



Northern Adelaide Local Health Network

2017-18 Annual Report

Northern Adelaide Local Health Network

Level 2 Administration
Lyell McEwin Hospital
Haydown Road
Elizabeth Vale SA 5112

www.sahealth.sa.gov.au

Contact phone number (08) 8133 2244

Contact email Health:NALHN-OCEO.sa.gov.au

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Date presented to Minister: 28 September 2018

To:

The Hon Stephen Wade MLC

Minister for Health and Wellbeing

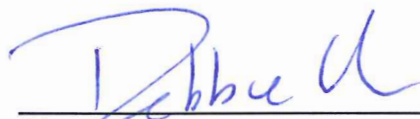
This annual report is to be presented to Parliament to meet the statutory reporting requirements of *the Public Sector Act 2009*, *the Public Finance and Audit Act 1982* and the *Health Care Act 2008* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

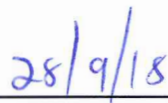
This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Northern Adelaide Local Health Network by:

Debbie Chin

Interim Chief Executive Officer


Signature


Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The Northern Adelaide Local Health Network (NALHN) provides acute, non-acute and community health services for around 402,000 people living in the northern metropolitan area of Adelaide as well as providing health services to a wider catchment area.

NALHN is an incorporated hospital under the *Health Care Act 2008* and is accountable to the State Government for performance management and planning to ensure health services are responsive to the needs of the community. NALHN also has responsibilities under the *Mental Health Act 2009*.

NALHN comprises two major hospital sites. Lyell McEwin Hospital (LMH) is developing into a major adult tertiary hospital, whilst Modbury Hospital (MOD) is developing as a centre for elective surgery and subacute care including; rehabilitation, palliative care and older people's services; with an Emergency Department (ED), and Short Stay General Medicine Unit (SSGMU) on site. Other specialty services continue to be provided by NALHN including GP Plus Health Care Centres and a Super Clinic, four dedicated Aboriginal healthcare sites, and a satellite dialysis centre.

Mental health services are provided across community and hospital settings in NALHN, including adult, and older persons and forensic statewide services.

Objectives

- To expand services to provide an increased level of health and wellbeing for residents in the north and north east.
- Continued development of NALHN's highly skilled and valued workforce.
- Continued commitment to patient safety and quality improvement activity across NALHN.
- A strong commitment to high quality research acknowledging the valuable contribution to improving patient care and attracting leaders in their respective fields.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Build NALHN's Capacity and Self Sufficiency by increasing service levels and developing new services in the north and north-east.	Strategic Objective 1, SA Health Strategic Plan: <i>Reshape governance structures to deliver our objectives and foster internal collaboration</i>

Key strategy	SA Government objective
Exceptional care through innovative practice.	Strategic Objective 2, SA Health Strategic Plan: <i>Use evidence to inform clinical planning and policy to deliver safe and reliable care.</i>
Maximising opportunities that will arise following an increase in autonomy and devolved decision making.	<i>Engaging Communities and Clinicians for Better Health</i> Government Election Commitment.
Increased focus on Clinical Planning, including Safety and Quality.	Strategic Objective 2, SA Health Strategic Plan: <i>Use evidence to inform clinical planning and policy to deliver safe and reliable care.</i>
Equitable Organisational Culture, Learning and Development and Leadership.	Strategic Objective 4, SA Health Strategic Plan: <i>Cultivate a learning culture that is supportive and productive across SA Health.</i>
Patient and Consumer Driven Care.	Strategic Objective 5, SA Health Strategic Plan: <i>Increase the roles of consumers and communities in policy, design, planning, delivery and practice.</i>
Increasing NALHN's research and fundraising capabilities and activities.	Strategic Objective 7, SA Health Strategic Plan: <i>Facilitate Wider translation of research into practice and transfer of innovation across our business.</i>

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Child Protection Service (CPS)	<p>The establishment of a Child Protection Unit, including:</p> <ul style="list-style-type: none"> • The securing and opening of Child Protection Unit premises. • The recruitment and commencement of key Child Protection Unit staff. • Made quality improvements to existing services. • Participated in developing and finalising a Clinical Services Capability Framework to describe the service levels across the three CPS units in NALHN, SALHN and WCHN. • Commenced work on developing a state-wide Child Protection Service data base. 	<p>The Child Protection Unit provides accessible services, supports and responses to children and families when there are allegations of abuse and supports all staff within NALHN to recognise and respond to situations of suspected child abuse.</p>
Lyell McEwin Hospital Emergency Department Expansion	<ul style="list-style-type: none"> • \$52.5 million expansion of Lyell McEwin's Emergency Department. 	<p>By increasing the number of adult assessment cubicles, paediatric assessment cubicles and resuscitation bays, South Australians will be treated faster in a modern, contemporary health care environment.</p>
Increased inpatient rehabilitation capacity at Modbury Hospital	<ul style="list-style-type: none"> • Transfer of beds from Hampstead Rehabilitation Centre to Modbury Hospital Rehabilitation Hub 	<p>By creating a Rehabilitation centre of excellence at Modbury Hospital, South Australian patients are recovering faster.</p>

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Healthcare Data in Clinical Services Planning	<ul style="list-style-type: none"> • Best performing metropolitan hospital regarding the average monthly Transfer of Care Times. • Treatment of a higher proportion of Category 1, 2 and 3 patients brought in by ambulance than the South Australian average. • No Ambulance Ramping. • Elective Surgery timeliness and zero overdue surgeries as at 30 June 2018. • Health Round Table exemplar for Average Length of Stay. • Health Round Table exemplar for low patient harm. 	Good data and performance monitoring and improvement ensures the delivery of quality, timely health care to South Australians.
Healthcare Standards Accreditation	<ul style="list-style-type: none"> • Northgate House is a Centre of Excellence for older persons' mental health and has recently completed a highly successful Australian Council for Healthcare Standards (ACHS) accreditation process resulting in full accreditation with no recommendations and significant praise from the accreditation surveyors. Northgate House residents' families continue to express very positive feedback on the experience of care. • Much preparation occurred during the 2017/18 financial year towards NALHN's accreditation survey, which will occur between 16 and 19 October 2018. This will see a team of five surveyors visit NALHN from the ACHS to review our systems and processes against National Safety and Quality Health Service Standards, EQuIP National and National Mental Health Standards. 	Ongoing accreditation is an important driver for safety and quality improvement.

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Learning and Development for all	<ul style="list-style-type: none"> • Development of a NALHN Learning and Development Strategic Framework, which recognises that critical to quality health care provision is a capable and engaged workforce whereby learning and development are pivotal to enhancing productivity and organisational performance. 	Developing all levels of staff to deliver the organisation's vision with a distinct acknowledgment that care, kindness and compassion must underpin all activity within the organisation that will benefit consumers and their families.
NALHN Consumer Engagement Service	<ul style="list-style-type: none"> • Partnership with the Health Consumers Alliance to develop a NALHN Consumer and Community Engagement Strategy. • Increase in complaint resolution meetings involving patients and their families with senior clinicians and Consumer Engagement Consultants • Family and Carer input into changes to Older Persons Mental Health through Family and Carer forums at Oakden and Northgate • Consumer stories continue to support NALHN's Exceptional Care Education program • Consumer Engagement Consultant and direct consumer input into the Emergency Department Triage Course, with a consumer sharing their experience as part of the program. 	Best practice consumer engagement improves care quality and health care outcomes for South Australians.

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Aboriginal Health	<ul style="list-style-type: none"> • The review, implementation and evaluation of NALHN's Reconciliation Action Plan. • The review, implementation and evaluation of NALHN's Primary Healthcare Plan. • Establishment of Closing the Gap programs for 'Go Live' on 1 July 2018, including: <ul style="list-style-type: none"> ○ Under 8s ○ Cultural Healing ○ First 1,000 days 	The Plans and Closing the Gap initiatives ensure NALHN's health care services cater to the needs of South Australia's diverse Aboriginal population.
NALHN partnership with The Hospital Research Foundation	<ul style="list-style-type: none"> • Continued vital funding support for NALHN by funding health medical research and improved patient care, including the awarding of \$733,700 in hospital equipment, fellowship and research project grants. 	Lifesaving research, equipment and projects contribute towards improving the health outcomes of South Australians.

Legislation administered by the agency

None.

Organisation of the agency

- Office of the Chief Executive Officer
 - Corporate Communications
- Human Resources
- Finance
- Clinical
 - Critical Care Division
 - Medical Division
 - Surgical Specialties & Anaesthetics Division
 - Women's and Children's Division
 - Aboriginal Health
 - Aged Care, Rehabilitation and Palliative Care Division

- Mental Health Division
- Allied Health, Corporate and Outpatient Services

Other agencies related to this agency (within the Minister's area/s of responsibility)

Department for Health and Wellbeing

Central Adelaide Local Health Network

Southern Adelaide Local Health Network

Country Health SA Local Health Network

South Australian Ambulance Service

Northern Adelaide Local Health Network Governing Council

Office of the Ageing

Employment opportunity programs

Program name	Result of the program
Jobs 4 Youth / Flexibility for the Future	<p>Increase the opportunity for existing and future public sector employees to access flexible workplace arrangements and invest in the creation of additional new positions for trainees and graduates.</p> <p>Result of the program: New positions for trainees and graduates as well as promote flexible workplace arrangements.</p>
South Australian Government Traineeship and Graduate Program	<p>Finding opportunities for South Australians as trainees or graduates is important – it increases our diversity and secures the future of a strong public sector for our State. The Office of the Commissioner for Public Sector Employment coordinates the South Australian Government Traineeship and Graduate Program and works with agencies to support those employed in the program.</p> <p>Result of the program: A diverse workforce with the opportunity to support trainees and graduates and secure the future of a strong public sector</p>

Aboriginal Employment Program	<p>As a public sector we are working to increase the employment of Aboriginal people in the South Australian public sector.</p> <p>Result of the program: The development of strategies to increase the number, representation and retention of the Northern Adelaide Local Health Network Aboriginal and Torres Strait Islander (Aboriginal) workforce to the target of 4%.</p>
Aboriginal & Torres Strait Islander Nursing and Midwifery Cadetship	<p>10 nursing and midwifery cadets are supported annually to study Diploma, Undergraduate or Post Graduate courses</p>

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Documented Review of Individual Performance Management	<p>As at 30 June 2018:</p> <ul style="list-style-type: none"> • Formal Review of Individual Performance Management within 6 months – 42% • Formal Review of Individual Performance Management older than 6 months – 46% • No Documented Formal review of Individual Performance Management– 12%
Leading Health Transformation Program	<p>The 2017-18 intake will provide clinical and non-clinical participants with the opportunity to engage in an executive learning and development program to strengthen their individual and organisation's leadership capability, build their networks across SA Health and leverage the opportunities that exist across the system to build a culture of high performance.</p> <p>17 participants from NALHN.</p> <p>Effectiveness not yet assessed.</p>

Work health, safety and return to work programs of the agency and their effectiveness

Program name and brief description	Effectiveness
Financial Recovery of Worker's Compensation Expenditure – An improvement in work, health and safety target of \$250,000 was set for worker's compensation expenditure across NALHN.	<p>This program was partially effective in 2017-18 compared to the previous financial year of 2016-17, which saw NALHN achieve a \$248,900 reduction in worker's compensation expenditure.</p> <p>This was attributed to a higher number of new time lost injury claims lodged in 2017-18 when compared to the previous financial year. A significant proportion of worker's compensation expenditure was spent on income support and medical expenses.</p>

Work health and safety and return to work performance

	2017-18	2016-17	% Change (+ / -)
Workplace injury claims			
Total new workplace injury claims	114	113	+0.9%
Fatalities	0	0	
Seriously injured workers*	0	0	
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	11.27	13.19	-14.5%
Work health and safety regulation			
Number of notifiable incidents (<i>WHS Act 2012, Part 3</i>)	12	4	+200.0%
Number of provisional improvement, improvement and prohibition notices (<i>WHS Act 2012 Sections 90, 191 and 195</i>)	5	0	
Return to work costs**			

Total gross workers compensation expenditure (\$)	\$1,979,633	\$2,975,161	-33.5%
Income support payments – gross (\$)	\$562,689	\$551,733	+2.0%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the *Return to Work Act 2014 (Part 2 Division 5)*

**before third party recovery

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network>

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil to report.	0

Strategies implemented to control and prevent fraud

The SA Health *Fraud and Corruption Control Policy Directive* and Plan aligns procedures for the identification and reporting of fraud and corruption with the South Australian *Public Sector Fraud and Corruption Control Policy* which was released in January 2016.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network>

Executive employment in the agency

Executive classification	Number of executives
SAES1	2
SAES2	1
EXEC0A	2
EXEC0B	1

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network>

The [Office of the Commissioner for Public Sector Employment](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
Consultancies below \$10,000 each		
Dr Susan Ieraci	Independent Review of NALHN Emergency Departments Stage 2.	\$2,200
Andrew Perry	Independent External Review of NALHN Intensive Care Unit at Lyell McEwin Hospital.	\$5,000
ARD Consulting	Mock Research Accreditation Survey of the NALHN Mental Health Service.	\$7,900
David Clarke	Independent Review of the North East Mental Health Service.	\$9,200
Susan Schultz	Independent Review of Discharged Medical Records and provide recommendations.	\$9,890
	Subtotal	\$34,190
Consultancies above \$10,000 each		
David McGrath Consulting	Review and Prepare Omnibus of all Oakden Reports.	\$28,576
Executive Advisory Services Pty Ltd	Provision of Expert Advice to 'Oakden Report Oversight Committee' Including Associate Support Meetings.	\$46,500
Health Consumers Alliance Of South Australia Incorporated	Develop a Consumer and Community Engagement Strategy and Implementation Plan.	\$60,000
OZ Train Pty Ltd	Review of Human Resource function.	\$37,950
South Australian Health & Medical Research Institute Limited	Closing the Gap proposal writing.	\$18,665
Total all consultancies		\$ \$225,881

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network>

See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Contractors

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Business name	Purpose	\$ Value
Contractors – agency staff		
HCA - Healthcare Australia	Provision of both Medical Locum and Nursing Agency Services	4,468,834
Australian Medical Placements Pty Ltd	Provision of Medical Locum Services	2,916,518
Mediserve Nursing Agency	Provision of Nursing Agency Services	1,512,540
The University Of Adelaide	Provision of Medical Specialists and Clinical Academics	1,083,572
Your Nursing Agency Pty Ltd	Provision of Nursing Agency Services	444,564
Global Medics Pty Ltd	Provision of Medical Locum Services	423,900
Medical Locum Services Pty Ltd	Provision of both Medical Locum and Nursing Agency Services	313,658
HCL International Pty Ltd	Provision of Medical Locum Services	303,578
Medstaff (Division McArthur (SA) Pty Ltd)	Provision of Nursing Agency Services	252,079
David Sern Aun Lim	Provision of Medical Specialist Services	251,000
McArthur Management Services (SA) Pty Ltd	Provision of Nursing Agency Services	221,484
Recruitment Solutions Group Australia Pty Ltd	Provision of Domestic Services Agency Staff	117,649
Dr Oncall Pty Ltd	Provision of Medical Locum Services	109,457
NSW Business Chamber Ltd	Provision of Domestic Services Agency Staff	97,701
Altaira Nursing Services	Provision of Nursing Agency Services	91,270
Nadereh Radhakrishna	Provision of Medical Locum Services	86,215
Jonathan Fry	Provision of Medical Locum Services	68,145
Charterhouse Medical	Provision of Medical Locum Services	62,169
Scope-Medical Recruitment	Provision of Medical Locum Services	61,533
Sern Yeoh	Provision of Medical Locum Services	58,000
Dr Annita Paull	Provision of Medical Locum Services	56,768
Skilled Medical Pty Ltd	Provision of Medical Locum Services	56,196
Wavelength International Pty Limited	Provision of Medical Locum Services	50,697
Apollon Pty Ltd	Provision of Medical Locum Services	50,000
Medic Oncall Partnership	Provision of Medical Locum Services	41,459
ISS Health Services Pty Limited	Provision of Additional Orderly Services	39,663
Eldercare Inc.	Provision of Nursing Agency Services	31,481
Health Management And Nursing Services Pty Ltd	Provision of Nursing Agency Services	23,582
UExcel Medical Recruitment Pty Ltd	Provision of Medical Locum Services	18,000
Support Staff (Aust) Pty Ltd	Provision of Domestic Services Agency Staff	16,499
Dr Fiona Hawker	Provision of Medical Locum Services	15,209
Department Of Human	Provision of Nursing Agency and Support	14,017

Business name	Purpose	\$ Value
Services (SA)	Services Staff	
Locum Life Recruitment Pty Ltd	Provision of Medical Locum Services	13,276
MSS Security Pty Ltd	Provision of casual Security Services staff	10,520
Learnem Partnership	Provision of Medical Facilitators for regional ED training	10,000
Hays Specialist Recruitment (Australia) Pty Limited	Provision of Salaried Administrative Agency Staff	9,556
Ochre Recruitment Pty Ltd	Provision of Medical Locum Services	9,000
Estia Investments Pty Ltd	Provision of Nursing Agency Services	8,405
Blugibbon Pty Ltd	Provision of Medical Locum Services	8,217
Support2Health Pty Ltd	Provision of Medical Locum Services	7,903
ISS Health Services Pty Limited	Provision of new Acute Medical Unit Department Staff	6,761
Sterling Healthcare Resourcing	Provision of Medical Locum Services	6,007
Programmed Health Professionals Pty Ltd	Provision of Medical Locum Services	3,951
The Society Of Saint Hilarion Inc.	Provision of Nursing Agency Services	3,265
Royal Australasian College Of Surgeons	Provision of Medical Specialist Services	1,200
Dr Erika Nishimoto	Provision of Medical Locum Services	800
Bio-Excel (Australia) Pty Ltd	Provision of Nursing Agency Services	600
Sub total		13,456,894

Contractors		
Litmus Solutions Pty Ltd	Monthly Management fee per agreement Executed NALHN CEO March 2017. For brokering of Medical Agency	120,000
Powerhealth Solutions	Casemix and Costing Services for NALHN per contract	75,585
Powerhealth Solutions	Monthly Service fee for Casemix as per contract	73,660
Learnem Partnership	Nursing Instructors for ACEM EMET Program	60,250
Cheesman Architects Pty Ltd Total	Technical Architectural Services for redevelopments	13,857
GHD Pty Ltd	Forensic Mental Health Scoping	4,732
Pinehill Lakes Pty Ltd	Engagement for transfer of Medical Records Modbury to LMH	4,090
TC and VS Baker Pty Ltd	Minor Contract Works associated with Oakden	1,181
Nijan Consulting	Human Resources Classification Advice	400
Sub total		353,756
Grand Total		13,810,650

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network>

The details of all South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website [here](#).

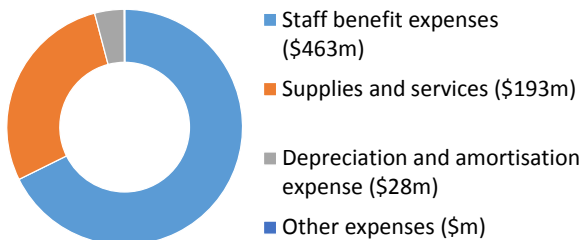
The website also provides details of Across government contracts [here](#).

Financial performance of the agency

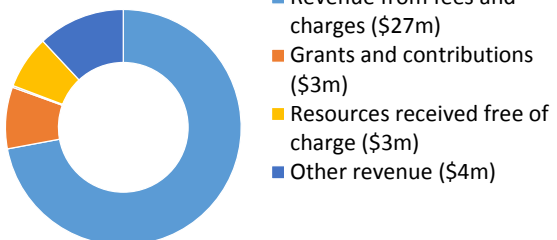
The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

NALHN three-year financial summary								
Three-year financial summary (\$000)		2017-18	%	2016-17	%	2015-16	%	
Total expenses		684 553	↑ 11.1%	616 144	↑ 1.3%	608 358	↑ 5.2%	
Total income		37 133	↑ 10.0%	33 770	↑ 5.4%	32 041	↓ -10.8%	
Net cost of providing services		647 420	↑ 11.2%	582 374	↑ 1.1%	576 317	↑ 6.3%	
Revenues from/Payments to SA Government		627 371	↑ 9.8%	571 630	↑ 1.4%	563 479	↑ 2.8%	
Net result for the period		(20 049)	↓ -86.6%	(10 744)	↑ 16.3%	(12 838)	↓ -317.6%	
Net cash provided by operating activities		15 095	↑ 678.1%	1 940	↓ -51.3%	3 983	↓ -64.5%	
Total assets		475 887	↑ 1.3%	469 774	↓ -1.3%	475 890	↓ -1.0%	
Total liabilities		156 548	↑ 6.8%	146 540	↑ 4.3%	140 451	↑ 6.8%	
Net assets		319 339	↓ -1.2%	323 234	↓ -3.6%	335 439	↓ -3.9%	

Expenses by category 2017-18



Income by category 2017-18



Other financial information

Nil to report.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Older Persons Mental Health Services

In February 2018 the Independent Commissioner Against Corruption published his report on the Oakden Older Persons' Mental Health Facility entitled '*Oakden: A Shameful Chapter in South Australia's History*'. The report made findings against NALHN, including that it was found to have engaged in maladministration.

Following the release of the South Australian Chief Psychiatrist's Oakden Report, the Older Persons Mental Health Services at Oakden was closed and residents were either transitioned to a newly refurbished complex at Northgate House, or to residential aged care facilities with appropriate supports.

Northgate House now provides a 'home like' environment with each resident having their own individual bedroom. Lounge, dining and activity spaces have been improved to meet current aged care facility standards. In addition, significant work was undertaken to improve the outdoor areas, including pathways and landscaping. The feedback from residents who have moved to Northgate and their families has been overwhelmingly positive.

The current staffing levels at Northgate are established by an interim Model of Care, noting they will change following the due consideration of recommendations about Models of Care developed by the Oakden Response Plan Oversight Committee and Model of Care Expert Working Group, both of which have completed their work.

The Northgate House facility recently attained 100% compliance with the National Safety and Quality Health Service Standards, with no recommendations and positive feedback from accreditation surveyors.

Northgate House has 16 places of care.

Governance Changes

Following the March 2018 election, the Government is progressing a new governance and accountability framework for the public health system that will devolve decision making in the public health system through the establishment of metropolitan and regional governing boards; put real responsibility and accountability at the local level, with strengthened oversight; improve patient safety, and hold governing boards accountable for delivering real progress.

This new framework will provide a greater focus on accountability and transparency within the public health system.

The reforms will be implemented in two stages. The first stage is an Amendment Bill to establish governing boards, which has passed before Parliament. The Bill allowed governing board chairs to be appointed by 31 July 2018 in the lead up to governing boards being operational by 1 July 2019. The second stage is to establish a new governance and accountability framework for the public health system, which will be reflected in new legislation to be introduced into Parliament later this year or early next year.

The governing boards will be responsible for the delivery of their local health services within their geographic area. The governing boards will engage with local service providers and the community to ensure that the services provided are reflective of local needs and priorities and are able to be provided within the resources available.

Governing boards will be required to operate within a clinical governance framework to ensure these services are safe, high quality and accessible. The governing boards will also be responsible for the oversight of Local Health Network budgets. The governing boards will appoint their Chief Executive Officer, who will be responsible for managing the operations and affairs of the Local Health Network health services and will be accountable to, and subject to direction of, the governing board.

The governing board will be accountable to the Minister for Health and Wellbeing for the oversight of the delivery of health services in accordance with a service level agreement negotiated between the Local Health Network and the Department for Health and Wellbeing. The governing boards will also be required to comply with any policy frameworks issued by the Department and any directions given by the Minister for Health and Wellbeing.

Section B: Reporting required under any other act or regulation

None.

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act* is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

A whole of SA Health response is provided in the Department for Health and Wellbeing 2017-18 Annual Report, which can be accessed on the [SA Health website](#).

Complaint outcomes

A whole of SA Health response is provided in the Department for Health and Wellbeing 2017-18 Annual Report, which can be accessed on the [SA Health website](#).

Appendix: Audited financial statements 2017-18



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Interim Chief Executive Officer Northern Adelaide Local Health Network Incorporated

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Northern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Northern Adelaide Local Health Network Incorporated as at 30 June 2018, its financial performance and its cash flows for the 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Interim Chief Executive Officer and the Acting Chief Finance Officer.

Basis for opinion

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

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

Responsibilities of the Interim Chief Executive Officer for the financial report

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

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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Interim Chief Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Interim Chief Executive Officer 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.

A handwritten signature in black ink, appearing to read 'A. Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

19 September 2018

Certification of the financial statements

We certify that the:

- financial statements of the Northern Adelaide Local Health Network Inc.:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Northern Adelaide Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Debbie Chin
Interim Chief Executive Officer



Danny De Cesare
Acting Chief Finance Officer

Date ..13/9/18.....

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Staff benefits expenses	3	463,349	414,077
Supplies and services	4	193,092	172,143
Depreciation and amortisation expense	17,18	27,890	26,986
Net loss from disposal of non-current and other assets	10	33	77
Other expenses	5	189	2,861
Total expenses		684,553	616,144
Income			
Revenues from fees and charges	6	26,762	25,586
Grants and contributions	7	3,139	3,351
Interest revenues	8	88	82
Resources received free of charge	9	2,708	538
Other revenues/income	11	4,436	4,213
Total income		37,133	33,770
Net cost of providing services		647,420	582,374
Revenues from SA Government			
Revenues from SA Government	12	627,371	571,630
Total revenues from SA Government		627,371	571,630
Net result		(20,049)	(10,744)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		16,244	-
Total other comprehensive income		16,244	-
Total comprehensive result		(3,805)	(10,744)

The net result and total comprehensive result are attributable to the SA Government as owner

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2018

	Note	2018	2017
		\$'000	\$'000
Current assets			
Cash and cash equivalents	13	28,350	18,435
Receivables	14	7,839	8,444
Inventories	15	1,951	1,907
Total current assets		38,140	28,786
Non-current assets			
Receivables	14	1,678	995
Property, plant and equipment	17	435,997	439,901
Intangible assets	18	72	92
Total non-current assets		437,747	440,988
Total assets		475,887	469,774
Current liabilities			
Payables	20	20,488	19,495
Staff benefits	21	57,195	51,326
Provisions	22	2,156	3,274
Other liabilities	23	93	3
Total current liabilities		79,932	74,098
Non-current liabilities			
Payables	20	2,410	2,853
Staff benefits	21	70,720	64,698
Provisions	22	3,486	4,891
Total non-current liabilities		76,616	72,442
Total liabilities		156,548	146,540
Net assets		319,339	323,234
Equity			
Asset revaluation surplus		21,878	5,796
Retained earnings		297,461	317,438
Total equity		319,339	323,234

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments 24

Contingent asset and liabilities 25

The above Statement of Financial Position should be read in conjunction with the accompanying notes

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2016		5,796	329,643	335,439
Total comprehensive result for 2016-17		-	(10,744)	(10,744)
Transactions with SA Government as owner				
Net assets transferred out as a result of an administrative restructure	2.3	-	(1,461)	(1,461)
Balance at 30 June 2017		5,796	317,438	323,234
Net result for 2017-18		-	(20,049)	(20,049)
Gain/(loss) on revaluation of land and buildings	17	16,135	-	16,135
Gain/(loss) on revaluation of plant and equipment	17	109	-	109
Total comprehensive result for 2017-18		16,244	(20,049)	(3,805)
Transfer between equity components		(162)	162	-
Net assets received from an administrative restructure	2.2	-	(90)	(90)
Balance at 30 June 2018		21,878	297,461	319,339

All changes in equity are attributable to the SA Government as owner

The above statement of Changes in Equity should be read in conjunction with the accompanying notes.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash outflows			
Staff benefits payments		(451,337)	(409,879)
Payments for supplies and services		(137,482)	(126,068)
Other payments		(72)	(1,403)
Cash used in operations		(588,891)	(537,350)
Cash inflows			
Fees and charges		22,630	20,582
Grants and contributions		3,428	3,520
Interest received		88	82
GST recovered from ATO		10,801	12,306
Other receipts		4,549	4,214
Cash generated from operations		41,496	40,704
Cash flows from SA Government			
Receipts from SA Government		562,490	498,586
Cash generated from SA Government		562,490	498,586
Net cash provided by operating activities		15,095	1,940
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(5,168)	(2,821)
Purchase of intangibles		(12)	(14)
Cash used in investing activities		(5,180)	(2,835)
Net cash provided by/(used in) investing activities		(5,180)	(2,835)
Net increase/(decrease) in cash and cash equivalents		9,915	(895)
Cash and cash equivalents at the beginning of the period		18,435	19,330
Cash and cash equivalents at the end of the period	28	28,350	18,435
Non-cash transactions	28		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Inter-entity non-cash revenue and expense transactions have been excluded.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1. Basis of financial statements

1.1 Reporting entity

The Northern Adelaide Local Health Network Incorporated (the Hospital) was incorporated on 1 July 2011 under the *Health Care Act 2008* (the Act).

The financial statements and accompanying notes include all controlled entities of the Hospital.

The Hospital does not control any other entity and has no interests in unconsolidated structured entities.

Administered items

The financial statements include all controlled activities of the Hospital. Transactions and balances relating to administered resources are not recognised as the Hospital's controlled income, expenses, assets and liabilities. As administered items are insignificant in relation to the Hospital's overall financial performance and position, they are disclosed in the Schedule of Administered Financial Statements following the general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital transactions.

1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and accounting policy statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Hospital has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Hospital is a not-for-profit entity.

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.

The Hospital did not voluntarily change any of its accounting policies during 2017-18.

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change, or as otherwise noted. The restated comparative amounts do not replace the original financial statements for the preceding period.

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

1.4 Taxation

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

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

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

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

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

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1.5 Continuity of Operations

As at 30 June 2018, the Hospital had a working capital deficiency of \$41.792 million (\$45.312 million deficiency). The Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

1.6 Equity

The Hospital uses the asset revaluation surplus 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.

2. Objectives and activities

2.1 Objectives and activities

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

The Hospital is part of the SA Health portfolio providing health services for northern Adelaide, and is responsible to the Minister for Health and Wellbeing.

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

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department for Health and Wellbeing (the Department) and is accountable to the Chief Executive of the Department.

The Northern Adelaide Local Health Network Advisory Council Incorporated was established pursuant to the *Health Care Act 2008* (the Act). The Council's functions include advising, monitoring, providing strategic oversight, conferring and making recommendations to the Chief Executive of the Department and Chief Executive Officer of the Hospital. The Council has no powers to direct or make decisions with respect to the management and administration of the Hospital.

2.2 Administrative Restructure – Transferred in

2017-18

- In December 2017, the Chief Executives of CALHN, NALHN, SALHN and WCHN agreed that clinical services associated with an LHN be transferred from SA Pathology (a part of CALHN) to that respective LHN. This included 1 employee for NALHN (\$0.090 million in staff benefits) and budget funding of \$0.350 million over five years. The activities and functions transferred include the governance and control of clinical services by SA Pathology staff. Laboratory services will continue to be managed via an SLA between SA Pathology and the respective LHN. The effective date of transfer was 1 February 2018.

2016-17

- There were no transfers during this period.

Net assets assumed by the Hospital as a result of the administrative restructure are at the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to the transfer. The net assets transferred were treated as a contribution by the Government as owner.

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

2.3 Administrative Restructure – Transferred out

2017-18

- There were no transfers during this period.

2016-17

- Following an agreement between the Chief Executive Officers of Central Adelaide Local Health Network (CALHN) and Northern Adelaide Local Health Network (NALHN), it was agreed to transfer assets associated with the Older Person's Mental Health Service from NALHN to CALHN effective 1 August 2016.
- Property, plant and equipment was transferred from the NALHN to CALHN as at 1 August 2016, however staff liabilities associated with the function (totalling \$ 2.209 million), did not transfer as they were already recorded with CALHN as at the transfer date. Net assets transferred by the Hospital as a result of the administrative restructures were at the carrying amount immediately prior to the transfer.

The net assets transferred were treated as a distribution to the Government as owner.

3. Staff benefits expenses

	2018 \$'000	2017 \$'000
Salaries and wages	372,152	339,203
Targeted Voluntary Separation Packages (refer below)	269	137
Long Service Leave	14,445	4,701
Annual leave	36,072	33,664
Skills and Experience Retention Leave	1,368	1,224
Staff on-costs - superannuation*	37,944	34,126
Staff on-costs - other	1	-
Workers compensation**	(458)	(815)
Board and committee fees	65	64
Other staff related expenses	1,491	1,773
Total staff benefits expenses	463,349	414,077

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

** 2018 workers compensation expenditure includes statutory workers compensation obligations under the *Return to Work Act 2014* (\$-0.689 million) and the new workers compensation non-statutory liability introduced in 2017-18 via various enterprise bargaining agreements and awards (\$0.231 million). Refer to note 22 for further information.

3.1 Targeted voluntary separation packages

	2018 \$'000	2017 \$'000
Amount paid to separated staff:		
Targeted Voluntary Separation Packages	269	137
Leave paid to those staff	73	80
Net cost to the Hospital	342	217

The number of staff who received a TVSP during the reporting period	5	2
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NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

3.2 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the Chief Executive of the Department, Chief Executive Officer of the Hospital and the four members of the Executive Management Group who have responsibility for the strategic direction and management of the Hospital.

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

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

	2018	2017
Compensation	\$'000	\$'000
Salaries and other short term employee benefits	1,293	1,837
Post-employment benefits	117	231
Total	1,410	2,068

For those staff undertaking long term acting in KMP roles, only compensation for the period that they were acting is included.

The Hospital did not enter into any transactions with KMP or their close family in 2017-18 that were not consistent with normal procurement arrangements.

3.3 Remuneration of staff

	2018	2017
The number of staff whose remuneration received or receivable falls within the following bands:	No.	No.
\$147,000 - \$149,000*	n/a	9
\$149,001 - \$159,000	56	38
\$159,001 - \$169,000	29	29
\$169,001 - \$179,000	34	17
\$179,001 - \$189,000	16	20
\$189,001 - \$199,000	11	16
\$199,001 - \$209,000	11	6
\$209,001 - \$219,000	12	9
\$219,001 - \$229,000	18	5
\$229,001 - \$239,000	7	8
\$239,001 - \$249,000	3	12
\$249,001 - \$259,000	11	8
\$259,001 - \$269,000	7	8
\$269,001 - \$279,000	6	8
\$279,001 - \$289,000	6	5
\$289,001 - \$299,000	7	11
\$299,001 - \$309,000	11	7
\$309,001 - \$319,000	4	3
\$319,001 - \$329,000	7	5
\$329,001 - \$339,000	6	13
\$339,001 - \$349,000	5	11
\$349,001 - \$359,000	9	2
\$359,001 - \$369,000	7	7
\$369,001 - \$379,000	5	9
\$379,001 - \$389,000	10	6
\$389,001 - \$399,000	8	3
\$399,001 - \$409,000	9	6
\$409,001 - \$419,000	5	4
\$419,001 - \$429,000	5	2
\$429,001 - \$439,000	6	3
\$439,001 - \$449,000	3	5
\$449,001 - \$459,000	3	3
\$459,001 - \$469,000	1	3
\$469,001 - \$479,000	2	5
\$479,001 - \$489,000	5	-
\$489,001 - \$499,000	1	4

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

	2018	2017
The number of staff whose remuneration received or receivable falls within the following bands:	No.	No.
\$499,001 - \$509,000	1	4
\$509,001 - \$519,000	7	2
\$519,001 - \$529,000	3	3
\$529,001 - \$539,000	2	-
\$539,001 - \$549,000	3	1
\$549,001 - \$559,000	3	1
\$559,001 - \$569,000	2	-
\$569,001 - \$579,000	-	1
\$579,001 - \$589,000	-	1
\$589,001 - \$599,000	-	1
\$609,001 - \$619,000	1	-
\$619,001 - \$629,000	1	1
\$629,001 - \$639,000	-	1
\$649,001 - \$659,000	2	2
\$659,001 - \$669,000	1	1
\$669,001 - \$679,000	-	3
\$679,001 - \$689,000	1	-
\$689,001 - \$699,000	3	-
\$699,001 - \$709,000	1	-
\$709,001 - \$719,000	-	1
\$719,001 - \$729,000	1	1
\$729,001 - \$739,000	2	1
Total number of staff	380	335

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2016-17.

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

3.4 Remuneration of staff by classification

The total remuneration received by staff included above:

	2018		2017	
	No.	\$'000	No.	\$'000
Medical (excluding Nursing)	338	101,044	300	89,017
Executive	6	1,387	4	961
Nursing	34	5,471	29	4,610
Non-medical (i.e. administration)	2	344	2	446
Total	380	108,246	335	95,034

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

4. Supplies and services

	2018	2017
	\$'000	\$'000
Administration	796	645
Advertising	111	199
Communication	828	764
Computing	4,916	4,901
Consultants	169	188
Contract of services	696	182
Contractors	354	286
Contractors - agency staff	17,740	13,120
Drug supplies	7,853	7,083
Electricity, gas and fuel	6,635	4,203
Fee for service	7,163	5,677
Food supplies	3,726	3,707
Housekeeping	23,519	22,793
Insurance	5,568	5,672
Internal SA Health SLA payments	3,960	4,525
Legal	193	153
Medical, surgical and laboratory supplies	57,907	50,824
Minor equipment	773	1,865
Motor vehicle expenses	133	186
Occupancy rent and rates	5,707	5,493
Patient transport	6,483	6,135
Services from Shared Services SA	2,644	2,401
Postage	961	840
Printing and stationery	2,643	2,277
Rental expense on operating lease	781	787
Repairs and maintenance	9,489	9,586
Security	8,350	5,991
Staff training and development	6,387	5,622
Staff travel expenses	139	163
Other supplies and services	6,468	5,875
Total supplies and services	193,092	172,143

Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term as it is representative of the pattern of benefits derived from the leased assets.

Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Hospital's operations are managed as part of the State Government Insurance Program. The Hospital pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Hospital's financial statements.

Consultancies

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

	No.	2018	No.	2017
		\$'000		\$'000
Below \$10,000	5	34	3	22
Above \$10,000	3	135	5	166
Total paid/payable to consultants engaged	8	169	8	188

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

5. Other expenses

		2018	2017
	Note	\$'000	\$'000
Assets transferred to the Department		-	1,276
Bad and doubtful debts	14	(231)	1,076
Bank fees and charges		21	18
Other*		399	491
Total other expenses		189	2,861

*Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.253 million (\$0.264 million). No other services were provided by the Auditor-General's Department.

6. Revenues from fees and charges

	2018	2017
	\$'000	\$'000
Ambulance transport	-	3
Fines, fees and penalties	48	60
Insurance recoveries	25	15
Patient and client fees	17,398	14,591
Private practice fees	2,315	2,490
Recoveries	5,082	5,362
Residential and other aged care charges	54	793
Other user charges and fees	1,840	2,272
Total revenues from fees and charges	26,762	25,586

7. Grants and contributions

	2018	2017
	\$'000	\$'000
Commonwealth grants and donations	259	112
Commonwealth aged care subsidies	60	1,334
Other SA Government grants and contributions	105	78
Private sector grants and contributions	2,715	1,827
Total Grants and contributions	3,139	3,351

Contributions are recognised as an asset and income when the Hospital obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

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

Restrictions on contributions received

Of the \$3.139 million (\$3.351 million) received in 2017-18 for grants and contributions, \$2.370 million (\$2.787 million) was provided for specific purposes, such as research and associated activities.

8. Interest revenues

	2018	2017
	\$'000	\$'000
Interest on Special Purpose Funds	88	82
Total interest revenues	88	82

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

9. Resources received free of charge

	2018	2017
	\$'000	\$'000
Land and buildings	-	494
Plant and equipment	74	44
Services	2,634	-
Total resources received free of charge	2,708	538

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

NALHN receives Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging.

Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

In 2017-18, Audiometric Booths and Audiometers Visual Reinforcement were donated to LMH (\$0.060 million) in addition to Flexible Ureter scopes (\$0.014 million).

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

	2018	2017
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal	-	-
Less net book value of assets disposed	(33)	(71)
Net gain/(loss) from disposal of plant and equipment	(33)	(71)
Intangibles:		
Less net book value of assets disposed	-	(6)
Net gain/(loss) from disposal of intangibles	-	(6)
Total assets:		
Total proceeds from disposal	-	-
Less total value of assets disposed	(33)	(77)
Total net gain/(loss) from disposal of non-current and other assets	(33)	(77)

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

11. Other revenues/income

	2018	2017
	\$'000	\$'000
Commissions revenue	7	4
Training revenue	2	53
Donations	5	1
Car parking revenue	2,408	2,229
Rent revenue	1,736	1,715
Other	278	211
Total other revenues/income	4,436	4,213

12. Revenues from SA Government

	2018	2017
	\$'000	\$'000
Capital funding	8,090	23,975
Recurrent funding	619,281	547,655
Total revenues from Department for Health and Wellbeing	627,371	571,630

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

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13. Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Cash at bank or on hand: non-government financial institutions	710	982
Deposits with Treasurer	27,638	17,447
Imprest account/cash on hand	2	6
Total cash	28,350	18,435

Cash is measured at nominal amounts. Government policy ensures that the Hospital will have adequate cash to meet approved expenditure requirements eg staff benefit expenses, capital works etc.

The Hospital receives specific purpose funds from various sources including government, private sector and individuals. The amounts are controlled by the Hospital, and are used to help achieve the Hospital objectives, notwithstanding that specific uses can be determined by the grantor or donor. Accordingly, the amounts are treated as revenue at the time they are earned or at the time control passes to the Hospital.

Deposits with the Treasurer

The Hospital operates through the Department's two deposit accounts held with the Treasurer, one general operating account and one special purpose deposit account. The Hospital earns interest on the special deposit account and does not earn interest on the general operating account held with the Treasurer.

14. Receivables

	Note	2018	2017
		\$'000	\$'000
Current			
Patient/client fees: compensable		435	366
Patient/client fees: other		4,930	5,207
Debtors		950	805
Less: allowance for doubtful debts	14.1	(776)	(1,227)
Prepayments		399	442
Workers compensation provision recoverable		799	1,849
Sundry receivables and accrued revenue		656	733
GST input tax recoverable		446	269
Total current receivables		7,839	8,444
Non-current			
Debtors		58	46
Workers compensation provision recoverable		1,620	949
Total non-current receivables		1,678	995
Total receivables		9,517	9,439

14.1 Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	1,227	543
Amounts written off	(65)	(203)
Increase/(Decrease) in allowance recognised in profit or loss	(386)	887
Carrying amount at the end of the period	776	1,227

The Hospital has recognised a bad and doubtful debt expense of \$-0.231 million (\$1.076 million).

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14.2 Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Hospital's trading terms for receivables are generally 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, 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.

Refer to note 29 for further information on risk management.

15. Inventories

	2018 \$'000	2017 \$'000
Current		
Inventory imprest stock	1,951	1,907
Total current inventories - held for distribution	1,951	1,907

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. All other inventories are measured at the lower of average weighted cost or their net realisable value.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised as an expense reduction.

16. Property, plant and equipment and intangible assets

16.1 Acquisition and recognition of non-current assets

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 Hospital capitalises all non-current tangible property, plant and equipment and intangible assets that it controls valued at or greater than \$10,000. Assets recorded as works in progress represent projects physically incomplete as at the reporting date. Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is equal to or greater than \$5 million for infrastructure assets and \$1 million for other assets.

16.2 Depreciation and amortisation of non-current assets

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 Hospital 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.

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

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	40 - 80
Leasehold improvements	Life of Lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment and software	3 - 5
• Other plant and equipment	3 - 25
Intangibles	5 - 10

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16.3 Revaluation of non-current assets

All non-current tangible assets are valued at fair value (written down current cost).

The Hospital revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer. A triennial revaluation of other non-current assets by a Certified Practicing Valuer is only performed when the assets fair value at the time of acquisition is greater than \$1 million, and the estimated useful life exceeds three years.

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, when they are revalued to fair value.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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

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

16.4 Impairment

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). 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 and therefore these assets have not been tested for impairment. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. 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 property, plant and equipment as at 30 June 2018.

16.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are 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 useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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.

16.6 Valuation of land and buildings

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

The valuer 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 valuer 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; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

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16.7 Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition less than \$1 million have not been revalued in accordance with Accounting Policy Framework III Asset Accounting Framework. The carrying value of these items are deemed to approximate fair value. These assets are classified in Level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

The Hospital'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 Simon O'Leary, AAPI, C.P.V, Australian Valuation Solutions Pty Ltd.

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17. Reconciliation of property, plant and equipment

The following table shows the movement:

2017-18

	Land and buildings:		Plant and equipment:			Total \$'000
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Capital works in progress plant and equipment \$'000
Carrying amount at the beginning of the period	38,240	380,982	5,009	10,552	1,132	1,452
Additions	-	-	-	-	-	-
Assets received free of charge	-	-	-	2,641	178	307
Disposals	-	-	-	74	-	74
Transfers between asset classes	-	5,112	493	(27)	(6)	-
	-	(5,394)	-	1,340	167	(1,718)
Subtotal:	38,240	386,094	5,502	14,580	1,471	41
						447,611
Gains/(losses) for the period recognised in net result:						
Depreciation and amortisation	-	(23,277)	-	(3,917)	(233)	-
Subtotal:	-	(23,277)	(431)	(3,917)	(233)	-
						(27,858)
Gains/(losses) for the period recognised in other comprehensive income:						
Revaluation increment / (decrement)	4,760	11,375	-	109	-	-
Subtotal:	4,760	11,375	-	109	-	-
						16,244
Carrying amount at the end of the period	43,000	374,192	5,071	10,772	1,238	41
						435,997
Gross carrying amount						
Gross carrying amount	43,000	376,903	7,609	31,840	5,629	41
Accumulated depreciation / amortisation	-	(2,711)	(2,538)	(21,068)	(4,391)	-
Carrying amount at the end of the period	43,000	374,192	5,071	10,772	1,238	41
						435,997

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

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2016-17

	Land and buildings:		Capital works in progress land and buildings		Plant and equipment:			Total
	Land	Buildings			Leasehold improvements	Medical/surgical/dental/biomedical	Other plant and equipment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	38,790	373,389	15,399	6,895	9,067	1,165	248	444,953
Additions	-	-	17,537	-	-	4,959	239	24,177
Assets received free of charge	-	-	494	-	-	44	-	538
Disposals	-	-	-	-	-	(41)	(30)	(71)
Donated assets disposal	-	(726)	-	-	-	-	-	(1,276)
Acquisition / (disposal) through administrative restructuring	(550)	-	-	(1,461)	-	-	-	(1,461)
Transfers between asset classes	-	-	-	-	-	-	-	-
Subtotal:	38,240	403,559	2,534	5,434	14,267	1,374	1,452	466,860
Gains/(losses) for the period recognised in net result:	-	(22,577)	-	(425)	(3,715)	(242)	-	(26,959)
Depreciation and amortisation	-	(22,577)	-	(425)	(3,715)	(242)	-	(26,959)
Subtotal:	-	(22,577)	-	(425)	(3,715)	(242)	-	(26,959)
Carrying amount at the end of the period	38,240	380,982	2,534	5,009	10,552	1,132	1,452	439,901
Gross carrying amount								
Gross carrying amount	38,240	429,161	2,534	7,116	31,285	6,201	1,452	515,989
Accumulated depreciation / amortisation	-	(48,179)	-	(2,107)	(20,733)	(5,069)	-	(76,088)
Carrying amount at the end of the period	38,240	380,982	2,534	5,009	10,552	1,132	1,452	439,901

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

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18. Reconciliation of intangible assets

The following table shows the movement :

	2017-18		2016-17	
	Computer software \$'000	Capital works in progress intangibles \$'000	Computer software \$'000	Capital works in progress intangibles \$'000
Carrying amount at the beginning of the period	92	-	68	43
Additions	12	-	14	-
Disposals	-	-	(6)	-
Amortisation	(32)	-	(27)	-
Transfers between asset classes	-	-	43	(43)
Carrying amount at the end of the period	72	-	92	-
Gross carrying amount				
Gross carrying amount	166	-	155	-
Accumulated amortisation	(94)	-	(63)	-
Carrying amount at the end of the period	72	-	92	-

	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	92	-	92
Additions	12	-	12
Disposals	-	-	-
Amortisation	(32)	-	(32)
Transfers between asset classes	-	-	-
Carrying amount at the end of the period	72	-	72

	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000
Carrying amount at the beginning of the period	92	-	92
Additions	14	-	14
Disposals	(6)	-	(6)
Amortisation	(27)	-	(27)
Transfers between asset classes	43	(43)	-
Carrying amount at the end of the period	92	-	92

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

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

In determining fair value, the Hospital 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 Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 16 and 19.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

19.1 Fair value hierarchy

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

Fair value measurements at 30 June 2018

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 17)			
Land	-	43,000	43,000
Buildings and improvements	-	374,192	374,192
Leasehold improvements	-	5,071	5,071
Plant and equipment	-	12,010	12,010
Total recurring fair value measurements	-	434,273	434,273

Fair value measurements at 30 June 2017

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 17)			
Land	-	38,240	38,240
Buildings and improvements	-	380,982	380,982
Leasehold improvements	-	5,009	5,009
Plant and equipment	-	11,684	11,684
Total recurring fair value measurements	-	435,915	435,915

There are no non-recurring fair value measurements.

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

During 2018 and 2017, the Hospital had no valuations categorised into Level 1; there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels in 2017-18.

19.2 Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. For this reason they are deemed to have been valued using Level 3 valuation inputs.

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

Unobservable inputs used to arrive at final valuation figures included:

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

Although there were some land and buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all land and buildings have been classified as Level 3.

20. Payables

	2018 \$'000	2017 \$'000
Current		
Creditors and accrued expenses	12,256	13,488
Paid Parental Leave Scheme	68	32
Staff on-costs*	6,471	4,992
Other payables	1,693	983
Total current payables	20,488	19,495
Non-current		
Staff on-costs*	2,410	2,853
Total non-current payables	2,410	2,853
Total payables	22,898	22,348

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

As a result of an actuarial assessment performed by the DTF the percentage of the portion of long service leave taken as leave has decreased from the 2017 rate of 48% to 35%. Mercer Consulting (Australia) Pty Ltd has determined that the average factors for the calculation of employer superannuation cost on-costs has increased from the 2017 rate of 9.63% to 9.71%. 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 employment on-cost of \$0.805 million and employee benefits expense of \$0.805 million. The estimated impact on 2019 and 2020 is \$0.837 million and \$0.871 million respectively.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Hospital.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period, and where an invoice has not been processed/received.

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

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Interest rate and credit risk

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

Refer to note 29 for further information on risk management.

21. Staff benefits

	2018	2017
	\$'000	\$'000
Current		
Annual leave	38,959	35,082
Long service leave	4,697	4,297
Accrued salaries and wages	10,528	8,928
Skills and experience retention leave	2,994	2,995
Other	17	24
Total current staff benefits	57,195	51,326
Non-current		
Long service leave	70,720	64,698
Total non-current staff benefits	70,720	64,698
Total staff benefits	127,915	116,024

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

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

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

The annual leave liability and the skills and experience retention leave liability 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 SERL 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 staff is estimated to be less than the annual entitlement for sick leave.

21.2 Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method. AASB 119 *Employee Benefits* contains the calculation methodology for the long service leave liability.

The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on staff data over the health sector across government.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 2017 (2.61%) to 2018 (2.79%). This increase of the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$1.570 million and staff benefits expense of \$1.623 million. This decrease has largely been offset by changes to the assumptions associated with the duration of the liability resulting in an overall net increase in the reported LSL liability relative to 2017. The impact on the 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 4.0% and 3.0% for annual leave and SERL liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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22. Provisions

		2018	2017
	Note	\$'000	\$'000
Current			
Workers compensation	22.1	2,156	3,274
Total current provisions		2,156	3,274
Non-current			
Workers compensation	22.1	3,486	4,891
Total non-current provisions		3,486	4,891
Total provisions		5,642	8,165

22.1 Workers Compensation

Workers compensation statutory provision

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2018 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 staff 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.

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, for the first time, as at 30 June 2018 provided by a consulting actuary (PricewaterhouseCoopers) 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 2018, the Hospital recognised a workers compensation non-statutory provision of \$0.231 million, as this provision was introduced in 2017-18 there are no comparatives available.

Reconciliation of workers compensation (statutory and non-statutory)

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	8,165	11,683
Increase / (Decrease) in provisions recognised	(1,795)	(2,329)
Reductions arising from payments/other sacrifices of future economic benefits	(728)	(1,189)
Carrying amount at the end of the period	5,642	8,165

23. Other liabilities

	2018	2017
	\$'000	\$'000
Current		
Unclaimed monies	-	3
Unearned revenue	85	-
Other	8	-
Total current other liabilities	93	3
Total other liabilities	93	3

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24. 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 or payable. If GST is not recoverable or payable, the commitments are disclosed on a gross basis.

24.1 Operating lease expenditure commitments

	2018	2017
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4,668	4,265
Later than one year but not longer than five years	16,843	16,109
Later than five years	23,905	28,863
Total operating lease commitments	45,416	49,237
Representing:		
Non-cancellable operating leases	45,416	49,237
Total operating lease commitments	45,416	49,237

The Hospital 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 majority of the operating lease arrangements are for the use of properties.

24.2 Expenditure commitments

	2018	2017
	\$'000	\$'000
Expenditure commitments		
Within one year	4,780	13,852
Later than one year but not longer than five years	572	682
Total expenditure commitments	5,352	14,534

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

25. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed within this note and, if quantifiable, are measured at nominal value. Contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the contingencies are disclosed on a gross basis.

25.1 Contingent Assets

The Hospital is not aware of any contingent assets.

25.2 Contingent Liabilities

The Hospital is not aware of any contingent liabilities.

25.3 Guarantees

The Hospital has made no guarantees.

26. Related party transactions

The Hospital is controlled by SA Government.

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

26.1 Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In addition, the Hospital received funding from the SA Government via the Department (note 12), and incurred expenditure via the Department for medical, surgical and laboratory supplies, inter-health staff recharging, insurance and computing (note 4 and 27). The Department transferred capital works in progress of \$2.299 million (\$21.284 million) to the Hospital. The Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for property repairs and maintenance of \$9.484 million (\$8.910 million) and capital works of \$1.144 million (\$1.557 million) (note 4 and 27).

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Quantitative information about transactions and balances between the Hospital and other SA Government controlled entities are disclosed at note 27.

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

26.2 Transactions with Key Management Personnel and other related parties

Compensation of key management personnel is disclosed at note 3.2

The Consolidated Entity did not enter into any transactions with key management personnel or their close family in 2017-18 that were not consistent with normal procurement arrangements.

27. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
EXPENSE						
3 Staff benefits expenses	1,699	1,726	461,650	412,351	463,349	414,077
4 Supplies and services	79,222	69,062	113,870	103,081	193,092	172,143
Administration	217	141	579	504	796	645
Advertising	104	181	7	18	111	199
Communication	282	235	546	529	828	764
Computing	4,820	4,572	96	329	4,916	4,901
Consultants	-	-	169	188	169	188
Contract of services	-	49	696	133	696	182
Contractors	7	-	347	286	354	286
Contractors - agency staff	4,296	5,018	13,444	8,102	17,740	13,120
Drug supplies	7,400	581	453	6,502	7,853	7,083
Electricity, gas and fuel	-	2	6,635	4,201	6,635	4,203
Fee for service	59	39	7,104	5,638	7,163	5,677
Food supplies	420	421	3,306	3,286	3,726	3,707
Housekeeping	756	584	22,763	22,209	23,519	22,793
Insurance	5,183	5,295	385	377	5,568	5,672
Internal SA Health SLA payments	3,960	4,525	-	-	3,960	4,525
Legal	77	103	116	50	193	153
Medical, surgical and laboratory supplies	30,280	27,088	27,627	23,736	57,907	50,824
Minor equipment	52	111	721	1,754	773	1,865
Motor vehicle expenses	115	140	18	46	133	186
Occupancy rent and rates	1,009	972	4,698	4,521	5,707	5,493
Patient transport	6,007	5,662	476	473	6,483	6,135
Services from Shared Services SA	2,644	2,401	-	-	2,644	2,401
Postage	40	43	921	797	961	840
Printing and stationery	553	550	2,090	1,727	2,643	2,277
Rental expense on operating lease	780	786	1	1	781	787
Repairs and maintenance	9,484	8,910	5	676	9,489	9,586
Security	18	48	8,332	5,943	8,350	5,991
Staff training and development	227	222	6,160	5,400	6,387	5,622
Staff travel expenses	-	-	139	163	139	163
Other supplies and services	432	383	6,036	5,492	6,468	5,875
Depreciation and amortisation expense	-	-	27,890	26,986	27,890	26,986
10 Net loss from disposal of non-current and other assets	-	-	33	77	33	77
Less total value of assets disposed	-	-	33	77	33	77
5 Other expenses	437	1,670	(248)	1,191	189	2,861
Assets transferred to the Department	-	1,276	-	-	-	1,276
Bad and doubtful debts	-	-	(231)	1,076	(231)	1,076
Bank fees and charges	-	-	21	18	21	18
Other	437	394	(38)	97	399	491
TOTAL EXPENSES	81,358	72,458	603,195	543,686	684,553	616,144

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Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
INCOME						
6 Revenues from fees and charges	4,232	4,464	22,530	21,122	26,762	25,586
Ambulance transport	-	-	-	3	-	3
Fines, fees and penalties	-	-	48	60	48	60
Insurance recoveries	25	15	-	-	25	15
Patient and client fees	-	-	17,398	14,591	17,398	14,591
Private practice fees	-	-	2,315	2,490	2,315	2,490
Recoveries	4,131	4,288	951	1,074	5,082	5,362
Residential and other aged care charges	-	-	54	793	54	793
Other user charges and fees	76	161	1,764	2,111	1,840	2,272
7 Grants and contributions	105	78	3,034	3,273	3,139	3,351
Commonwealth grants and donations	-	-	259	112	259	112
Commonwealth aged care subsidies	-	-	60	1,334	60	1,334
Other SA Government grants and contributions	105	78	-	-	105	78
Private sector grants and contributions	-	-	2,715	1,827	2,715	1,827
8 Interest revenues	88	82	-	-	88	82
9 Resources received free of charge	2,634	494	74	44	2,708	538
11 Other revenues/income	18	24	4,418	4,189	4,436	4,213
Commissions revenue	-	-	7	4	7	4
Training revenue	2	1	-	52	2	53
Donations	-	-	5	1	5	1
Car parking revenue	-	10	2,408	2,219	2,408	2,229
Rent revenue	-	-	1,736	1,715	1,736	1,715
Other	16	13	262	198	278	211
12 Revenues from SA Government	627,371	571,630	-	-	627,371	571,630
TOTAL INCOME	634,448	576,772	30,056	28,628	664,504	605,400
FINANCIAL ASSETS						
13 Cash and cash equivalents	27,638	17,447	712	988	28,350	18,435
14 Receivables	2,446	2,991	7,071	6,448	9,517	9,439
Patient/client fees: compensable	-	-	435	366	435	366
Patient/client fees: other	-	-	4,930	5,207	4,930	5,207
Debtors	27	193	981	658	1,008	851
Less: allowance for doubtful debts	-	-	(776)	(1,227)	(776)	(1,227)
Prepayments	-	-	399	442	399	442
Workers compensation provision recoverable	2,419	2,798	-	-	2,419	2,798
Sundry receivables and accrued revenue	-	-	656	733	656	733
GST input tax recoverable	-	-	446	269	446	269
TOTAL FINANCIAL ASSETS	30,084	20,438	7,783	7,436	37,867	27,874
FINANCIAL LIABILITIES						
20 Payables	1,621	1,759	21,277	20,589	22,898	22,348
Creditors and accrued expenses	1,621	1,759	10,635	11,729	12,256	13,488
Paid Parental Leave Scheme	-	-	68	32	68	32
Staff on-costs	-	-	8,881	7,845	8,881	7,845
Other payables	-	-	1,693	983	1,693	983
23 Other liabilities	(1)	(1)	94	4	93	3
Unclaimed monies	-	-	-	3	-	3
Unearned revenue	-	-	85	-	85	-
Other	(1)	(1)	9	1	8	-
TOTAL FINANCIAL LIABILITIES	1,620	1,758	21,371	20,593	22,991	22,351

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28. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	2018 \$'000	2017 \$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	28,350	18,435
Cash as per Statement of Financial Position	28,350	18,435
Balance as per Statement of Cash Flows	28,350	18,435
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	15,095	1,940
Department for Health and Wellbeing contributions for the provision of health services	(627,371)	(571,630)
Add/less non-cash items		
Asset donated free of charge	-	(1,276)
Capital revenues	3,043	21,284
Depreciation and amortisation expense of non-current assets	(27,890)	(26,986)
Gain/(loss) on sale or disposal of non-current assets	(33)	(77)
Resources received free of charge	74	538
Movement in assets and liabilities		
Increase/(decrease) in receivables	78	(85)
Increase/(decrease) in inventories	44	(65)
(Increase)/decrease in staff benefits	(11,801)	(5,941)
(Increase)/decrease in payables and provisions	1,431	(203)
(Increase)/decrease in other liabilities	(90)	127
Net cost of providing service	(647,420)	(582,374)

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as per the Statement of Financial Position, net of bank overdrafts.

29. Financial instruments/financial risk management

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

29.2 Liquidity Risk

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

Refer to note 20 for further information.

29.3 Credit and market risk

The Hospital has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Hospital has minimal concentration of credit risk. The Hospital does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital.

Refer to notes 13 and 14 for further information.

The Hospital has no exposure to foreign currency or other price risks.

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

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29.4 Categorisation of financial instruments

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

The carrying amounts of each of the following categories of financial assets and liabilities: Loans and receivables; and financial liabilities measured at cost are detailed below.

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value 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 , 14 and 20).

Category of financial asset and financial liability	Notes	2018 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	13,28	28,350	18,435
Loans and receivables			
Receivables ⁽¹⁾⁽²⁾	14	6,124	5,857
Total financial assets		34,474	24,292
Financial liabilities			
Financial liabilities at cost			
Payables ⁽¹⁾	20	13,695	14,217
Other liabilities	23	8	3
Total financial liabilities		13,703	14,220

⁽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 14 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 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.

30. Impact of Standards and Statements not yet implemented

The Hospital did not voluntarily change any of its accounting policies during 2017-18.

The Hospital has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. The material impacts on the Hospital are outlined below.

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30.1 AASB 9 Financial Instruments

AASB 9 applies to reporting periods commencing after 1 January 2018. The application date for the Hospital is 1 July 2018. AASB 9 changes the requirements for classification, impairment and disclosures associated with the Hospital's financial assets.

AASB 9 introduces different criteria for whether financial assets can be measured at amortised cost or fair value.

The Hospital has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact on categorisation and valuation of the amounts reported in notes 13 and 14.

- there will be no change to either the classification or valuation of cash and cash equivalent items;
- trade receivables will be classified as 'Debt' and measured at amortised cost, similar to the current classification of 'loans and receivables'.

However, the new impairment requirements will result in a provision being applied to all receivables (expected loss) rather than only on those receivables that are credit impaired (incurred loss). The Hospital will be adopting the simplified impairment approach under AASB 9 and will measure the impairment allowance at lifetime expected credit losses on all trade receivables and contract assets using a provision matrix as a practical expedient.

Applying this approach, the Hospital has estimated the opening impairment provision on 1 July 2018 to be \$0.398 million, a decrease of \$0.378 million compared to the amount reported at 30 June 2018, resulting in net receivables of \$9.895 million on transition and will not restate comparatives on adopting AASB 9.

There will be no additional impairment provisions for State, Territory or Commonwealth Government receivables due to the Government's high quality credit rating.

30.2 AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not For Profit Entities

AASB 15 and AASB 1058 apply to reporting periods commencing after 1 January 2019. The application date for the Hospital is 1 July 2019.

AASB 15 establishes a comprehensive framework for determining the nature, amount and timing of revenue arising from contracts with customers. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not for profit entities, in conjunction with AASB 15. These standards replace AASB 111, AASB 118 and a large part of AASB 1004.

The Hospital has commenced consideration and analysis of the new revenue recognition requirements and has not yet finalised its assessment of their impact. The Hospital will continue its assessment of the impact over the next 12 months.

Potential impacts identified at this time are:

- grants presently recognised as revenue upfront may be progressively recognised as the associated performance obligations are satisfied, where those performance obligations are enforceable and sufficiently specific.
- grants that are not enforceable and/or sufficiently specific will continue to be recognised as revenue upfront i.e. no change to current treatment.
- peppercorn lease arrangements currently recognised at nominal amounts, will now be recognised at fair value under AASB 1058.
- depending on the respective contractual terms, AASB 15 may potentially result in a change to the timing of revenue from contracts and fees and charges. Some revenue may need to be deferred to a future reporting period if the Hospital receives funds prior to completing the associated obligations.
- Contributed services will continue to be recognised by the Hospital when a fair value can be determined reliably and the services would be purchased if they had not been donated.

30.3 AASB 16 Leases

AASB 16 will apply to reporting periods commencing after 1 January 2019. The application date for the Hospital is 1 July 2019. This standard replaces AASB 117 and Interpretation 4, 115 and 127.

AASB 16 largely retains the current lessor accounting model but does introduce 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.

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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 Hospital has commenced its analysis and assessment of right to use arrangements and notes the significant work involved to capture, assess and report these arrangements due to the large scale of its leasing activities.

The Hospital has not yet quantified the exact impact on the Statement of Comprehensive Income and Statement of Financial Position as a result of applying AASB 16 to its right to use asset arrangements. However, the Hospital's current operating lease commitments note (see note 24.1) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest expense has not yet been estimated.

The Hospital will continue its assessment of the impact over the next 12 months. It is envisaged that the Hospital will apply the cumulative approach via an adjustment to accumulated surplus at the date of initial application and will not restate comparatives.

31. 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.

The Hospital is aware of the following non-adjusting event: The State Government is reforming SA Health's governance arrangements and accordingly a *Health Care (Governance) Amendment Act* (amending Act) was proclaimed on 2 August 2018 and will come into effect 1 July 2019. The amended Act, amongst other matters, will enable the hospital to be governed by a Board (Governing Board).

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32. Remuneration of 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 APFII were:

Board/Committee name:	Government employee members*		Other members	
		members		
Northern Adelaide Local Health Network Consumer Advisory Board		4	White A (Chair), Mossop J (Vice Chairperson), Whatley G, Green L, Turner M, Isenonger J, Lowden H, Davies I, Putsey P, Moffatt N	
Northern Adelaide Local Health Network Governing Council		2	Hains S (Presiding Member), Durrant M, Isenonger J, Lampard F, Smith J, Wilson B, Moffatt N, Vinci G, Frost M	
Northern Adelaide Local Health Network Risk Management & Audit Committee		1	Connor G (Chair, appointed 10/10/2016), Smith J, McGowan C	

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

	2018	2017
	No. of Members	No. of Members
\$0	7	12
\$1 - \$9,999	18	17
\$10,000 - \$19,999	1	2
Total	26	31

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 \$0.070 million (\$0.070 million).

*In accordance with *the Department of the Premier and Cabinet Circular No. 016*, government employees did not receive any remuneration for board/committee duties during the financial year.

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

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33. Schedules of administered items

33.1 Basis of preparation

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

33.2 Categories of administered items

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

Consumer Funds represents funds held by the Hospital on behalf of consumers that reside in a Hospital facility whilst the consumer is receiving residential mental health services. The Hospital performs only a custodial role in respect of these funds.

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

Other administered items includes the Nurses Education Fund only.

33.3 Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

33.4 Schedules

Schedule of Administered Expenses and Income

	Private Practice		Consumer Funds		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses								
Supplies and services	-	-	-	-	46	44	46	44
Other expenses	6,255	5,575	529	258	-	-	6,784	5,833
Total administered expenses	6,255	5,575	529	258	46	44	6,830	5,877
Administered income								
Revenue from fees and charges	7,171	5,517	-	265	-	-	7,171	5,782
Other revenue	-	-	421	-	55	51	476	51
Total administered income	7,171	5,517	421	265	55	51	7,647	5,833
Net result	916	(58)	(108)	7	9	7	817	(44)

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Schedule of Administered Assets and Liabilities

	Private Practice		Consumer Funds		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current assets								
Cash and cash equivalents	684	391	233	359	168	127	1,085	877
Receivables	974	353	-	-	-	30	974	383
Total Administered current assets	1,658	744	233	359	168	157	2,059	1,260
Total administered assets	1,658	744	233	359	168	157	2,059	1,260

Administered current liabilities

Payables	-	1	-	17	-	-	-	18
Total Administered current liabilities	-	1	-	17	-	-	-	18
Total administered liabilities	-	1	-	17	-	-	-	18
Net administered assets	1,658	743	233	342	168	157	2,059	1,242

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Schedule of Administered Changes in Equity

	Total 2018 \$'000	Total 2017 \$'000
Balance at the beginning of the reporting period	1,242	951
Net result	817	(44)
Transfer of Patient Trust Account Oakden from CALHN to NALHN	-	17
Transfer of James Nash House from CALHN to NALHN	-	318
Total comprehensive result for the period	817	(51)
Balance at the end of the reporting period	2,059	900

Schedule of Administered Cash Flows

	Total 2018 \$'000	Total 2017 \$'000
--	-------------------------	-------------------------

Cash flows from operating activities

Cash inflows		
Fees and charges	6,549	5,633
Other revenue	506	286
Total Cash inflows	7,055	5,919

Cash outflows

Supplies and services	46	43
Other payments	6,801	5,816
Total Cash outflows	6,847	5,859

Net cash inflows/cash outflows from operating activities

	208	60
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Net increase/(decrease) in cash held

	208	60
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Cash at the beginning of the reporting period

	877	482
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Transfer of Patient Trust Account Oakden from CALHN to NALHN

	-	17
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Transfer of James Nash House from CALHN to NALHN

	-	318
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Cash at the end of the reporting period

	1,085	877
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