by the income approach, where the net income is capitalised at an appropriate yield with recent experience in the local market and equivalent properties.

The valuation of investment property located at Dalgleish St, Thebarton was performed by a Certified Practicing Valuer from Knight Frank Valuations, as at June 2017. The valuer arrived at a fair value based on recent market transactions for similar properties in the area taking in to account zoning and restricted use.

Where there is a recent market transaction for similar properties, the valuations are based on the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in the active market for similar properties. These investment properties have been categorised as Level 2.

Amounts recognised in profit or loss

The Consolidated Entity recognised rental income from investment property during the period of $2.270 million ($2.320 million).

21. Reconciliation of property, plant and equipment and investment property

The following tables show the movement:

Consolidated

2018-19	Land and buildings:				Plant and equipment:						
	Land $'000	Buildings $'000	Buildings under PPP $'000	Capital works in progress land and buildings $'000	Leasehold improvements $'000	Medical/ surgical/ dental/ biomedical $'000	Other plant and equipment $'000	Plant and equipment under PPP $'000	Capital works in progress plant and equipment $'000	Investment property $'000	Total $'000
Carrying amount at the beginning of the period	344,128	2,512,963	2,572,137	48,313	40,504	194,300	60,072	250,849	18,835	21,582	6,063,684
Additions	219	205	-	56,608	29	15,192	1,087	-	17,154	-	90,494
Assets received free of charge	-	-	-	-	-	336	49	-	-	-	385
Disposals	-	(42)	-	(873)	(1,217)	(625)	(511)	-	(55)	-	(3,323)
Transfers between asset classes	-	52,364	2,126	(54,668)	456	25,499	(766)	-	(25,408)	-	(397)
Other movements	-	-	(1,821)	-	-	-	-	(188)	(32)	-	(2,041)
Subtotal:	344,347	2,565,490	2,572,442	49,380	39,772	234,702	59,931	250,661	10,494	21,582	6,148,802
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(138,414)	(45,863)	-	(4,223)	(50,199)	(17,429)	(8,868)	-	-	(264,996)
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	430	430
Subtotal:	-	(138,414)	(45,863)	-	(4,223)	(50,199)	(17,429)	(8,868)	-	430	(264,566)
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	-	84	-	-	-	-	-	-	-	-	84
Impairment (losses) / reversals	-	-	-	-	-	-	-	-	-	-	-
Subtotal:	-	84	-	-	-	-	-	-	-	-	84
Carrying amount at the end of the period*	344,347	2,427,160	2,526,579	49,380	35,549	184,503	42,502	241,793	10,494	22,012	5,884,320
Gross carrying amount											
Gross carrying amount	344,347	2,578,115	2,610,602	49,380	61,894	437,387	147,346	258,061	10,494	22,012	6,519,639
Accumulated depreciation / amortisation	-	(150,955)	(84,023)	-	(26,345)	(252,884)	(104,844)	(16,268)	-	-	(635,319)
Carrying amount at the end of the period	344,347	2,427,160	2,526,579	49,380	35,549	184,503	42,502	241,793	10,494	22,012	5,884,320

* Included in carrying amount at the end of the period is buildings under finance lease of $72.849 million and plant and equipment under finance lease of nil.

*All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at $36.600 million, buildings valued at $5.117 million (classified as level 2) and capital works in progress (not classified).

Consolidated

2017-18	**Land and buildings:**				**Plant and equipment:**						
	Land $'000	**Buildings $'000**	**Buildings under PPP $'000**	**Capital works in progress land and buildings $'000**	**Leasehold improve-ments $'000**	**Medical/ surgical/ dental/ biomedical $'000**	**Other plant and equipment $'000**	**Plant and equipment under PPP $'000**	**Capital works in progress plant and equipment $'000**	**Investment property $'000**	**Total $'000**
Carrying amount at the beginning of the period	**347,021**	**2,081,063**	**2,550,955**	**194,918**	**39,549**	**92,969**	**36,228**	**258,249**	**124,384**	**21,567**	**5,746,903**
Additions	-	107	-	136,102	-	15,842	2,272	-	74,568	-	**228,891**
Assets received free of charge	-	2,326	-	-	-	650	22	-	-	-	**2,998**
Disposals	(28)	(186)	-	(293)	(164)	(1,689)	(754)	-	(436)	-	**(3,550)**
Donated assets disposal	(3,050)	(11,973)	-	-	-	-	-	-	-	-	**(15,023)**
Transfers between asset classes	-	223,179	59,342	(282,414)	4,436	134,578	43,633	-	(179,681)	-	**3,073**
Reclassified to held for sale	2,572	13,353	-	-	-	-	-	-	-	-	**15,925**
Subtotal:	**346,515**	**2,307,869**	**2,610,297**	**48,313**	**43,821**	**242,350**	**81,401**	**258,249**	**18,835**	**21,567**	**5,979,217**
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(112,990)	(38,160)	-	(3,317)	(50,454)	(21,329)	(7,400)	-	-	**(233,650)**
Revaluation increment / (decrement)	(17,617)	-	-	-	-	-	-	-	-	15	**(17,602)**
Impairment (losses) / reversals	-	(13,837)	-	-	-	-	-	-	-	-	**(13,837)**
Subtotal:	**(17,617)**	**(126,827)**	**(38,160)**	**-**	**(3,317)**	**(50,454)**	**(21,329)**	**(7,400)**	**-**	**15**	**(265,089)**
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	15,230	331,921	-	-	-	2,404	-	-	-	-	**349,555**
Impairment (losses) / reversals	-	-	-	-	-	-	-	-	-	-	**-**
Subtotal:	**15,230**	**331,921**	**-**	**-**	**-**	**2,404**	**-**	**-**	**-**	**-**	**349,555**
Carrying amount at the end of the period*	**344,128**	**2,512,963**	**2,572,137**	**48,313**	**40,504**	**194,300**	**60,072**	**250,849**	**18,835**	**21,582**	**6,063,683**
Gross carrying amount											
Gross carrying amount	344,128	2,525,646	2,610,297	48,313	63,710	409,320	161,083	258,249	18,835	21,582	**6,461,163**
Accumulated depreciation / amortisation	-	(12,683)	(38,160)	-	(23,206)	(215,020)	(101,011)	(7,400)	-	-	**(397,480)**
Carrying amount at the end of the period	**344,128**	**2,512,963**	**2,572,137**	**48,313**	**40,504**	**194,300**	**60,072**	**250,849**	**18,835**	**21,582**	**6,063,683**

* Included in carrying amount at the end of the period is buildings under finance lease of $74.998 million and plant and equipment under finance lease of nil.

**Total other comprehensive income for changes in asset revaluation reserve surplus also includes decrement of $0.770million for land and buildings held for sale. Refer to note 19.

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at $36.660 million buildings valued at $5.117 million (classified as level 2) and capital works in progress (not classified).

Parent

2018-19	**Land and buildings:**				**Plant and equipment:**						
	Land $'000	**Buildings $'000**	**Buildings under PPP $'000**	**Capital works in progress land and buildings $'000**	**Leasehold improve-ments $'000**	**Medical/ surgical/ dental/ biomedical $'000**	**Other plant and equipment $'000**	**Plant and equipment under PPP $'000**	**Capital works in progress plant and equipment $'000**	**Investment property $'000**	**Total $'000**
Carrying amount at the beginning of the period	35,480	3,364	-	66	2,432	89	7,880	-	542	-	49,853
Additions	-	-	-	65	29	102	76	-	1,842	-	2,114
Disposals	-	-	-	-	-	-	(22)	-	-	-	(22)
Transfers between asset classes	-	-	-	(117)	117	-	2,373	-	(2,373)	-	-
Subtotal:	35,480	3,364	-	14	2,578	191	10,307	-	11	-	51,945
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(763)	-	-	(668)	(27)	(4,477)	-	-	-	(5,935)
Subtotal:	-	(763)	-	-	(668)	(27)	(4,477)	-	-	-	(5,935)
Carrying amount at the end of the period	35,480	2,601	-	14	1,910	164	5,830	-	11	-	46,010
Gross carrying amount											
Gross carrying amount	35,480	3,530	-	14	5,306	207	35,924	-	11	-	80,472
Accumulated depreciation / amortisation	-	(929)	-	-	(3,396)	(43)	(30,094)	-	-	-	(34,462)
Carrying amount at the end of the period	35,480	2,601	-	14	1,910	164	5,830	-	11	-	46,010

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land (classified as level 2) and capital works in progress (not classified).

Parent

2017-18

	Land and buildings:				Plant and equipment:						
	Land $'000	Buildings $'000	Buildings under PPP $'000	Capital works in progress land and buildings $'000	Leasehold improve-ments $'000	Medical/ surgical/ dental/ biomedical $'000	Other plant and equipment $'000	Plant and equipment under PPP $'000	Capital works in progress plant and equipment $'000	Investment property $'000	Total $'000
Carrying amount at the beginning of the period	39,639	1,386	-	1,038	2,060	45	2,735	-	8,395	-	55,298
Additions	-	-	-	64	-	43	369	-	1,179	-	1,655
Disposals	-	-	-	-	-	-	(56)	-	-	-	(56)
Transfers between asset classes	-	-	-	(1,036)	1,012	14	9,042	-	(9,032)	-	-
Subtotal:	39,639	1,386	-	66	3,072	102	12,090	-	542	-	56,897
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(205)	-	-	(640)	(13)	(4,210)	-	-	-	(5,068)
Subtotal:	-	(205)	-	-	(640)	(13)	(4,210)	-	-	-	(5,068)
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	(4,159)	2,183	-	-	-	-	-	-	-	-	(1,976)
Subtotal:	(4,159)	2,183	-	-	-	-	-	-	-	-	(1,976)
Carrying amount at the end of the period	35,480	3,364	-	66	2,432	89	7,880	-	542	-	49,853
Gross carrying amount											
Gross carrying amount	35,480	3,530	-	66	5,390	105	36,512	-	542	-	81,625
Accumulated depreciation / amortisation	-	(166)	-	-	(2,958)	(16)	(28,632)	-	-	-	(31,772)
Carrying amount at the end of the period	35,480	3,364	-	66	2,432	89	7,880	-	542	-	49,853

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land (classified as level 2) and capital works in progress (not classified).

22. Reconciliation of intangible assets

The following table shows the movement:

Consolidated	2018-19 Computer software $'000	2018-19 Bed licences $'000	2018-19 Capital works in progress intangibles $'000	2018-19 Total $'000	2017-18 Computer software $'000	2017-18 Bed licences $'000	2017-18 Capital works in progress intangibles $'000	2017-18 Total $'000
Carrying amount at the beginning of the period	**112,967**	**700**	**3,939**	**117,606**	**96,878**	**700**	**40,758**	**138,336**
Additions	81	-	1,002	**1,083**	91	-	4,864	**4,955**
Disposals	-	-	-	-	(61)	-	-	**(61)**
Amortisation	(22,489)	-	-	**(22,489)**	(22,551)	-	-	**(22,551)**
Transfers between asset classes	4,546	-	(4,149)	**397**	38,610	-	(41,683)	**(3,073)**
Other movements	-	-	-	-	-	-	-	-
Carrying amount at the end of the period	**95,105**	**700**	**792**	**96,597**	**112,967**	**700**	**3,939**	**117,606**
Gross carrying amount								
Gross carrying amount	216,501	700	792	**217,993**	211,892	700	3,939	**216,531**
Accumulated amortisation	(121,396)	-	-	**(121,396)**	(98,925)	-	-	**(98,925)**
Carrying amount at the end of the period	**95,105**	**700**	**792**	**96,597**	**112,967**	**700**	**3,939**	**117,606**
Parent								
Carrying amount at the beginning of the period	**59,029**	**-**	**52**	**59,081**	**66,294**	**-**	**2,018**	**68,312**
Additions	66	-	217	**283**	19	-	1,974	**1,993**
Amortisation	(10,610)	-	-	**(10,610)**	(11,224)	-	-	**(11,224)**
Transfers between asset classes	269	-	(269)	-	3,940	-	(3,940)	-
Carrying amount at the end of the period	**48,754**	**-**	**-**	**48,754**	**59,029**	**-**	**52**	**59,081**
Gross carrying amount								
Gross carrying amount	132,305	-	-	**132,305**	131,970	-	52	**132,022**
Accumulated amortisation	(83,551)	-	-	**(83,551)**	(72,941)	-	-	**(72,941)**
Carrying amount at the end of the period	**48,754**	**-**	**-**	**48,754**	**59,029**	**-**	**52**	**59,081**

Residential aged care bed licences that are purchased are initially recorded at cost. Bed licences that are received for no consideration from the Commonwealth Government are recognised at their fair value at the date of implementation, having regard to recent sale activity within South Australian country areas and the relaxation of ceiling limits on bed licenses, the Consolidated Entity has recorded these licences at nil value.

23. Fair value measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Consolidated Entity 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.

In determining fair value, the Consolidated Entity has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible and financially feasible).

The Consolidated Entity's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Consolidated Entity 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 is deemed to approximate fair value.

Refer to notes 20 and 23.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

23.1 Fair value hierarchy

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

Fair value measurements at 30 June 2019

	Consolidated			Parent		
	Level 2	**Level 3**	**Total**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Recurring fair value measurements (Note 21)						
Land	36,600	307,748	344,348	35,480	-	35,480
Buildings and improvements	5,117	4,948,622	4,953,739	-	2,601	2,601
Leasehold improvements	-	35,548	35,548	-	1,910	1,910
Plant and equipment	-	468,803	468,803	-	5,994	5,994
Investment property	22,012	-	22,012	-	-	-
Total recurring fair value measurements	63,729	5,760,721	5,824,450	35,480	10,505	45,985
Non-recurring fair value measurements (Note 19)						
Land held for sale	-	-	-	-	-	-
Buildings and improvements held for sale	-	-	-	-	-	-
Total non-recurring fair value measurements	-	-	-	-	-	-
Total	**63,729**	**5,760,721**	**5,824,450**	**35,480**	**10,505**	**45,985**

Fair value measurements at 30 June 2018

	Consolidated			Parent		
	Level 2	**Level 3**	**Total**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Recurring fair value measurements (Note 21)						
Land	36,600	307,528	344,128	35,480	-	35,480
Buildings and improvements	5,117	5,079,983	5,085,100	-	3,364	3,364
Leasehold improvements	-	40,504	40,504	-	2,432	2,432
Plant and equipment	-	505,221	505,221	-	7,969	7,969
Investment property	21,582	-	21,582	-	-	-
Total recurring fair value measurements	63,299	5,933,236	5,996,535	35,480	13,765	49,245
Non-recurring fair value measurements (Note 19)						
Land held for sale	218	-	218	218	-	218
Buildings and improvements held for sale	-	288	288	-	288	288
Total non-recurring fair value measurements	218	288	506	218	288	506
Total	**63,517**	**5,933,524**	**5,997,041**	**35,698**	**14,053**	**49,751**

Non-recurring fair value measurement is applicable to land and buildings held for sale. Refer to note 19.

The Consolidated Entity's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2019 and 2018, the Consolidated Entity had no valuations categorised into Level 1. Land assets of the Parent entity and SAAS have been classified as Level 2, in 2018 other land of the Consolidated Entity was transferred from Level 2 to Level 3 as there were unobservable inputs, and one building asset was transferred from Level 3 to Level 2 with a fair value of $5.117 million.

23.2 Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. To the extent that land has had any restrictions on use and been adjusted with a discount factor these assets are classified as Level 3. All other land has been classified as Level 2.

Due to the predominantly specialised nature of health service assets, the majority of building and plant and equipment valuations have been undertaken using a cost approach (depreciated replacement cost), an accepted valuation methodology under AASB 13. 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.

Investment property has been valued using the income approach, based on capitalised net income at an appropriate yield, and is classified as Level 2.

24. Payables

	Consolidated		Parent	
	2019	2018	2019	2018
Current	**$'000**	**$'000**	**$'000**	**$'000**
Creditors and accrued expenses	228,101	190,907	43,353	46,266
Paid Parental Leave Scheme	473	368	8	6
Health Service workers compensation	-	-	8,124	8,456
Interstate patient transfers	96,133	70,621	96,133	70,621
Employment on-costs*	52,112	57,980	2,878	2,903
Other payables	8,799	8,990	71	109
Total current payables	**385,618**	**328,866**	**150,567**	**128,361**
Non-current				
Creditors and accrued expenses	624	529	-	-
Health Service workers compensation	-	-	15,241	16,552
Employment on-costs*	26,568	24,496	3,377	2,486
Other payables	182	187	-	-
Total non-current payables	**27,374**	**25,212**	**18,618**	**19,038**
Total payables	**412,992**	**354,078**	**169,185**	**147,399**

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. Employee on-costs are settled when the respective employee 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.

* Employment on-costs include payroll tax, Return to Work SA levies and superannuation contributions. The Consolidated Entity 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.

Inter-entity transactions between the Department and Health Services workers compensation (redemption and lump sum) payables amounts to $23.365 million ($25.008 million). Refer to note 2.2 for further information.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has remained at 41% for the Department and has decreased for the LHNs and SAAS from the 2018 rate of 35% to 29%. The average factors for the calculation of employer superannuation on-costs have changed from 2018 (9.71% to 13.23%) to 2019 (9.80%); these rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is a decrease in the employee benefits expenses and the employment on-cost liability of $5.948 million (Parent decrease of $0.099 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 Consolidated Entity has received from the Commonwealth Government to forward onto eligible employees via the Consolidated Entity's standard payroll processes. That is, the Consolidated Entity is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Refer to note 34 for information on risk management.

Interstate patient transfers

Under the National Health Reform Agreement - When a resident of one state/territory receives hospital treatment in another state/territory, the 'resident state/territory' compensates the treating or 'provider state/territory' for the cost of that care via a 'cross-border' payment. Contributions by the resident state/territory are made to the provider state/territory through the National Health Funding Pool account via activity estimates. Consistent with past years, the amounts disclosed are current estimates and may change. The department is continuing to refine its calculations of receivables and payables, which are based on the cross-border activity from 2015-16 and the national efficient pricing rates from each year accrued.

25. Borrowings

		Consolidated		Parent	
	Note	2019	2018	2019	2018
Current		**$'000**	**$'000**	**$'000**	**$'000**
Loans		3,007	3,908	3,007	3,908
Finance lease	30.3	64,468	64,561	-	-
Total current borrowings		**67,475**	**68,469**	**3,007**	**3,908**
Non-current					
Loans		-	3,007	-	3,007
Finance lease	30.3	2,657,657	2,709,726	-	-
Total non-current borrowings		**2,657,657**	**2,712,733**	**-**	**3,007**
Total borrowings		**2,725,132**	**2,781,202**	**3,007**	**6,915**

The contractual maturities for loans (financial liabilities at cost) are within 5 years. The Consolidated Entity measures financial liabilities including borrowings/debt at amortised cost.

The movement in loans liability of $3.908 million arises from changes in financing cash outflows. The decrease in finance lease liability of $49.154 million arises from a decrease in financing cash flows of $59.107 million less interest expense of $11.962 million and a non cash reduction in the liability of $2.009 million.

Refer to note 34 for information on risk management.

Defaults and breaches
There were no defaults or breaches on any of the above liabilities throughout the year.

26. Employee benefits

	Consolidated		Parent	
	2019	2018	2019	2018
Current	**$'000**	**$'000**	**$'000**	**$'000**
Annual leave	367,649	350,511	13,973	13,973
Long service leave	75,974	50,733	3,921	3,812
Accrued salaries and wages	96,609	84,559	3,218	2,854
Fringe benefits tax	2,172	1,540	2,156	1,531
Skills and experience retention leave	26,707	27,563	1,012	987
Superannuation - defined benefit scheme	27,320	17,768	-	-
Other	433	385	13	47
Total current employee benefits	**596,864**	**533,059**	**24,293**	**23,204**
Non-current				
Long service leave	819,179	664,934	42,471	32,452
Superannuation - defined benefit scheme	19,393	10,030	-	-
Total non-current employee benefits	**838,572**	**674,964**	**42,471**	**32,452**
Total employee benefits	**1,435,436**	**1,208,023**	**66,764**	**55,656**

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

26.1 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.

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.

26.2 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 employees up to the end of the reporting period using the projected unit credit method.

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.57% to 2.84%) to 2019 (1.25%). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions is an increase in the long service leave liability of $117.179 million (Parent $9.499 million), Payables (employee on-costs) of $3.970 million (Parent $0.755 million) and employee benefits expense of $121.149 million (Parent $10.254 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.

The actuarial assessment performed by DTF left the salary inflation rate at 4.00% for long service leave liability and decreased the salary inflation rate from 3.00% to 2.20% for annual leave and skills, experience and retention leave liability. The net financial effect of the change in the salary inflation rate in the current financial year is a decrease in the annual leave liability of $2.875 million (Parent $0.109 million), skills and experience retention leave liability of $0.209 million (Parent $0.008 million), payables (employee on-costs) of $0.312 million (Parent $$0.016 million) and employee benefits expense of $3.396 million (Parent $0.134 million).

26.3 Superannuation funds
A number of SAAS employees are members of the SA Ambulance Service Superannuation Scheme (the "Scheme"). These employees are eligible to receive a benefit from the Scheme. A benefit is payable on retirement, death, disablement or leaving SAAS, in accordance with the Scheme's trust deed and rules. The Scheme provides lump sum benefits based on a combination of defined benefits which depend on years of service and final salary and accumulation benefits which depend on the accumulation of member and employer contributions adjusted for appropriate earnings and expenses. The liability for this Scheme has been determined via an actuarial valuation by Mercer Investment Nominees Limited using the projected unit credit method.

The expected payment to settle the obligation has been determined using national government bond market yields with terms and conditions that match, as closely as possible, to estimated cash outflows.

Actuarial gains and losses are recognised in other comprehensive income in the Statement of Comprehensive Income, in the period in which they occur. The superannuation expense comprising interest cost and other costs of the defined benefit plan is measured in accordance with AASB 119 and is recognised as and when contributions fall due.

The South Australian Superannuation Board was appointed Trustee of the Scheme effective 1 July 2006. The Scheme was closed to new members as at 30 June 2008. For those staff who are not members of the Scheme, SAAS pays contributions in accordance with the relevant award or contract of employment to other nominated Superannuation funds in compliance with the superannuation guarantee legislation. Contributions are charged as expenditure as they are made. Members are not required to make contributions to these funds.

The defined benefit liability has been recognised in the Statement of Financial Position in accordance with AASB 119 and is held in SAAS.

Defined benefit superannuation scheme

Reconciliation of the present value of the defined benefit obligation:	**2019 $'000**	**2018 $'000**
Opening balance of defined benefit obligation	284,259	273,198
Current service cost	9,456	9,070
Interest cost	6,758	6,588
Contributions by scheme participants	5,707	5,008
Actuarial (gains)/losses	27,837	9,514
Benefits paid	(9,152)	(17,523)
Taxes, premiums and expenses paid	(1,838)	(1,872)
Transfers in	621	276
Closing balance of defined benefit obligation	**323,648**	**284,259**

Reconciliation of fair value of scheme assets:

	2019 $'000	2018 $'000
Opening balance of scheme assets	256,461	245,890
Interest Income	6,239	6,063
Actual return on scheme assets less Interest Income	13,465	11,605
Contributions from the employer	5,432	7,014
Contributions by scheme participants	5,707	5,008
Benefits paid	(9,152)	(17,523)
Taxes, premiums and expenses paid	(1,838)	(1,872)
Transfers in	621	276
Closing balance of scheme assets	**276,935**	**256,461**

The amount included in the Statement of Financial Position arising from Consolidated Entity's obligations in respect of its defined benefit scheme is as follows:

Present value of defined benefit obligations	323,648	284,259
Fair value of scheme assets	(276,935)	(256,461)
Net liability arising from defined benefit obligations	**46,713**	**27,798**

Included in the Statement of Financial Position:		
Current provision for employee benefits - defined benefit obligations	27,320	17,768
Non-current provision for employee benefits - defined benefit obligations	19,393	10,030
Closing balance of defined benefit obligation	**46,713**	**27,798**

	% invested by asset class			
	Consolidated		**Parent**	
	2019	**2018**	**2019**	**2018**
	%	%	%	%
Australian equity	27	27	-	-
International equity	24	24	-	-
Fixed income	19	19	-	-
Property	12	12	-	-
Alternatives/other	16	16	-	-
Cash	2	2	-	-
Total	100	100	-	-

The percentage invested in each asset class as at 30 June 2018 is adjusted to be comparable to 30 June 2019. This adjustment is made to align with the new approach where it is assumed that the diversified strategies growth B is 50% Australian equities and 50% International equities, and diversified strategies income is Alternatives/Other.

In accordance with the revised AASB 119 the discount rate assumption is used to determine interest income and the expected return on assets assumption is no longer used. The actual return on scheme assets was a gain of $19.704 million ($17.668 million). Employer contributions of $5.388 million are expected to be paid to the scheme for the year ending 30 June 2020. Expected employer contributions reflect the current 9.5% of salary contributions.

	Consolidated		**Parent**	
	2019	**2018**	**2019**	**2018**
Principal actuarial assumptions used (and expressed as weighted averages):	**% pa**	**% pa**	**% pa**	**% pa**
Discount rate (defined benefit cost)	2.6	2.7	-	-
Expected rate of salary increase (defined benefit cost)	4.0	3.5	-	-
Discount rate (defined benefit obligation)	1.3	2.6	-	-
Expected rate of salary increase (defined benefit obligation)	4.0	4.0	-	-

	2019	**2018**
Movement in net defined benefit liability	**$'000**	**$'000**
Net defined benefit liability at start of year	27,798	27,308
Defined benefit cost	9,975	9,595
Remeasurements	14,372	(2,091)
Employer contributions	(5,432)	(7,014)
Net defined liability at year end	**46,713**	**27,798**

The net financial effect of the changes in the discount rate in the current year is an increase in the superannuation – defined benefits scheme liability and other comprehensive income expense item of $26.626 million. The impact on future periods is impracticable to estimate as the superannuation – defined benefits scheme liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

Sensitivity analysis

The defined benefit obligation as at 30 June 2019 under several scenarios is presented below.
Scenarios A and B relate to discount rate sensitivity. Scenarios C and D relate to salary increase rate sensitivity.

Scenario A: 0.5% p.a. lower discount rate assumption
Scenario B: 0.5% p.a. higher discount rate assumption
Scenario C: 0.5% p.a. lower salary increase rate assumption
Scenario D: 0.5% p.a. higher salary increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa salary increase rate	+0.5% pa salary increase rate
Discount Rate	1.3%	0.8%	1.8%	1.3%	1.3%
Salary increase rate	4.0%	4.0%	4.0%	3.5%	4.5%
Defined benefit obligation ($'000)	323,648	335,343	312,799	314,162	333,741

Description of the regulatory framework

The scheme operates in accordance with its Trust Deed. The scheme is considered to be an exempt public sector scheme.

Description of other entities' responsibilities for the governance of the Scheme

The scheme's trustee is responsible for the governance of the scheme. The trustee has a legal obligation to act solely in the best interests of scheme beneficiaries. The trustee has the following roles:

- administration of the scheme and payment to the beneficiaries from scheme assets when required in accordance with the scheme rules;
- management and investment of the scheme assets; and
- compliance with superannuation law and other applicable regulations.

Description of risks

There are a number of risks to which the scheme exposes the employer. The more significant risks relating to the defined benefits are:

Investment risk

The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.

Salary growth risk

The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

Legislative risk

The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The scheme assets are invested in the Funds SA Balanced Investment option. The assets are diversified within this investment option and therefore the Scheme has no significant concentration of investment risk.

Funding arrangements

The financing objective adopted at the 30 June 2017 actuarial investigation of the scheme, in a report dated 5 June 2018, is to maintain the value of the scheme's assets at least equal to:

- 100% of accumulation account balances, plus
- 105% of defined benefit vested benefit.

In that valuation, it was recommended that the employer contribute to the scheme as follows:

- Defined Benefit members:
  - 12.00% of salary for all defined benefit members until 30 June 2018, then
  - 9.50% of salary for all defined benefit members after 1 July 2018, plus
  - Any additional employer contributions agreed between the employer and a member.
- Accumulation members:
  - 9.50% of ordinary time earnings, plus
  - Any additional employer contributions agreed between the employer and a member.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 30 June 2019 is eight years.

27. Provisions

		Consolidated		Parent	
	Note	2019	2018	2019	2018
Current		$'000	$'000	$'000	$'000
Insurance	27.2	17,215	14,505	17,215	14,505
Workers compensation	27.1	23,555	23,224	480	466
Total current provisions		**40,770**	**37,729**	**17,695**	**14,971**
Non-current					
Insurance	27.2	113,655	104,491	113,655	104,491
Workers compensation	27.1	81,709	85,298	573	561
Total non-current provisions		**195,364**	**189,789**	**114,228**	**105,052**
Total provisions		**236,134**	**227,518**	**131,923**	**120,023**

27.1 Workers Compensation

Workers compensation statutory provision

The Department is a self-insured employer within the *Return to Work Act 2014*, and has delegated powers pursuant to section 134 of this Act. As a consequence, the Department is responsible for the management of and all costs of workers compensation claims. The Consolidated Entity is directly responsible for the cost of workers compensation claims and the implementation and funding of preventative programs.

From 1 July 2010, the Department devolved annual funding to all remaining safety net funded LHNs and health centres for workers compensation expenditure, excluding lump sum payments. Accordingly, the Department recognises a payable to the LHNs equivalent to the redemption and lump sum payments which the LHNs recognise as a provision in their financial statements. The workers compensation liability to the LHNs as at 30 June is $23.365 million ($25.008 million). Refer to note 24. These transactions are eliminated on consolidation in accordance with the requirements of AASB 10.

The workers compensation provision is an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers compensation non-statutory provision

Additional insurance/compensation arrangements for certain work related injuries have been introduced for most public sector employees through various enterprise bargaining agreements and industrial awards. This insurance/compensation is intended to provide continuing benefits to non-seriously injured workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. 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 workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2019 the Consolidated Entity recognised a workers compensation non-statutory provision of $11.622 million (Parent: $0.068 million).

Reconciliation of workers compensation (statutory and non-statutory)

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Carrying amount at the beginning of the period	**108,522**	**88,339**	**1,027**	**1,582**
Increase in provisions recognised	23,921	28,365	80	51
Reductions resulting from re-measurement or settlement without cost	(6,296)	(5,203)	-	(541)
Reductions arising from payments/other sacrifices of future economic benefits	(20,883)	(2,979)	(54)	(65)
Carrying amount at the end of the period	**105,264**	**108,522**	**1,053**	**1,027**

27.2 Insurance

The Department is responsible for the management of the Consolidated Entity's insurance program. The Department is a participant in the State Government's insurance program. The Department pays a premium to SA Government Financing Authority (SAFA), SAICORP Division for professional indemnity insurance (including medical malpractice), public liability and property insurance, and is responsible for the management claim for amounts up to an agreed amount (the deductible). SAICORP provides the balance of funding for claims in excess of the deductible. For professional indemnity (including medical malpractice) claims after 1 July 1994 and general public liability and property claims after 1 July 1999 the deductible per claim is $1 million. For claims incurred prior to these dates the deductible per claim is $50,000.

Professional indemnity and general public liability claims arising from the LHNs' and SAAS's operations are managed as part of the State Government Insurance Program. The LHNs and SAAS pay an annual premium to the Department. These transactions are eliminated on consolidation in accordance with the requirements of AASB 10.

The determination of the medical malpractice professional indemnity insurance provision was carried out through an actuarial assessment in accordance with AASB 1023 *General Insurance Contracts*, conducted by Brett & Watson Pty Ltd. Current and non-current liabilities of the Department are determined by taking into account prudential margins, inflation, taxes, claims incurred but not reported and current claim values. The discount rate, which is used to discount expected future payments to the valuation date, decreased from 2018 (2.7%) to 2019 (1.4%). This decrease results in an increase to the reported provision.

The provision for claims for professional indemnity (other), general public liability and property insurance is a management assessment.

Reconciliation of insurance

The following table shows the movement of insurance during the period for the Consolidated Entity and Parent:

	Medical malpractice	Professional indemnity (Other)	Public liability	Property	Total
2018-19	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at 1 July	**115,927**	**299**	**1,696**	**1,074**	**118,996**
Increase to provision due to new claims	13,543	-	336	1,457	15,336
Reduction due to payments	(7,882)	(28)	(1,035)	(353)	(9,298)
Net revision of estimates	6,221	(162)	675	(898)	5,836
Carrying amount at the end of the period	**127,809**	**109**	**1,672**	**1,280**	**130,870**

28. Other liabilities

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
Current	**$'000**	**$'000**	**$'000**	**$'000**
Unclaimed monies	35	63	-	-
Unearned revenue	15,661	10,395	-	-
Residential aged care bonds	76,222	73,369	-	-
Lease incentive	756	671	596	511
Other	1,268	685	1	1
Total current other liabilities	**93,942**	**85,183**	**597**	**512**
Non-current				
Unearned revenue	607	690	-	-
Lease incentive	2,382	3,025	977	1,543
Other	825	835	-	-
Total non-current other liabilities	**3,814**	**4,550**	**977**	**1,543**
Total other liabilities	**97,756**	**89,733**	**1,574**	**2,055**

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 Consolidated Entity 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 Consolidated Entity 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 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.

29. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	839,942	585,059	633,360	292,602
Cash as per Statement of Financial Position	**839,942**	**585,059**	**633,360**	**292,602**
Balance as per Statement of Cash Flows	**839,942**	**585,059**	**633,360**	**292,602**
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by (used in) operating activities	417,071	386,105	341,828	8,253
Revenues from SA Government	(4,167,659)	(3,986,313)	(4,167,659)	(3,986,313)
Add/less non-cash items				
Asset donated free of charge	-	(15,022)	-	-
Capitalised interest expense on finance lease	(11,962)	(10,901)	-	-
Depreciation and amortisation expense of non-current assets	(287,485)	(256,204)	(16,545)	(16,292)
Gain/(loss) on sale or disposal of non-current assets	(2,679)	(2,260)	(27)	356
Gain/(loss) on valuation of defined benefits	-	(2,091)	-	-
Impairment of non-current assets	-	(13,837)	-	-
Increments/(decrements) on revaluation of non-current assets	430	15	-	-
Interest credited directly to investments	767	2,190	-	-
Net effect of the adoption of new Accounting Standard	(4,202)	-	(197)	-
Non-current assets derecognised	(32)	-	-	-
Resources received free of charge	385	2,997	-	-
Revaluation of investments	184	(1,058)	-	-
Movement in assets and liabilities				
Increase/(decrease) in receivables	110,549	6,133	52,429	3,119
Increase/(decrease) in inventories	819	(3,603)	1,177	(4,946)
Increase/(decrease) in other current assets	162	13	-	-
(Increase)/decrease in employee benefits	(213,041)	(85,439)	(11,108)	2,431
(Increase)/decrease in payables and provisions	(66,817)	(13,814)	(33,575)	19,988
(Increase)/decrease in other liabilities	(8,023)	(11,595)	481	406
Net cost of providing services	**(4,231,533)**	**(4,004,686)**	**(3,833,196)**	**(3,972,998)**

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as per the Statement of Financial Position.

30. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable. If GST is not recoverable or payable, the commitments are disclosed on a gross basis.

30.1 *Operating lease revenue commitments*

	Consolidated		Parent	
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Within one year	525	857	-	-
Later than one year but not longer than five years	517	1,021	-	-
Later than five years	-	-	-	-
Total operating lease revenue commitments	**1,042**	**1,878**	**-**	**-**

The operating lease revenue commitments relates to property owned by the Consolidated Entity and leased to external parties.

30.2 ***Operating lease expenditure commitments***

	Consolidated		Parent	
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Within one year	39,303	41,427	12,159	11,961
Later than one year but not longer than five years	107,040	114,801	33,291	37,492
Later than five years	100,985	112,870	18,929	26,527
Total operating lease commitments	**247,328**	**269,098**	**64,379**	**75,980**
Representing:				
Cancellable operating leases	16,028	13,642	-	-
Non-cancellable operating leases	231,300	255,456	64,379	75,980
Total operating lease commitments	**247,328**	**269,098**	**64,379**	**75,980**

The Consolidated Entity has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee. The operating lease arrangements are for the use of properties and motor vehicles. Motor vehicles are 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 or a specified number of kilometres, whichever occurs first.

30.3 ***Finance lease liabilities commitments***

30.3.1 Finance lease liabilities commitments - excluding Royal Adelaide Hospital (RAH)

Future minimum lease payments for the Consolidated Entity under finance lease and hire purchase contracts together with the present value of net minimum lease payments are as follows:

	2019		2018	
	Minimum lease payments $'000	**Present value of lease payments $'000**	**Minimum lease payments $'000**	**Present value of lease payments $'000**
Within one year	9,074	4,618	8,935	4,571
Later than one year but not longer than five years	23,289	11,010	29,670	13,804
Later than five years	7,199	3,898	9,290	4,962
Total minimum lease payments	**39,562**	**19,526**	**47,895**	**23,337**
Less future finance lease charges and contingent rentals	(20,046)	-	(24,558)	-
Total finance lease commitments - excluding RAH	**19,516**	**19,526**	**23,337**	**23,337**

Included in finance lease commitments above is $0.988 million ($2.122 million) which is the GST component.

The Consolidated Entity has entered into finance leases for buildings and improvements and plant and equipment with a carrying amount of $74.999 million ($105.039 million) and nil ($0.009 million), respectively. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where there is no reasonable assurance that the Consolidated Entity will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

The lease of the Health Facility to Mt Gambier and Districts Health Service is for 25 years with an option for a 10 year renewal. After 35 years the land and buildings revert to the Department. The lease commenced on 30 June 1997. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.

30.3.2 Finance lease liabilities commitments – Royal Adelaide Hospital (RAH) buildings and plant and equipment

Future minimum lease payments for the Consolidated Entity under the PPP arrangement together with the present value of net minimum lease payments for the buildings and plant and equipment at the new RAH are as follows:

	2019		2018	
	Minimum lease payments $'000	Present value of lease payments $'000	Minimum lease payments $'000	Present value of lease payments $'000
Within one year	309,683	288,706	313,286	292,851
Later than one year but not longer than five years	1,228,111	896,358	1,228,958	902,875
Later than five years	6,273,375	1,517,535	6,595,741	1,555,224
Total minimum lease payments	**7,811,169**	**2,702,599**	**8,137,985**	**2,750,950**
Less future finance lease charges and contingent rentals	(5,108,570)	-	(5,387,035)	-
Total finance lease commitments - RAH	**2,702,599**	**2,702,599**	**2,750,950**	**2,750,950**

There is nil GST in the finance lease commitments for the RAH.

A 35 year contract was entered into in June 2011 with SA Health Partnership Consortium trading as Celsus to finance, design, build, operate and maintain the new RAH. Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information and communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. This arrangement is referred to as a Public Private Partnership (PPP). Commercial acceptance was achieved on 13 June 2017.

Under the PPP agreement, the Consolidated Entity pays the operator over the period of the arrangement, subject to specified performance criteria being met.

The PPP costs are disclosed as:

- a component accounted for as finance lease payment for the buildings and furniture, fitting and equipment provided under the agreement; and
- a component related to the ongoing operation and maintenance of the facilities accounted for as PPP operating costs, which are expensed in the Statement of Comprehensive Income.

At the conclusion of the contract in 2046, the Consolidated Entity will take ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

	Consolidated		Parent	
	2019	2018	2019	2018
Included in the Statement of Financial Position as:	$'000	$'000	$'000	$'000
Current borrowings (Note 25)	64,468	64,561	-	-
Non-current borrowings (Note 25)	2,657,657	2,709,726	-	-
Total included in borrowings	**2,722,125**	**2,774,287**	-	-

30.4 *Expenditure Commitments*

30.4.1 Capital commitments

	Consolidated		Parent	
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Within one year	4,809	11,691	-	265
Later than one year but not longer than five years	-	-	-	-
Total capital commitments	**4,809**	**11,691**	-	**265**

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

30.4.2 Other expenditure commitments

	Consolidated		Parent	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Within one year	210,250	219,587	29,114	64,947
Later than one year but not longer than five years	445,642	478,464	9,235	16,030
Later than five years	2,491,367	2,526,428	-	-
Total other expenditure commitments	**3,147,259**	**3,224,479**	**38,349**	**80,977**
Less contingent rentals	(1,178,834)	(1,190,781)	-	-
Net other expenditure commitments	**1,968,425**	**2,033,698**	**38,349**	**80,977**

The Consolidated Entity's expenditure commitments are for agreements for goods and services ordered but not received.

Included in other expenditure commitments above is $2,838.821 million ($2,192.588 million), including contingent rentals, which relates directly to the PPP operations and maintenance commitments.

The Consolidated Entity 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 2019 has not been quantified.

31. 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.

31.1 Contingent assets

The new RAH project is being delivered under a public-private partnership agreement with Celsus. The new RAH PPP agreement contains a number of indexation elements which relate to adjustments to certain service payments i.e. interest rate and refinancing service payment adjustments. Where the indexation element is closely related to a lease contract, such as the interest rate payment adjustment, it is not required to be separately accounted for as a derivative. The change in interest rate is accounted for as a contingent rental and expensed in the period incurred.

Like the interest rate service payment adjustment, the refinancing element is an embedded derivative. However the economic characteristics and risks of this embedded derivative are not closely related to the lease contract and are required to be accounted for separately in the financial statements. The refinancing element could be considered akin to a purchase option in that the Hospital benefits from a portion of gains without exposure to any of the losses. The valuation of this derivative would be derived via the present value of the estimated future cash flows over the life of the project based on observable interest yield curves, basis spread, credit spreads and option pricing models, as appropriate, adjusted for Celsus's credit risk, (i.e. forward curve of credit risk margin).

The estimated value of the contingent asset is unable to be fully determined because of the following uncertain future events that will have an impact on Celsus's credit margin:

- Celsus's credit risk profiling and the number of times Celsus will refinance during the term of the PPP arrangement;
- The type of finance Celsus sources e.g. short term debt from the banking market vs longer term debt potentially sourced via a private placement;
- Uncertainty around the margin negotiated and whether it will be higher or lower than those assumed margins in the financial modelling;
- Whether the State Government will make a capital contribution during the first or any refinancing points; and
- The lodgement and resolution of any claims under the PPP agreement.

31.2 Contingent liabilities

On 1 August 2017, Hansen Yuncken Pty Ltd and CBP Contractors Pty Ltd (formerly known as Leighton Contractors Pty Ltd) filed legal proceedings in the Federal Court of Australia against Celsus Pty Ltd (formerly known as SA Health Partnership Nominees Pty Ltd), independent certifier Donald Cant Watts Corke Pty Ltd and the Crown in right of the State of South Australia for alleged breaches of contract in relation to the construction of the new RAH. In December 2017 the respondents to the builder's Federal Court proceedings successfully obtained a stay of the proceedings pending the outcome of an arbitration process. At the time of this report, the arbitration process was still in progress. It is not possible to estimate the dollar effect of this claim or whether it will be successful.

The South Australian Government has reached agreement with Spotless and Celsus in relation to the delivery of services by Spotless at the new Royal Adelaide Hospital.

The term sheet, which is subject to various approvals, includes:

- Settlement of historical abatement claims;
- A revised KPI and abatement regime designed to better reflect services provided by Spotless;
- An increase to Spotless' monthly service fee; and
- Commitments by the parties to work collaboratively on initiatives to further reduce costs and improve patient outcomes.

Where required, the financial impact of the term sheet has been included in these statements.

The current Enterprise Bargaining agreement for SA Ambulance paramedics has a preserved date of 30 November 2018 for the effective date of any subsequent Agreement to apply. The Agreement negotiations have commenced and any increase will be back dated to 30 November 2018.

31.3 Guarantees
The Consolidated Entity has made no guarantees.

32. Events after balance date

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue, where the events relate to a condition which arose after 30 June, and which may have a material impact on the results of subsequent years.

As discussed in note 38, the ten LHNs Governing Boards commenced 1 July 2019. The Consolidated Entity is not aware of any material events occurring between the end of the reporting period and when the financial statements were authorised.

33. Impact of Standards not yet implemented

The Consolidated Entity 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 effective. The material impacts on the Consolidated Entity are outlined below.

AASB 15 *Revenue from Contracts with Customers* and AASB1058 *Income of Not-for-Profit Entities*
The Consolidated Entity will adopt these standards from 1 July 2019.

AASB 15 establishes a comprehensive framework for determining the nature, amount and timing of revenue arising from contracts with customers. The objective of AASB 15 is for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. This standard replaces AASB 111 *Construction Contracts* and AASB 118 *Revenue*.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not for profit entities, in conjunction with AASB 15. This standard replaces parts of AASB 1004 *Contributions*.

Adopting AASB 15 and AASB 1058 is expected to have an immaterial impact on the timing and recognition of revenue of the Consolidated Entity.

The Consolidated Entity has completed an extensive review of all revenue streams to ensure compliance with AASB 15 and AASB 1058, and assessed the impact on the nature, amount and timing of revenue recognition as:

- Revenues from SA Government (62.1%) largely reflects Appropriations and will continue to be recognised as income when the Consolidated entity obtains control of the funds (ie. upon receipt).
- Interest income (0.1%) will continue to be recognised via AASB 9.
- Resources received free of charge (0.7%) relates to contributed services and contributed assets. Material contributed services will continue to be recognised where they would have been purchased if they were not donated via AASB 1058 (previously AASB 1004). Where contributed assets do not have sufficiently specific performance obligations these will continue to be accounted for as a donation via AASB 1058 (previously AASB 1004) e.g. donated inventory.
- All material Commonwealth revenues and other grants (26.4%) have been assessed, and will continue to be recognised as service/performance obligations are satisfied, or alternatively where there are no service/performance obligations upon receipt. There are no material changes to the amount or timing of grant income recognition.
- All material Fees and Charges (9.5%) have been assessed and revenue will continue to be recognised as the service/performance obligations are satisfied.
- Taxes, rates and fines will continue to be recognised as income when the taxable event occurs.
- Peppercorn lease arrangements will continue to be recognised at nominal amounts until the AASB develops valuation guidance.

Revenue earned in prior periods but not yet receivable will be recorded as a contract asset (currently recorded as an accrual) in the Statement of Financial Position. Revenue received in prior periods but not yet recognised is recorded as a contract liability (currently recorded as unearned revenue) in the Statement of Financial Position. It is expected that adoption of AASB 15 and AASB 1058 will have an immaterial impact on the Statement of Financial Position.

As per the Accounting Policy Statements, the Consolidated Entity will apply AASB 15 and AASB 1058 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives will not be restated); not apply the completed contract expedient; and not recognise volunteer services when the services would not have been purchased if they had not been donated.

AASB 16 *Leases*

The Consolidated Entity will adopt this standard from 1 July 2019. This standard replaces AASB 117 *Leases* and Interpretations 4, 115 and 127.

AASB 16 largely retains the current lessor accounting model but introduces a single lessee accounting model. It requires a lessee to recognise assets (representing rights to use the underlying leased asset) and liabilities (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying asset value is low. In effect, the majority of leases presently classified as operating leases will be recognised in the Statement of Financial Position.

The right of use asset will initially be recognised at cost and will give rise to a depreciation expense. The lease liability will initially be recognised as the present value of the lease payments during the term of the lease. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. These payments will now reduce the recognised liability over time and the finance charge component recognised as an expense.

The Consolidated Entity has assessed the impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements outlined in the Accounting Policy Statements. As per the Accounting Policy Statements, the Consolidated Entity will apply AASB 16's transition approach only to those leases already identified as a lease under AASB 117; and apply incremental borrowing rates based on SAFA's rates for principal and interest loans to SA Government agencies.

AASB 16 will have a material impact on the Statement of Financial Position. The estimated impact of this change and the results as at 1 July 2019 areas set out below:

	Consolidated Entity $'000	Parent $'000
Assets		
Right of Use Assets	214,782	57,736
Liabilities		
Lease Liabilities	214,782	57,736
Other Liabilities (lease incentive liabilities)*	3,138	1,573
Net impact on Equity	**3,138**	**1,573**

*lease incentive liabilities remaining will be written off against retained earnings at transition date

AASB 16 will also impact the Statement of Comprehensive Income. The estimated impact is largely a reclassification between supplies and services expenses and depreciation and interest expenses, as set out below:

	Consolidated Entity $'000	Parent $'000
Depreciation and Amortisation	37,257	10,901
Supplies and Services	(37,971)	(10,842)
Borrowing Costs	5,452	1,353
Net impact on Net Cost of Providing Services	**4,738**	**1,412**

The adoption of AASB 16 also impacts SA Health's sub-lease arrangements. The Consolidated Entity has entered into a number of arrangements where it subleases property. As lessor, under AASB 16 the Consolidated Entity will continue to classify each sublease as an operating lease or a finance lease. AASB 16 requires such classification to be made on the basis of whether substantially all the risks and rewards associated with the right-of-use asset arising from the head lease have been transferred to the sublessee. This differs from AASB 117, which required consideration of whether substantially all the risks and rewards incidental to ownership of the underlying asset had been transferred to the sublessee. Under AASB 16, it is envisaged that all of the Consolidated Entity's subleases will be classified as operating leases.

As per the Accounting Policy Statements, the Consolidated Entity will apply AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives will not be restated); not apply AASB 16 to contracts that were not previously identified as containing a lease under AASB 117; not transition operating leases for which the lease term ends before 30 June 2020.

In addition, the Consolidated Entity will not apply AASB 16 to intangible assets; will adopt a $15,000 threshold for determining whether an underlying asset is a low value asset, will apply the short term lease recognition exemption; will adopt the revaluation model where permitted; will apply the relevant lessee's incremental borrowing rate published by DTF; and not record at fair value leases that have significantly below-market terms and conditions.

34. Financial instruments/financial risk management

34.1 Financial risk management

Risk management is managed by the Department's Risk and Assurance Services section and risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines.*

The Consolidated Entity'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 Consolidated Entity is funded principally from appropriation by the SA Government. The Consolidated Entity 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 24 and 25 for further information.

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

Refer to notes 15, 16, 17 and 34.3 for further information.

Market risk
The Consolidated Entity 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 Consolidated Entity's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

34.2 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.

Classification applicable until 30 June 2018 under AASB 139
The carrying amounts of financial assets and liabilities were categorised as: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The Consolidated Entity did not recognise any financial assets or financial liabilities at fair value, except as disclosed in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 16 and 24).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer note 25).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer note 17).

Classification applicable from 1 July 2018 under AASB 9
The carrying amounts of each of the following categories of financial assets and liabilities: financial assets measured at amortised cost; financial assets measured at fair value through profit or loss; financial assets measured at fair value through other comprehensive income; and financial liabilities measured at amortised cost are detailed below. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

A financial asset is measured at amortised cost if:

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

		Consolidated		Parent	
		2019	2018	2019	2018
	Notes	Carrying amount/ Fair value	Carrying amount/ Fair value	Carrying amount/ Fair value	Carrying amount/ Fair value
Category of financial asset and financial liability*		**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and equivalent					
Cash and cash equivalents	15, 29	839,942	587,298	633,360	292,602
Amortised Cost					
Receivables [(1)(2)]	16	360,429	256,764	182,253	141,444
Other financial assets	17	107,741	-	-	-
Fair value through statement of comprehensive income					
Other financial assets	17	1,460	-	-	-
Fair value through profit and loss					
Other financial assets	17	6,764	108,421	-	-
Total financial assets		**1,316,336**	**952,483**	**815,613**	**434,046**
Financial liabilities					
Financial liabilities at amortised cost					
Payables [(1)]	24	331,003	268,746	162,304	141,383
Borrowings	25	3,007	6,915	3,007	6,915
Other financial liabilities	28	81,488	80,423	1,574	2,055
Finance lease liability	25, 29	2,722,125	2,774,287	-	-
Total financial liabilities		**3,137,623**	**3,130,371**	**166,885**	**150,353**

* Comparative amounts shown above reflect reclassification in accordance with AASB 9, refer to note 1.7 for categories under AASB 139.

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

(2) Receivable amount disclosed here excludes prepayments. Prepayments are presented in note 16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

34.3 Credit risk exposure and impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. A provision matrix is used to measure the ECL of receivables from non-government debtors. The ECL of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. Impairment losses are presented as net impairment losses within net result.

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

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

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

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

CONSOLIDATED	30 June 2019			1 July 2018 (remeasurement)		
	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000
Days past due						
Current	0.1 – 25.3%	54,754	6,350	0.1 – 19.0 %	56,595	2,286
<30 days	0.1 – 28.8%	16,102	987	0.1 – 34.8 %	12,455	1,261
31-60 days	0.3 - 48.1%	9,295	1,061	0.3 – 47.0 %	7,444	1,040
61-90 days	0.6 – 59.6%	6,434	1,369	0.5 – 51.5 %	5,618	1,145
91-120 days	1.9 – 65.7%	7,423	1,365	1.4 – 54.3 %	7,936	1,765
121-180 days	1.9 – 74.7%	7,541	1,842	1.5 – 61.9 %	6,096	1,572
181-360 days	2.0 - 94.0%	20,495	11,560	1.5 – 70.1 %	20,587	10,849
361-540 days	22.0 - 100.0%	7,468	5,180	21.5 –98.8%	3,414	1,577
>540 days	25.7 - 100.0%	7,908	4,634	26.5 - 100.0 %	10,165	5,612
Total		**137,420**	**34,348**		**130,310**	**27,107**

PARENT	30 June 2019			1 July 2018 (remeasurement)		
	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000
Days past due						
Current	0.1%	516	-	0.1%	15,048	9
<30 days	0.1%	90	-	0.1%	126	-
31-60 days	0.3%	12	-	0.3%	79	-
61-90 days	0.6%	4	-	0.5%	3	-
91-120 days	1.9%	-	-	1.4%	29	-
121-180 days	1.9%	5	-	1.5%	-	-
181-360 days	2.0%	48	1	1.5%	35	1
361-540 days	22.0%	10	2	21.5%	55	12
>540 days	27.0%	249	67	26.5%	153	40
Total		**934**	**70**		**15,528**	**62**

35. Budget performance

Budget information refers to the amounts presented to Parliament in the original budget financial statements (2018-19 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

The budget process is not subject to audit.

Consolidated

		Original Budget 2019	Actual 2019	Variance
Statement of Comprehensive Income		$'000	$'000	$'000
Expenses				
Employee benefits expenses		3,880,240	4,221,026	(340,786)
Supplies and services		1,881,722	1,995,434	(113,712)
Depreciation and amortisation expense		268,624	287,485	(18,861)
Grants and subsidies		31,715	34,866	(3,151)
Borrowing costs		174,533	169,345	5,188
Impairment loss on receivables		7,709	7,513	196
Net loss from disposal of non-current assets and other assets		-	2,679	(2,679)
Other expenses		60,938	65,501	(4,563)
Total Expenses	(a)	**6,305,481**	**6,783,849**	**(478,368)**
Income				
Revenues from fees and charges		621,819	637,678	15,859
Grants and contributions		1,763,982	1,771,846	7,864
Interest revenues		5,482	8,515	3,033
Net gain from disposal of non-current assets and other assets		528	-	(528)
Resources received free of charge		23,879	50,459	26,580
Other revenues/income		62,775	83,818	21,043
Total Income		**2,478,465**	**2,552,316**	**73,851**
Net cost of providing services		**(3,827,016)**	**(4,231,533)**	**(404,517)**
Revenues from SA Government				
Revenues from SA Government		4,060,992	4,203,772	142,780
Payments to SA Government		-	(36,113)	(36,113)
Total Revenues from SA Government		**4,060,992**	**4,167,659**	**106,667**
Net result		**233,976**	**(63,874)**	**297,850**
Other Comprehensive Income				
Items that will not be reclassified to net result				
Changes in property, plant and equipment asset revaluation surplus		-	84	84
Items that will be reclassified subsequently to net result when specific conditions are met				
Gains/(losses) recognised directly in equity		-	(14,231)	(14,231)
Total Other Comprehensive Income		**-**	**(14,147)**	**(14,147)**
Total Comprehensive Result		**233,976**	**(78,021)**	**(311,997)**

(a) The unfavourable variance of $478.368 million in total expenses compared with the original budget is mainly due to the increased cost of providing hospital services. These costs are incurred across a large range of areas and are not separately disclosed in this note because of the number and breadth of areas involved. Specific items that have contributed to the variance include: the revaluation of leave entitlements $121 million, shared services costs for contributed services of $28 million, increased funded operational expenses funded in MYBR $59 million and 2019-20 budget $95 million, additional funding for Pharmaceutical Benefits Scheme of $31 million, the Korda Mentha CALHN review of $11 million, Aged Care Assessment Program of $12 million and depreciation increases resulting from the asset revaluation in 2017-18 of $19 million.

Investing expenditure summary		Original Budget 2019 $'000	Actual 2019 $'000	Variance $'000
Total new projects		28,800	4,161	24,639
Total existing projects		132,927	46,359	86,568
Total annual programs		56,008	38,599	17,409
Total investing expenditure	(b)	217,735	89,119	128,616

(b) The favourable variance of $128.616 million between original budget and actual amounts for investing expenditure mainly relates to reprofiling of projects into future years spend (spend patterns) of $35.061 million and $60.497 million due to delays in completing projects or changes in the delivery approach. The remaining $33 million mainly relates to reclassifications from investing to recurrent expenses for project related costs which did not comply with the SA Health Capitalisation Policy.

36. Significant transactions with government related entities

The Consolidated Entity is controlled by the SA Government.

Related parties of the Consolidated Entity 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 Consolidated Entity received funding from the SA Government (note 14), and incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of $31.407 million ($106.164 million) occupancy rent and rates of $14.552 million ($16.333 million) and property repairs and maintenance of $31.046 million ($26.609 million) (note 4). As at 30 June the outstanding balance payable to DPTI was $14.725 million ($15.313 million) (note 24) and the value of unrecognised contractual expenditure commitments with DPTI was $68.910 million ($72.913 million) (note 30).

Refer to notes 4, 5, 8, 16 and 24 for information about transactions between the Department and the LHNs and SAAS.

In addition, the Consolidated Entity has lease arrangements (both as lessee and as lessor) with other SA Government controlled entities. The premises are provided/received at nil or nominal rental with outgoings such as utilities being paid by the lessee.

37. Interests in other entities

The Consolidated Entity through its control of the LHNs has interests in a number of other entities as detailed below.

Controlled Entities

Central Adelaide Local Health Network Incorporated has a 100% interest (1,150,000 shares) in AusHealth. AusHealth is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia. AusHealth also manages patient payment solutions for Australian hospitals and commercialises hospital research into leading edge medical technologies and treatment.

Country Health SA Local Health Network Incorporated has effective control over, and a 100% interest in, the net assets of the HACs. The HACs were established as a consequence of the *Health Care Act 2008* 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 Country Health SA Local Health Network Incorporated.

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. A proclamation on 27 June 2019 advised from 1 July 2019 Country Health SA Board Health Advisory Council Inc will be renamed to Country Health Gift Fund Health Advisory Council Inc.

The HACs have no powers to direct or make decisions with respect to the management and administration of Country Health SA Local Health Network.

Joint arrangements

The Consolidated Entity participates in the following joint operations:

Name of arrangement	Nature of the arrangement	Principal activity	Location	Interest
Centre for Cancer Biology Alliance	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Undertake health and medical research in South Australia as an integrated clinical, educational and research activity, with a focus on cancer research.	Adelaide SA	50%

The Consolidated Entity participates in the following joint venture:

Name of arrangement	Nature of the arrangement	Principal activity	Location	Interest
Flinders Reproductive Medicine Pty Ltd (as Trustee for Flinders Charitable Trust, trading as Flinders Fertility)	Agreement between Flinders Reproductive Medicine Pty Ltd and Southern Adelaide Local Health Network Incorporated	Provision of equitable and accessible fertility treatment.	Adelaide SA	50%

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

The Consolidated Entity's share in the equity of the Flinders Fertility is calculated based on the draft financial statements provided for the reporting period and subsequently adjusted when the final audited financial statements are available.

Based on the audited financial statements as at 30 June 2018, Flinders Fertility incurred a loss and the draft financial statements for the year ended 30 June 2019 project a further loss. The losses for both years have not been distributed to the beneficiaries.

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

	2019	2018
Percentage ownership interest	50 %	50 %
	$'000	$'000
Current assets	1,516	2,467
Current liabilities	(1,569)	(6,731)
Non-current assets	3,068	1,768
Non-current liabilities	(6,768)	(243)
Net assets	**(3,753)**	**(2,739)**
Share of beneficial entitlement	2,601	2,601
Carrying amount of interest in joint venture	**2,601**	**2,601**
Expenses	(5,277)	(6,819)
Revenue	4,264	5,370
Profit/(loss) and total comprehensive income	**(1,013)**	**(1,449)**
Entity's share of profit/(loss) and total comprehensive income (50%)	**(506)**	**(724)**

Structured entities

Central Adelaide Local Health Network Incorporated participates in the unconsolidated structured entity, CTM@CRC Ltd - the CRC for Cell Therapy Manufacturing (CTM). CTM is a cooperative research centre designed to implement research to provide new treatments and develop new materials-based manufacturing technologies to increase the accessibility, affordability and efficacy of cell therapies for previously incurable, or difficult to treat diseases.

CTM is funded by cash and in-kind resources from a number of partners in the health and research sectors throughout Australia in addition to a $20.000 million grant from the Australian Government. CTM's headquarters are at the University of South Australia's Mawson Lakes campus.

38. Board and committee members

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

Board/committee name:	Government employee members	Other members
Central Adelaide Local Health Network - Acute Medicine and Mental Health Partnership Working Group	25	Sutton P
Central Adelaide Local Health Network - AusHealth Corporate Pty Ltd	3	Johansen G, Flynn P, Hinton A
Central Adelaide Local Health Network - Breast Screen SA State Quality Committee	8	Hoffmann C (appointed 22/02/2019), Roder D, Bretag T, Rosser G, Zeitz K (Chair) (appointed 31/08/2018), Muller J (resigned 23/11/2018), Olver I (resigned 21/02/2019).
Central Adelaide Local Health Network - Challenging Behaviours Committee	27	Chester M
Central Adelaide Local Health Network - Community Mental Health Redesign Project Management Committee	24	Bickley B (appointed 28/12/2018), Meegan J (appointed 28/12/2018), Vega L (appointed 28/12/2018), Corena M (appointed 28/12/2018)
Central Adelaide Local Health Network - Comprehensive Care Priority Care Committee	25	Bickley B (appointed 17/01/2019), Marshall J (appointed 17/01/2019)
Central Adelaide Local Health Network - Consumer Advocates Council (disbanded on 10/08/2018)	-	Verrall A, Priest C, Canavan D, Law D, Fyfe D (Chair), Neale D, Woodley E, Lucas G, Marshall J, Price J, Mcmahon J, Burns K, Stewart L, Francese L, Whiteway L, Nagel L, Chester M, Curry M, Lunawat N, Sutton P, Anderson R, Cardinali R, Heydrich S, Sutton S, O'Brien S, Blazewicz T, Morgan T
Central Adelaide Local Health Network - Consumer Carer Advisory Group	6	Verrall A (Chair) (appointed 22/05/2019), Lucas G, Barbara A, Law D, Burns K, Sutton S (resigned 1/12/2018), Blazewicz T (resigned 22/05/2019), Sutton P (resigned 1/12/2018), Hunt D, Lloyd C, Langdon M, Tsogas C, Sexton N (resigned 19/07/2018)
Central Adelaide Local Health Network - Consumer Engagement Workshop	2	Priest C (appointed 31/10/18), Canavan D(appointed 31/10/18), Fyfe D(appointed 31/10/18), Neale D (appointed 31/10/18), Woodley E (appointed 31/10/18), Marshall J (appointed 31/10/18), Price J (appointed 31/10/18), Whiteway L (appointed 31/10/18), Durand M (appointed 31/10/18), Chester M (appointed 31/10/18), Curry M (appointed 31/10/18), Lunawat N (appointed 31/10/18), Lello P (appointed 31/10/18), Cardinali R (appointed 31/10/18), Heydrich S (appointed 31/10/18), Little T (appointed 31/10/18)
Central Adelaide Local Health Network - Executive Quality Governance Committee	41	Fyfe D
Central Adelaide Local Health Network - Fall Prevention Working	22	Curry M (appointed 22/01/2019)

Board/committee name:	Government employee members	Other members
Group		
Central Adelaide Local Health Network - Governing Council	1	Kellie A, Ellery B, Fyfe D, Eckert M, Deegan V, Hubczenko N, Ielasi J
Central Adelaide Local Health Network - Hampstead Rehabilitation Centre Consumer Advisory Group (disbanded on 10/08/2018)	7	Canavan D, Whiteway L, Chester M, Heydrich S (Chair), James S
Central Adelaide Local Health Network - Human Research Ethics Committee	11	Need A, Digance A, Fisher A, Crabb A, Ruediger C, Parry C, Lee J, Raschella F, Partridge G, Slater H, Bonython J, Cullen J, Hackett J, Dale L, Air T, Greenberg Z
Central Adelaide Local Health Network - Making Care Better	11	Fyfe D, Whiteway L, Durand M, Agius P (Co-Chair), Cardinali R, Blazewicz
Central Adelaide Local Health Network - Nutrition, Hydration & Pressure Injury Comprehensive Care Committee	21	Raschella F (appointed 20/12/2018)
Central Adelaide Local Health Network - Priority Care Committee: Code Black Working Group	21	Chester M (appointed 3/07/2018)
Central Adelaide Local Health Network - Priority Care Committee: Managing Deterioration	19	Price J (appointed 1/11/2018), Raschella F (appointed 1/11/2018)
Central Adelaide Local Health Network - Risk Management & Audit Committee	8	Deegan V (Chair), Ellery B, Davies T, May E
Central Adelaide Local Health Network - Royal Adelaide Hospital Consumer Advisory Group (disbanded on 10/08/2018)	2	Chester M (Chair), Priest C, Canavan D, Fyfe D, Neale D, Price J, Cocking M, Millier P, Anderson R, Bah S, O'Brien S, Durand M, Agius P
Central Adelaide Local Health Network - SA BIRS Consumer Advisory Group	3	Canavan D (Chair), Stewart L (resigned 13/12/2018), Morgan T, Miller L, Francese L
Central Adelaide Local Health Network - SA Cancer Service - Strategic Committee	11	Frank O, Davis L, Olver P, Beecher I, Smith A, Sparrow A, Eckert M
Central Adelaide Local Health Network - SA Chemotherapy Standards Reference Group	26	Christensen C
Central Adelaide Local Health Network - SA Dental Services Consumer Advisory Panel	-	Costa D, Zerna J, McMahon J, Brown M, Millier P, Beddall P, Priest S, Matiasz S, Kerekes E, Ali H (appointed 12/12/2018)
Central Adelaide Local Health Network - SA Pathology Clinical Safety Working Group	11	Christenson C

Board/committee name:	Government employee members	Other members
Central Adelaide Local Health Network - Statewide Clinical Support Services Risk Management & Audit Committee	17	Davies T (Chair), Christley S
Central Adelaide Local Health Network - The Queen Elizabeth Hospital Consumer Advisory Group (disbanded on 10/08/2018)	2	Curry M (Chair), Fyfe D, Raschella F, McMahon J, Byrne K, Chester M, Heydrich S, Garth S, Hickman C, Martine J, Whiteway L, Jenkins M, Duffy L, Dann R
Central Adelaide Local Health Network - Transition (Commencing 2 August 2018 and expiring 30 June 2019) (1)	-	Spencer R (Chair) (appointed 2/08/18), Reid M (Dep Chair) (appointed 2/08/18), Cockram A (appointed 22/11/18), Beilby J (appointed 22/11/18), Dwyer J (appointed 22/11/18), James N (appointed 22/11/18), Morey K (appointed 22/11/18)
Central Adelaide Local Health Network -The Queen Elizabeth Hospital Meal Management	17	Chester M, Heydrich S
Country Health SA Local Health Network - Advisory Council Inc	-	Blacker P (Chair), Evans L, Gregurke K, Healy R, Mcarthur A, Fuller J, Johnston J, Mackay M
Country Health SA Local Health Network - Barossa Hills Fleurieu Local Health Network Transition Board (Commencing 28 March 2019 and expiring 30 June 2019) (1)	-	Brown J (Chair) (appointed 01/08/2018), Blackwell P (appointed 28/3/2019), Gaston C (appointed 28/3/2019), Sexton R (appointed 28/3/2019), Ullianich J (appointed 28/3/2019), Zadow R (appointed 28/3/2019).
Country Health SA Local Health Network - Country Health SA Risk Management and Audit Committee	-	Stubbs T Dr (Chair), Martin M, Brown G, Christley S
Country Health SA Local Health Network - Eyre and Far North Local Health Network Transition Board (Commencing 28 March 2019 and expiring 30 June 2019) (1)	-	Smith M (Chair) (appointed 01/08/2018), Dunchue L (appointed 28/3/2019), Green, B (appointed 28/3/2019), Miller T (appointed 28/3/2019), Mills P (appointed 28/3/2019), Siviour J (appointed 28/3/2019), Sweet C (appointed 28/3/2019).
Country Health SA Local Health Network - Flinders and Upper North Local Health Network Transition Board (Commencing 28 March 2019 and expiring 30 June 2019) (1)	-	Francis B (Chair) (appointed 01/08/2018), Brady G (appointed 28/3/2019), Graham S (appointed 28/3/2019), Lynch J (appointed 28/3/2019), Malone G (appointed 28/3/2019), Reid K (appointed 28/3/2019), Whitefield M (appointed 28/3/2019).
Country Health SA Local Health Network - Limestone Coast Local Health Network Transition Board (Commencing 28 March 2019 and expiring 30 June 2019) (1)	-	King G (Chair) (appointed 01/08/2018), Brown, G (appointed 28/3/2019), Cook L (appointed 28/3/2019), Irving J (appointed 28/3/2019), Johnson A (appointed 28/3/2019), Saies A (appointed 28/3/2019).
Country Health SA Local Health Network - Riverland Mallee Coorong Local Health Network Transition Board (Commencing 28 March 2019 and expiring 30 June 2019) (1)	-	Joyner P (Chair) (appointed 01/08/2018), Ashworth E (appointed 28/3/2019), Goldsmith C (appointed 28/3/2019), Ottaway M (appointed 28/3/2019), Toogood F (appointed 28/3/2019).
Country Health SA Local Health Network - Yorke and Northern Local Health Network Transition Board (Commencing 28 March	-	Boully V (Chair) (appointed 01/08/2018), Badenoch J (appointed 28/3/2019), Malcolm E (appointed 28/3/2019), Mohor S (appointed 28/3/2019), Voumard J (appointed 28/3/2019), Warncken Y (appointed

Board/committee name:	Government employee members	Other members
2019 and expiring 30 June 2019) (1)		28/3/2019).
Department for Health and Wellbeing - Chronic Pain Implementation Committee (this committee ceased on 13/07/2018)	19	Bollen C Dr, Lee D, Mann S, and Wing M
Department for Health and Wellbeing - Comprehensive Care of Older Persons Project Board	9	Clark S
Department for Health and Wellbeing - Controlled Substances Advisory Council	12	Banner L, Gillett-Ferguson J, Ng D, Nicholls J Dr, Reeve M Dr, Reynolds C, Smith J, and White J Prof
Department for Health and Wellbeing - Elective Same Day Surgery and Outpatient Ophthalmology Model of Care Expert Working Group (this is a new committee and all members were appointed on 14/08/2018)	21	Boschen L, Brunton M, Hamlyn B, Jaworski A, O'Keefe M, Pesudovs K, Squirrell D, Turner N
Department for Health and Wellbeing - Electronic Medical Record (EMR) Project Board (this is a new committee, all members were appointed on 11/02/2019)	9	Solomon S (chair)
Department for Health and Wellbeing - End of Life Care Strategy Program Board	2	Brown M, Dickson M, Moy C Dr, Smith J, Swetenham K, Tieman J Dr, and Walker H
Department for Health and Wellbeing - Health Performance Council	-	Callaghan R, Duckett S, Fraser-Barbour E (appointed 14/03/2019), Greenhill J, Jackson Pulver L, Kay D (resigned 09/09/2018), Patetsos M, Roder D, Rowse B, and Tully S (chair)
Department for Health and Wellbeing - Hepatitis C Action Plan Implementation Group (HAPI-C)	11	Hickey T, Landers D, Opie T (resigned 28/02/2019) and Oudih E
Department for Health and Wellbeing - Human Research Ethics Committee	8	Bradley C, Braunacker-Mayer A Prof (Chair), Buckley E, Carter D, Desmet C (resigned 01/08/2018), Eliott J, Gibson T, Glavacich R (appointed 01/10/2018), Grant J, Hewitt A, Holton C, Jones M, Kennedy R, McIlwaine J, Needs K, Roder D, Rundle N, Stephens J and Vass G
Department for Health and Wellbeing - Maternal and Perinatal Mortality - Perinatal Mortality Subcommittee	11	Brown A Dr, Goold J Dr, and McKendrick L
Department for Health and Wellbeing - Prescribed Psychiatric Treatment Panel	2	Camilleri C Dr, Coyne T Dr, Paterson T Dr, Richards B A/Prof, Simpson T and Smith J,
Department for Health and Wellbeing - Risk Management and Audit	1	Cooper C (resigned 23/10/2018), Daw S (resigned 24/04/2019), Dunsford C (Chair), and Marshall V

Board/committee name:	Government employee members	Other members
Committee		
Department for Health and Wellbeing - SA Health Disease Prevention, Health Promotion and Population Health Committee	5	Becker H Dr, Beckoff M Dr, Byrne D Dr, Johns R Dr, Johnson D Dr, Hayward K Dr, Lewis S Dr, Miller B, Moy C Dr, Smith A, Von Blanckensee D, Woodall J Dr, and Young E
Department for Health and Wellbeing - SA Partnering with Consumers and the Community Advisory Group	13	Aguis H, Ball T, Blackwell P, Chester M, Fyfe D, Hoiles J, Lampard F, McArdle D, Tully S and Walford L
Department for Health and Wellbeing - SA Policy Advisory Committee on Technology	16	Mussared A, and Ratcliffe J Prof
Department for Health and Wellbeing - South Australian Formulary Committee	19	Whiteway L
Department for Health and Wellbeing - South Australian Medical Education and Training Health Advisory Council	25	Beckoff M Dr, Boumelha P E/Prof, Burt A Prof (resigned 16/01/2019), Chen M, Craig J Prof (appointed 01/12/2018), McManis S and Schmidt L Dr (resigned 20/12/2018)
Department for Health and Wellbeing - South Australian Medical Education and Training Health Advisory Council Accreditation Committee	17	Boumelha P E/Prof. (chair), Kuruppu P Dr and Need P Dr (appointed 11/02/2019)
Department for Health and Wellbeing - South Australian Medicines Advisory Committee	18	Kardachi G, Lee D, Stocks N Prof and Thynne T Dr
Department for Health and Wellbeing - South Australian Medicines Evaluation Panel	13	Merlin T Prof, Louise J Dr, Mussared A, Schubert C, and Ward M Dr
Department for Health and Wellbeing - South Australian Public Health Council	3	Hill A, Lynch I, Mavrinac G (appointed 16/08/2018), Milazzo A, Moore N, Skene C, Van Kessel A, and Whitington S
Department for Health and Wellbeing - Statewide Paediatric Surgical Services Project Board	12	Bedford V and Glastonbury S
Department for Health and Wellbeing - Statewide Patient Flow Committee	20	Page A (appointed 14/08/2018)
Department for Health and Wellbeing - Transvaginal Mesh Consumer and Community Advisory Group	1	Brunton, M
Department for Health and Wellbeing - Viral Hepatitis Model of Care Reference Group	25	Beecher I, Lallard J, Larkin M, Oliver-Landry E Dr, Oudih E, Paterson K, Warneke-Arnold D, Williams E and Wurm C Dr

Board/committee name:	Government employee members	Other members
Northern Adelaide Local Health Network - Consumer Advisory Board	4	White A (Chair), Mossop J, Whatley G, Green L, Turner M (cessation 22/1/2019) Clark Reynolds N, (appointed 1/7/2018) Lowden H, Davies I, Putsey P, Moffatt N
Northern Adelaide Local Health Network - Governing Council	1	Hains S (Presiding Member), Durrant M, Isemonger J, Lampard F, Smith J, Wilson B , Moffat N, Vinci G, Frost M
Northern Adelaide Local Health Network - Risk Management & Audit Committee	-	Connor G (Chair), Penn G (cessation 27/2/2019), Smith J, Alison A
Northern Adelaide Local Health Network - Transition Board (Commencing 28 March 2019 and expiring 30 June 2019) (1)	-	Blight R (Chair) (appointed 3/8/2018), Burgess A, (appointed 23/3/2019), Roesler C, (appointed 23/3/2019), Patetsos M, (appointed 23/3/2019), Forwood M, (appointed 23/3/2019), South L, (appointed 23/3/2019), Lampard F, (appointed 23/3/2019)
SA Ambulance Service Inc - Finance Committee	7	There are no non-government members
SA Ambulance Service Inc -Risk Management and Audit Committee	-	Beilby J Professor, Sneddon Y (Chair)
Southern Adelaide Local Health Network - Audit & Risk Management Committee	-	Hislop R, Stubbs T (Chair), Haslam R
Southern Adelaide Local Health Network - Clinical Council	28	Dame T, Tellis N, Voss D
Southern Adelaide Local Health Network - Communicating for Patient Safety Committee (formerly the Southern Adelaide Local Health Network Clinical Handover Steering Committee)	40	Dame T, Tellis N, Voss D (ceased 31/10/2018)
Southern Adelaide Local Health Network - Communicating for Safety Committee (formerly Southern Adelaide Local Health Network Clinical Handover Steering Committee)	20	Dame T (ceased 01/08/2018)
Southern Adelaide Local Health Network - Community Mental Health Governance Committee	20	Hoiles J, King P, Mausolf J
Southern Adelaide Local Health Network - Community Mental Health Model of Care Expert Advisory Group	15	Braund S, King P, Martini J, Mausolf J
Southern Adelaide Local Health Network - Comprehensive Care Committee	21	
Southern Adelaide Local Health Network - DASSA Clinical Executive Committee	8	Moore P

Board/committee name:	Government employee members	Other members
Southern Adelaide Local Health Network - DASSA Community Advisory Council	5	Braund S, Cauchi R, Davis J, Daw H (appointed 25/07/2018), Hellier T, Huber N , Kelly K, Les D, McHendrie T, McLean J (appointed 25/07/2018), Mohan V, Moore P , Nimmo E, O'Brien J (appointed 25/07/2018), Percy S, Petracco C (appointed 25/07/2018) Porcaro R, Tran K, Whiteway L (appointed 25/07/2018)
Southern Adelaide Local Health Network - DASSA Executive Group	10	Nimmo E, O'Brien J (appointed 28/02/2019)
Southern Adelaide Local Health Network - Drugs and Therapeutics Committee	24	Barrington D
Southern Adelaide Local Health Network - End of Life Steering Committee	20	Fazzalari R (appointed 14/01/2019)
Southern Adelaide Local Health Network - Falls Prevention Management Committee	36	Cohen M
Southern Adelaide Local Health Network - Health Advisory Council Incorporated	-	Barrington D, Bishop R, Francis A, Hislop R (Chair), Pienaar K, Williams S
Southern Adelaide Local Health Network - Health Transition Board (Established 28/3/2019) (Ceased 30/06/2019) (1)	-	Baggoley C (appointed 28/03/2019) (ceased 30/06/2019), Butcher M (Chair)(appointed 03/08/2018) (ceased 30/06/2019), Hickey V (appointed 28/03/2019) (ceased 30/06/2019), Mackean T (appointed 28/03/2019) (ceased 30/06/2019), Mitchell J (appointed 28/03/2019) (ceased 30/06/2019), Noble J (appointed 28/03/2019) (ceased 30/06/2019), Richter J (appointed 28/03/2019) (ceased 30/06/2019)
Southern Adelaide Local Health Network - Inner South Lived Experience Group Mental Health Services (formerly Southern Adelaide Local Health Network Inner South Mental Health Consumer Carer Advisory Group)	4	English L, Hofhuis C (Chair), Martini J (appointed 15/10/218), Police D, Smith A (appointed 19/11/2018), Smith J (appointed 19/11/2018), Hann L (ceased 03/06/2019)
Southern Adelaide Local Health Network - Mental Health Consumer and Carer Advisory group (formerly Consumer Administration Liaison Meeting)	18	Buer S, Hofhius C, King P
Southern Adelaide Local Health Network - New Technology and Clinical Practice Innovation Committee	11	Kaambwa B, King P
Southern Adelaide Local Health Network - Older Persons Lived Experience Group Mental Health Services (formerly Southern Adelaide Local Health Network Older Persons Mental Health	4	Adamson M, Andrew G, Clark W (appointed 01/06/2019), Egan R (appointed 27/08/2018), Henrichs B (Chair), House G (appointed 04/02/2019), Hunt G, James S (appointed 03/12/2018), Schetters J

Board/committee name:	Government employee members	Other members
Services Consumer and Carer Advisory Group)		
Southern Adelaide Local Health Network - Outer South Lived Experience Mental Health Services (formerly Outer South Mental Health Consumer Carer Advisory Group)	1	Alick R, Buer S (Chair), Burridge H, Cairns E, Hopkins R, Hutchison S, Mausolf A, McDonagh A, Penberthy V, Winfield U
Southern Adelaide Local Health Network - Partnering with Consumer Advisory Group	1	Ashley I (ceased 01/02/2019), Ball R, Christensen C, Dame T, Davies S, Hoiles J, King P, Klinge N (Chair), Pascoe P, Voss D, Roberts D (appointed 01/01/2019), Duke J (appointed 01/01/2019), Rickett D (appointed 01/01/2019)
Southern Adelaide Local Health Network - Southern Adelaide Clinical Human Research Ethics Committee	27	Barr C, Berg M, Bradshaw A, Breaden K, Cohen M, Dykes L, Hackett J, Hattam V, Kemp C, Kimber A, Lange B, Lister C, Lower K, Martini J, McEvoy M, Meng R, Nguyen A, Richards B (Chair)(ceased 01/03/2019), Sharma S, Sinha R, Voss D, Were L, Westwood T, Yip L, Zhou Y
Southern Adelaide Local Health Network - Southern Mental Health Clinical Governance Committee (Ceased 11/07/2018)	2	Bower T (ceased 11/07/2018), Buer S (ceased 11/07/2018), Hayes B (ceased 11/07/2018), Hofhius C (ceased 11/07/2018), Quirk M (ceased 11/07/2018)
Women's and Children's Health Network - Advisory Council Incorporated	2	Buckerfield M, Cadzow M, Marshall H Prof, Wallace M (Chair), Wigg N Dr, McDougall E, Saunders N
Women's and Children's Health Network - Audit and Risk Committee	2	Connor G (Chair), Haslam R, McDougall E, Sweet C, Wigg N Dr
Women's and Children's Health Network - Transition Board (Commencing 03 August 2018 and expiring 30 June 2019) (1)	7	Birch J (appointed 3/8/2018) , Bastian J (appointed 28/3/2019), Daw S (appointed 28/3/2019), Christley S Dr (appointed 28/3/2019), Glover K (appointed 28/3/2019), Haslam R (appointed 28/3/2019), Miller S (appointed 28/3/2019)

Refer to note 3.2 for remuneration of board and committee members

(1) The Governing Board in its Advisory capacity until formal commencement of the Board on 1 July 2019.

40.1 Basis of preparation
The basis of preparation for the schedule of administered items is the same as the basis outlined in note 1.

40.2 Categories of administered items

Special Acts administered items include the following:
- Minister for Health and Wellbeing's salary and allowances and revenues from SA Government received/receivable for these expenses.
- Health and Community Services Complaints Commissioner's remuneration and revenues from SA Government received/receivable for these expenses.

Health and Medical Research Fund (HMRF) represents royalty income received from commercialisation of intellectual property and contribution of funds for the purposes of health and medical research in South Australia.

Private Practice represents funds billed on behalf of salaried medical officers and subsequently distributed to the LHNs and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

Other administered items include the following:
- Consumer funds - represents funds held by the LHNs on behalf of consumers that reside in LHN facilities whilst the consumer is receiving residential mental health services, residential drug and alcohol rehabilitation services, or residential aged care services. The LHNs perform only a custodial role in respect of these funds;
- Medical Centres - represents fees and charges collected on behalf of doctors that work in CHSALHN owned Medical Centres;
  SA Medical Boards;
- Research;
- Nurses education;
- Fund raising; and
- Strata Corp.

The Consolidated Entity cannot use these administered funds for the achievement of its objectives.

40.3 Administered items - budgetary reporting
Budget information for Special Acts and HMRF is presented to Parliament; 2018-19 Budget Paper 3 includes a statement of comprehensive income for administered items for the Department. The budget process is not subject to audit.

40.4 Administered contingent assets and liabilities
The Consolidated Entity has no administered contingent assets and liabilities.

40.5 Schedules of administered items

	Special Acts		HMRF		Private Practice		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Schedule of Administered Expenses and Income	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Administered expenses										
Employee benefits expenses	591	504	-	-	-	-	324	223	915	727
Supplies and services	1	1	-	-	942	(594)	92	199	1,035	(394)
Grants and subsidies	-	-	4,230	14,702	-	-	-	-	4,230	14,702
Depreciation expense	-	-	-	-	-	-	3	3	3	3
Other expenses	-	-	-	-	108,195	97,109	5,030	1,483	113,225	98,592
Total Administered expenses	**592**	**505**	**4,230**	**14,702**	**109,137**	**96,515**	**5,449**	**1,908**	**119,408**	**113,630**
Administered income										
Revenues from SA Government	592	505	-	-	-	-	-	-	592	505
Revenues from fees and charges	-	-	-	-	110,466	96,563	4,583	614	115,049	97,177
Interest revenues	-	-	-	-	-	-	3	3	3	3
Other revenues	-	-	4,674	3,604	-	666	1,040	2,703	5,714	6,973
Total Administered income	**592**	**505**	**4,674**	**3,604**	**110,466**	**97,229**	**5,626**	**3,320**	**121,358**	**104,658**
Net result	-	-	**444**	**(11,098)**	**1,329**	**714**	**177**	**1,412**	**1,950**	**(8,972)**
Schedule of Administered Assets and Liabilities										
Administered current assets										
Cash and cash equivalents	(45)	(49)	10,540	10,280	10,815	8,946	1,688	544	22,998	19,721
Receivables	52	49	1,018	833	6,476	7,513	1	66	7,547	8,461
Total Administered current assets	**7**	-	**11,558**	**11,113**	**17,291**	**16,459**	**1,689**	**610**	**30,545**	**28,182**
Administered non-current assets										
Property, plant and equipment	-	-	-	-	-	-	49	38	49	38
Total Administered non-current assets	-	-	-	-	-	-	**49**	**38**	**49**	**38**
Total administered assets	**7**	-	**11,558**	**11,113**	**17,291**	**16,459**	**1,738**	**648**	**30,594**	**28,220**
Total administered liabilities	**7**	-	-	-	**5,241**	**5,736**	**1,006**	**137**	**6,254**	**5,873**
Net administered assets/equity	-	-	**11,558**	**11,113**	**12,050**	**10,723**	**732**	**511**	**24,340**	**22,347**

Schedule of Administered Cash Flows

	Total 2019 $'000	Total 2018 $'000
Cash flows from operating activities		
Cash inflows		
Receipts from SA Government	592	492
Fees and charges	116,183	96,182
Interest revenues	3	3
Other revenues	5,530	5,453
Total Cash inflows	**122,308**	**102,130**

Cash outflows		
Employee benefits payments	854	790
Grants and subsidies	4,230	14,702
Supplies and services	1,101	(402)
Other payments	112,846	98,076
Total Cash outflows	**119,031**	**113,166**
Net cash inflows/cash outflows from operating activities	**3,277**	**(11,036)**
Net increase/(decrease) in cash held	**3,277**	**(11,036)**
Cash at the beginning of the reporting period	19,721	30,757
Cash at the end of the reporting period	**22,998**	**19,721**