



Country Health SA Local Health Network Inc

2016-17 Annual Report

Country Health SA Local Health Network Inc

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Date presented to Minister: 26 September 2017.

To:

Hon Peter Malinauskas MLC

Minister for Health

Minister for Mental Health and Substance Abuse

This annual report is presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, the *Public Finance and Audit Act 1987* 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 Country Health SA Local Health Network Inc by:

Maree Geraghty

Chief Executive Officer



28 September 2017

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

Country Health South Australia Local Health Network (CHSALHN) provides a wide range of public acute, residential aged care, community health and mental health services to country based South Australians.

CHSALHN delivers a comprehensive range of health services throughout 63 public hospitals/health services in South Australia, according to population needs, focussing on integrating its service delivery with metropolitan hospitals and other service providers in country locations.

Objectives

- Build innovative and high performing health service models that deliver outstanding consumer experience and health outcomes
- Pursue excellence in all that we do
- Create a vibrant, values based place to work and learn
- Harness the power of partnerships to improve the effectiveness of services
- Elevate and enhance the level of health in country communities

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
<p>1. Enhance the accessibility of country hospitals and health services through innovation in technology and clinical service models.</p>	<p>Seven Strategic Priorities SA Safe Communities, healthy neighbourhoods: keeping our communities safe and our citizens healthy.</p> <p>SA Strategic Plan Goals We assist people to deal with all forms of illness and to live satisfying life where they can contribute to their community.</p> <p>Seven Strategic Priorities Every chance for every child: giving our children every chance to achieve their potential in life.</p>
<p>2. Refurbish infrastructure, purchase bio-medical equipment and invest resources to continuously improve the quality and safety of country health services.</p>	<p>SA Economic Priorities: Global leader in health & ageing.</p>
<p>3. Implement the Country Health Workforce Strategies in relation to Learning and Development, Attraction and Retention, and Workforce Planning.</p>	<p>SA Strategic Plan Vision We have a skilled and sustainable workforce.</p>
<p>4. Establish governance structures for Health Advisory Councils, consumers, communities and other partners to actively participate in the monitoring and improvement of the consumer experience.</p>	<p>Seven Strategic Priorities Safe Communities, healthy neighbourhoods: keeping our communities safe and our citizens healthy.</p>
<p>5. Implement health service reforms and workforce development strategies to enhance the country population priorities of Aboriginal health, mental health and aged care.</p>	<p>Seven Strategic Priorities Safe Communities, healthy neighbourhoods: keeping our communities safe and our citizens healthy.</p> <p>SA Strategic Plan Goals: We make healthy choices in how we live.</p>

Program name	Indicators of performance / effectiveness / efficiency	Comments
1.1 Clinical Services Reform	<ul style="list-style-type: none"> • Country Health SA Local Health Network (CHSALHN) has achieved a 47% reduction in occupied bed days for the top five length-of-stay conditions. • Over 2300 calls were made by country general practitioners (GPs) and nurses to the Integrated Cardiovascular Clinical Network (iCCnet) Cardiology Service, with an average response time of eight minutes (performance indicator ≤ 10 mins). • Utilisation of 3D Scanner technology has increased access to therapeutic footwear for clients living across CHSALHN and reduced costs from approximately \$1200 per pair to \$650 per pair. 	<ul style="list-style-type: none"> • Reduced acute occupancy enables resources to be reorientated into other clinical areas in and out of hospitals. • The iCCnet service is enabling patients to receive treatment closer to where they live. • Introduction of 3D Scanner technology has reduced the need for clients to make multiple trips to Adelaide to access therapeutic footwear.
1.2 Improving access to health services in our communities	<ul style="list-style-type: none"> • 229 000 services were delivered to 31 500 adults and 58 000 children. • 5523 clients with chronic conditions have received increased community based support, resulting in avoiding: <ul style="list-style-type: none"> • 3717 hospital admissions, • 2131 Emergency Department presentations, • 888 occupied bed days. • Reduction in Potentially Preventable Admissions to 8.7% (target 8.5%). • Country Access to Cardiac Health telephone program continues to maintain high completion rate; 79.1%. • Achieved 131% of targeted National Disability Insurance Scheme (NDIS) activity. • Digital Telehealth Network has been used to complete over 7000 clinical consumer encounters, an increase of 32% from the previous year. 	<ul style="list-style-type: none"> • Reduced length of stay in hospital through early supported discharge and avoiding functional loss. • Country Home Link ensures that people who have needed treatment in a metropolitan hospital can return home as quickly as they are able. • NDIS assists children with developmental delay or a disability. • 16 sites commenced in the South Australian Virtual Emergency Service trial, ensuring rural GPs and nurses have access to remote medical support overnight when required. It substantially improves work-life balance for country GPs and supports the recruitment and retention of GPs in rural areas. • One hundred and thirty one clients with chronic conditions were supported through the Virtual Clinical Care home telemonitoring program.

Program name	Indicators of performance / effectiveness / efficiency	Comments
1.3 Hospital Services	<ul style="list-style-type: none"> • Emergency Department seen on time targets met. • Elective surgery timely admissions targets met. • 59 967 same-day patients were discharged. • 51 310 overnight patients were discharged, with a total length of stay of 239 346 days. • 3592 babies were delivered in CHSALHN hospitals. 	<ul style="list-style-type: none"> • CHSALHN manages 63 inpatient hospitals across South Australia providing a wide scope of services, delivered by highly skilled local clinicians.
2.1 Continuous improvement of quality and safety	<ul style="list-style-type: none"> • There was a 9.2% decrease in Safety Assessment Code 1 and 2 events. • 39% reduction in overall open Workers Compensation claims and 52% reduction in psychological claims. • Overall reduction in the harm caused by falls for patients. 	<ul style="list-style-type: none"> • All CHSALHN Regions and Corporate Office hold current accreditation status against: <ul style="list-style-type: none"> • the EQUIPNational standards. • Australian Aged Care Quality Agency standards. • Commonwealth Home Care Standards.
2.2 Infrastructure Development	<ul style="list-style-type: none"> • \$1.8m fire upgrade works. • \$1.7m Infrastructure replacement works on air conditioning, heating, roofs, and communications. • \$3.7m was spent upgrading bio-medical equipment. • \$2.6m nine chair Gawler Renal Unit opened. 29 patients accessed this service three times per week, significantly reducing the travel time for patients. 	<ul style="list-style-type: none"> • The Southern Fleurieu Health Service officially opened. • A new purpose built on-site pharmacy was opened at the Port Lincoln Hospital.
3.1 Learning Together, Excelling Together (Workforce Strategies)	<ul style="list-style-type: none"> • 2017 Staff Survey engagement score of 75%. • Performance Review and Development Completion rate, 8% improvement from previous year. • 537 occasions of training through Country Allied Health Clinical Education Program (CAHCEP). • Emergency Nurse and Midwifery Education (ENAME) course held for 133 nurses and an update course for 118 nurses. 	<ul style="list-style-type: none"> • 2017 Staff Survey also reported top-rating categories of 'my team', 'role clarity' and 'safety'. • Achieved White Ribbon Accreditation. • Approved Reconciliation Action Plan.

Program name	Indicators of performance / effectiveness / efficiency	Comments
4.1 Engaging Communities Partners and Stakeholders in the Journey	<ul style="list-style-type: none"> • Received 2002 compliments and 1140 complaints. • The 2016 South Australian Consumer Experience Surveillance System for CHSALHN reports: <ul style="list-style-type: none"> • Involvement in care and treatment; 73.5% • Consistency and coordination; 77.8% • Treated with respect and dignity; 94.3% • Confidence and trust in the doctors; 88.6% • Confidence and trust in the nurses; 92.0% 	<ul style="list-style-type: none"> • A Partnership Framework for Health Advisory Councils and Country Health SA was collaboratively developed to acknowledge the special role that Health Advisory Councils (HACs) play in their local communities and the value this systematic local engagement can bring to country health services.
5.1 Aboriginal Health Programs	<ul style="list-style-type: none"> • All at risk communities were screened for trachoma or trichiasis. • 100% of children aged 1-14 years screened for trachoma. • 98% of children diagnosed with active trachoma were treated. • 100% of patients who were diagnosed as having trichiasis were referred and supported to attend appointments with an ophthalmologist. • Aboriginal Health – Left ED at own risk = 1.8% (target less than 4.5%). • Aboriginal % of Workforce = 1.92% June 16-17 compared to 1.72% June 2015-16. 	<ul style="list-style-type: none"> • 24 Consumers have joined the Aboriginal Health Experts by Experience (EbyE) Register (including 13 young people), making a total of 155. • CHSALHN Reconciliation Action Plan launched in 2016.
5.2 Improving Mental Health Outcomes	<ul style="list-style-type: none"> • Mental Health ED Presentations Visit Time > 24 Hours = 0 (target = 0). • 28 Day Readmission Rate 7% (target <12%). • % of Mental Health Clients Seen by a Community Health Service within 7 Days of Discharge = 83% (target 60%). • Achieved lowest rate of restraint and seclusion in SA at 2.8 incidents per 1000 bed days. 	<ul style="list-style-type: none"> • 10-bed Whyalla Community Rehabilitation Unit re-opened in October 2016. • Established two Intensive Community Programs in Whyalla and Mount Gambier. • Introduced an Artists in Residence Program offering inpatient and community rehabilitation orientated activity.

Program name	Indicators of performance / effectiveness / efficiency	Comments
5.3 Aged Care	<ul style="list-style-type: none"> · Residential Aged Care Occupancy = 93.9%. · 611 people were assessed through the Aged Care Assessment Program (ACAP), with 99.4% high priority referrals being seen within the required three calendar days. · 94 Transitional Care Packages (TCP), with 94% of these packages delivered, resulting in over 32 000 days of service. · 443 000 Commonwealth Home Support Program (CHSP) services were delivered, which achieved 84.6% of required activity 	<ul style="list-style-type: none"> · A more detailed description of CHSALHN's aged care services is available at a new website www.countryhealthconnect.sa.gov.au. · ACAP ensures that older people can gain timely access to residential aged care, home care packages and transitional care packages. · TCP enables intensive community or residential restorative therapy services to be delivered to older people who are at risk of requiring residential aged care. 95% of TCP recipients avoided having to be placed in an aged care facility. · CHSP enables older people to remain independent in their own home for longer.

Legislation administered by the agency

None.

Organisation of the agency

- Aboriginal Health
- Allied Health & Community
- Corporate Services
- Finance
- Medical Services
- Mental Health
- Nursing & Midwifery Services
- People & Culture
- Regional Services
- Service Improvement and Reform

Organisation chart available at:

<http://www.sahealth.sa.gov.au/CountryHealth>

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

Country Health SA Local Health Network Inc (Governing Council)

Department for Health and Ageing

Central Adelaide Local Health Network

Northern Adelaide Local Health Network

Southern Adelaide Local Health Network

Women's and Children's Health Network

South Australian Ambulance Service

Office for the Ageing

Employment opportunity programs

Program name	Result of the program
Jobs4Youth	During 2016-17, Country Health SA Local Health Network engaged nine trainees and four graduates located at Victor Harbor, Mount Gambier, Mount Barker, Adelaide, Ceduna, Port Pirie, Gawler, Cooper Pedy and Murray Bridge, seven of whom are of Aboriginal and Torres Strait Islander descent.
Country Enrolled Nursing Program	During 2016-17, 13 new students commenced the program, five of whom are of Aboriginal and Torres Strait Islander descent. This program continues to be a successful targeted recruitment strategy, offering a training pathway for rural people to kick start their health career by combining local work and study.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Performance Review & Development is a process for supporting continuous improvement of employees' work performance to assist them to meet SA Health values and objectives.	89.4% of staff completed a performance review during 2016-17.

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Manual task facilitator model: staff trained in best practice manual task activities, and training peers	Work health & safety program: number of new workers compensation claims																																																							
	<table border="1"> <thead> <tr> <th>2016-17</th> <th>2015-16</th> <th>variation</th> <th>% change</th> </tr> </thead> <tbody> <tr> <td>274</td> <td>313</td> <td>-39</td> <td>â 12%</td> </tr> </tbody> </table>	2016-17	2015-16	variation	% change	274	313	-39	â 12%																																															
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Psychological strategy: resolution of psychological issues without claim lodgement	Injury Management program: workers compensation expenditure 2016-17 compared with 2015-16.																																																							
Long-term claims: resolution of long-term claims	<table border="1"> <thead> <tr> <th>Expenditure</th> <th>2016-17</th> <th>2015-16</th> <th>variation</th> <th>% change</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td>\$1,329,592</td> <td>\$1,758,809</td> <td>-\$429,217</td> <td>â 24.4%</td> </tr> <tr> <td>Hospital</td> <td>\$124,282</td> <td>\$172,098</td> <td>-\$47,816</td> <td>â 27.8%</td> </tr> <tr> <td>Medical</td> <td>\$730,509</td> <td>\$884,507</td> <td>-\$153,998</td> <td>â 17.4%</td> </tr> <tr> <td>Rehabilitation</td> <td>\$830</td> <td>\$5,663</td> <td>-\$4,833</td> <td>â 85.3%</td> </tr> <tr> <td>Investigations</td> <td>\$40,187</td> <td>\$43,090</td> <td>-\$2,903</td> <td>â 6.7%</td> </tr> <tr> <td>Legal</td> <td>\$550,993</td> <td>\$617,740</td> <td>-\$66,747</td> <td>â 10.8%</td> </tr> <tr> <td>Lump Sum</td> <td>\$1,865,346</td> <td>\$4,607,732</td> <td>-\$2,742,386</td> <td>â 59.5%</td> </tr> <tr> <td>Travel</td> <td>\$106,454</td> <td>\$151,200</td> <td>-\$44,746</td> <td>â 29.6%</td> </tr> <tr> <td>Other</td> <td>\$130,022</td> <td>\$223,899</td> <td>-\$93,878</td> <td>â 41.9%</td> </tr> <tr> <td>Total costs</td> <td>\$4,878,215</td> <td>\$8,464,739</td> <td>-\$3,586,525</td> <td>â 42.4%</td> </tr> </tbody> </table>	Expenditure	2016-17	2015-16	variation	% change	Income	\$1,329,592	\$1,758,809	-\$429,217	â 24.4%	Hospital	\$124,282	\$172,098	-\$47,816	â 27.8%	Medical	\$730,509	\$884,507	-\$153,998	â 17.4%	Rehabilitation	\$830	\$5,663	-\$4,833	â 85.3%	Investigations	\$40,187	\$43,090	-\$2,903	â 6.7%	Legal	\$550,993	\$617,740	-\$66,747	â 10.8%	Lump Sum	\$1,865,346	\$4,607,732	-\$2,742,386	â 59.5%	Travel	\$106,454	\$151,200	-\$44,746	â 29.6%	Other	\$130,022	\$223,899	-\$93,878	â 41.9%	Total costs	\$4,878,215	\$8,464,739	-\$3,586,525	â 42.4%
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Job-seeking: locating funded positions for work-injured who cannot return to their pre-injury position																																																								

Fraud detected in the agency

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

Strategies implemented to control and prevent fraud

Country Health SA Local Health Network processes implemented to help control and prevent fraud include the following:

- An independent Risk Management and Audit Committee providing advice directly to the Chief Executive Officer meets to review any instances of fraud reported to the Independent Commission Against Corruption and to the Department for Health and Ageing's Risk and Audits Branch.
- Internally, organisational finances are reviewed monthly by the Performance Committee chaired by the Chief Operating Officer.
- The Corporate Governance Committee chaired by the Executive Director of Corporate Services reviews outstanding debts and debt write-offs on a monthly basis.
- An annual Controls Self-Assessment review is undertaken to ensure that controls are in place to avoid fraud.

Data for the past five years is available at:

<https://data.sa.gov.au/data/dataset/country-health-sa-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/country-health-sa-local-health-network>

Executive employment in the agency

Executive classification	Number of executives
SAES 1 (PS Act)	5
SAES 2 (PS Act)	1
Executive Level A (HC Act)	5
Executive Level B(HC Act)	1
Executive Level C (HC Act)	
Executive Level D (HC Act)	1

Data for the past five years is available at:

<https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network>

For further information, the [Office for the Public Sector](#) 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
University of South Australia	Development, implementation and evaluation of a modernised clinical intake and initial response process for Children's Health and Development Services within Country South Australia.	\$9,090.91
Consultancies above \$10,000 each		
BDO Advisory (SA) Pty Ltd	Market analysis of Country Health South Australia Local Health Network's disability services in line with Commonwealth funding and National Disability Insurance Scheme reforms.	\$86,097.68
Total all consultancies		\$95,188.59

Data for the past five years is available at:

<https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. 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.

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.

The figures below are the consolidated figures which include Country Health SA Local Health Network and the Health Advisory Councils and their respective Gift Fund Trusts.

During the reporting period:

- *Total Expenses* **decreased** by \$10 million from \$872 million in 2015-16 to \$862 million in 2016-17 mainly due to a **decrease** in Staff Benefit expenses (Salaries and Wages, On-costs, Annual Leave, etc) from \$532 million to \$521 million but an **increase** in Supplies and Services expenses from \$301 million to \$302 million.
- *Total Income* **increased** by \$4 million from \$210 million in 2015-16 to \$214 million in 2016-17 mainly due to an **increase** in Other Revenue (Donations, Dividend Revenue, etc) from \$3 million to \$5 million and Grants and Contributions from \$129 million to \$131 million.
- Thus, due to the above, the overall *Net Cost of Providing Services* **decreased** by \$14 million from \$662 million in 2015-16 to \$648 million in 2016-17.

- The value of *Total Assets* **decreased** by \$40 million from \$1014 million in 2015-16 to \$974 million in 2016-17 mainly due to a **decrease** in the value of Property, Plant and Equipment from \$852 million to \$829 million, Cash and Cash Equivalents (Cash at Bank, Deposits with Treasurer) from \$48 million to \$25 million and total Receivables from \$30 million to \$22 million but an **increase** in Other Financial Assets (Term Deposits with Finance Institutions) from \$79 million to \$90 million and Intangible Assets (mostly Computer Software) by \$3 million.
- The value of *Total Liabilities* also **decreased** by \$10 million from \$305 million in 2015-16 to \$295 million in 2016-17 mostly due to a **decrease** in Payables by \$7 million, Borrowings by \$4 million, total Provisions by \$5 million and Staff Benefits by \$1 million but an **increase** in Other Liabilities (Unclaimed Monies) by \$7 million.
- Thus, the above led to a **decrease** in *Net Assets* (Total Assets less Total Liabilities) by \$30 million from \$709 million in 2015-16 to \$679 million in 2016-17, which is reflected in the **decrease** in *Retained Earnings* from \$531 million in 2015-16 to \$501 million in 2016-17.

(The above amounts are rounded to the nearest million.)

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

Other information requested by the Minister

Not Applicable.

Significant issues affecting the agency

Not Applicable.

Reporting pertaining to independent functions

Not applicable.

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 for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, 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.

CHSALHN has a staff orientation and induction program and a mandatory staff training program that ensures staff are educated about the Carers Charter.

CHSALHN has a comprehensive consumer engagement strategy and regularly consults with Health Advisory Councils, the Health Consumers Alliance of South Australia and other representative groups when developing policies and programs that affect consumers or carers and when undertaking strategic or operational planning.

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 Ageing 2016-17 Annual Report, which can be accessed on the [SA Health website](#).

Data for the past five years is available at:

<https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network>

Complaint Outcomes

A whole of SA Health response is provided in the Department for Health and Ageing 2016-17 Annual Report, which can be accessed on the [SA Health website](#).

Appendix: Audited financial statements 2016-17



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www.audit.sa.gov.au

To the Chief Executive Officer Country Health SA 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 Country Health SA Local Health Network Incorporated and the consolidated entity comprising the Country Health Network Incorporated and its controlled entities for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Country Health SA Local Health Network Incorporated and its controlled entities as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated 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 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer, Department for Health and Ageing.

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 Country Health SA Local Health Network Incorporated and its controlled entities. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive Officer for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated 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 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 Chief Executive Officer regarding, 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', written in a cursive style.

Andrew Richardson

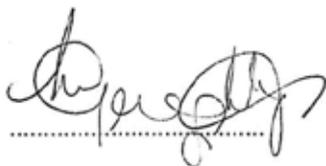
Auditor-General

21 September 2017

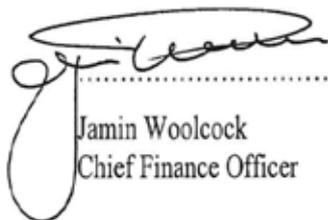
Certification of the financial statements

We certify that the:

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



Maree Geraghty
Chief Executive Officer



Jamin Woolcock
Chief Finance Officer

Date 15/9/17

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses					
Staff benefit expenses	4	521,025	531,692	521,025	531,692
Supplies and services	5	302,348	300,778	302,324	300,774
Depreciation and amortisation expense	6	34,307	34,930	18,917	19,461
Grants and subsidies	7	833	888	567	846
Borrowing costs	8	1,396	1,602	1,396	1,602
Net loss from disposal of non-current and other assets	14	187	374	118	293
Other expenses	9	1,973	1,686	6,178	2,855
Total expenses		862,069	871,950	850,525	857,523
Income					
Revenue from fees and charges	10	75,437	75,591	75,437	75,591
Grants and contributions	11	131,284	128,866	132,832	130,849
Interest revenue	12	2,377	2,489	2,077	2,213
Resources received free of charge	13	256	9	224	9
Other revenue	15	4,698	2,902	614	251
Other income	15	53		16	
Total income		214,105	209,857	211,200	208,913
Net cost of providing services		647,964	662,093	639,325	648,610
Revenues from SA Government					
Revenue from SA Government	16	618,230	617,653	618,230	617,653
Total revenues from SA Government		618,230	617,653	618,230	617,653
Total comprehensive result		(29,734)	(44,440)	(21,095)	(30,957)

The total comprehensive result is attributable to the SA Government as owner

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$'000	\$ '000	\$ '000
Current assets					
Cash and cash equivalents	17	24,669	47,549	17,063	41,712
Receivables	18	19,071	25,736	19,016	25,950
Other financial assets	19	90,228	79,373	80,247	70,724
Inventories	20	4,722	4,493	4,722	4,493
Total current assets		138,690	157,151	121,048	142,879
Non-current assets					
Receivables	18	3,234	4,836	3,234	4,836
Other financial assets	19	77	77		
Property, plant and equipment	21	828,852	851,717	426,327	437,183
Intangible assets	22	3,538	824	3,538	824
Total non-current assets		835,701	857,454	433,099	442,843
Total assets		974,391	1,014,605	554,147	585,722
Current liabilities					
Payables	24	36,862	43,624	36,862	43,624
Borrowings	25	3,627	3,380	3,627	3,380
Staff benefits	26	72,427	72,294	72,427	72,294
Provisions	27	6,102	8,260	6,102	8,260
Other liabilities	28	70,550	63,941	70,550	63,941
Total current liabilities		189,568	191,499	189,568	191,499
Non-current liabilities					
Payables	24	3,671	3,953	3,671	3,953
Borrowings	25	15,002	18,642	15,002	18,642
Staff benefits	26	78,923	80,208	78,923	80,208
Provisions	27	7,785	11,127	7,785	11,127
Total non-current liabilities		105,381	113,930	105,381	113,930
Total liabilities		294,949	305,429	294,949	305,429
Net assets		679,442	709,176	259,198	280,293
Equity					
Asset revaluation surplus		178,119	178,215	99,893	99,893
Retained earnings		501,323	530,961	159,305	180,400
Total equity		679,442	709,176	259,198	280,293
The total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	29				
Contingent assets and liabilities	32				

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED**STATEMENT OF CHANGES IN EQUITY**

As at 30 June 2017

CONSOLIDATED

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$'000
Balance at 30 June 2015		178,324	577,536	755,860
Total comprehensive result for 2015-16			(44,440)	(44,440)
Transfer between equity components		(109)	109	
Transactions with SA Government as owner				
Net assets received from an administrative restructure	31	(1,679)		(1,679)
Net assets transferred as a result of an administrative restructure	31		(565)	(565)
Balance at 30 June 2016		178,215	530,961	709,176
Total comprehensive result for 2016-17			(29,734)	(29,734)
Transfer between equity components		(96)	96	
Balance at 30 June 2017		178,119	501,323	679,442

PARENT

	Note	Asset revaluation surplus \$'000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2015		99,893	213,601	313,494
Net result for 2015-16 as previously reported			(30,957)	(30,957)
Net result for 2015-16		99,893	182,644	282,537
Transactions with SA Government as owner				
Net assets received from an administrative restructure	31		(1,679)	(1,679)
Net assets transferred as a result of an administrative restructure	31		(565)	(565)
Balance at 30 June 2016		99,893	180,400	280,293
Total comprehensive result for 2016-17			(21,095)	(21,095)
Balance at 30 June 2017		99,893	159,305	259,198

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

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$'000	\$ '000	\$ '000
Cash flows from operating activities					
Cash outflows					
Staff benefit payments		(540,332)	(511,755)	(538,174)	(511,755)
Payments for supplies and services		(315,730)	(325,562)	(317,881)	(325,536)
Payments for grants and subsidies		(2,930)	(2,455)	(2,664)	(2,413)
Interest paid		(1,396)	(1,602)	(1,396)	(1,602)
Residential aged care bonds refunded		(16,299)	(10,277)	(16,299)	(10,277)
Payments for paid parental leave scheme		(1,932)	(1,954)	(1,932)	(1,954)
Other payments		(2,398)	(1,038)	(2,863)	(1,440)
Cash used in operations		(881,017)	(854,643)	(881,209)	(854,977)
Cash inflows					
Fees and charges		80,200	81,863	80,459	82,378
Grants and contributions		131,934	129,769	133,482	131,752
Interest received		247	665	187	597
GST recovered		18,406	18,816	18,406	18,816
Residential aged care bonds received		23,717	27,225	23,717	27,225
Receipts for paid parental leave scheme		1,907	1,907	1,907	1,907
Other receipts		6,601	4,765	2,480	2,113
Cash generated from operations		263,012	265,010	260,638	264,788
Cash flows from SA Government					
Receipts from SA Government		618,862	614,219	618,862	614,197
Total cash flows from SA Government		618,862	614,219	618,862	614,197
Net cash provided by operating activities		857	24,586	(1,709)	24,008
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(8,343)	(7,828)	(8,343)	(7,756)
Purchase of intangibles		(3,750)		(3,750)	
Purchase of investments		(12,056)	(22,369)	(8,003)	(21,500)
Cash used in investing activities		(24,149)	(30,197)	(20,096)	(29,256)
Cash inflows					
Proceeds from sale of property, plant and equipment		325	220	4	
Proceeds from sale/maturities of investments		3,336	550	401	
Cash generated from investing activities		3,661	770	405	
Net cash provided by/(used in) investing activities		(20,488)	(29,427)	(19,691)	(29,256)

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$'000	\$'000	\$ '000
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(2,603)	(2,420)	(2,603)	(2,420)
Repayment of borrowings		(790)	(734)	(790)	(734)
Cash used in financing activities		(3,393)	(3,154)	(3,393)	(3,154)
Cash inflows					
Proceeds from receipt of loan repayments		144		144	
Cash generated from financing activities		144		144	
Net cash provided by/(used in) financing activities		(3,249)	(3,154)	(3,249)	(3,154)
Net increase/(decrease) in cash and cash equivalents		(22,880)	(7,995)	(24,649)	(8,402)
Cash and cash equivalents at the beginning of the period		47,549	55,544	41,712	50,114
Cash and cash equivalents at the end of the period	17	24,669	47,549	17,063	41,712
Non-cash transactions	33				

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

1 Objectives of the Country Health SA Local Health Network Incorporated

The Country Health SA Local Health Network Incorporated (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 Country and Regional Adelaide, and is responsible to the Minister for Health, the Minister for Mental Health and Substance Abuse and the Minister for Ageing.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the country region including primary health services to Aboriginal communities in Ceduna, Port Augusta and surrounding areas and financial assistance to individuals through the Patient Assistance Transport Scheme.

Health Advisory Councils (I-IACs) were established under the *Health Care Act 2008* (the Act) to provide a more coordinated, strategic and integrated health care system to meet the health needs of South Australians. I-IAC's are consultative bodies that advise and make recommendations to the Chief Executive of the Department for Health and Ageing (the Department) and the Chief Executive Officer of the Hospital on issues related to specific groups or regions.

HAC's may be incorporated or non-incorporated. Incorporated HAC's in country South Australia hold assets, manage bequests and provide advice on local health service needs and priorities. The Country Health SA Local Health Network Advisory Council Incorporated holds assets on behalf of non-incorporated HAC's.

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department and is accountable to the Chief Executive of the Department.

I.I Reporting Entity

The Act became effective on 1 July 2008 and as a consequence the former Hospitals and Incorporated Health Centres were abolished and became sites of the (then) new Country Health SA Hospital Incorporated. At the same time the incorporated and non-incorporated HACs were established. Effective 1st July 2011 Country Health SA Hospital Incorporated was renamed to Country Health SA Local Health Network Incorporated.

The consolidated accounts of the Hospital include the assets, liabilities, revenues and expenses of the parent entity, the I-IAC's and the incorporated HAC's gift fund trusts. These funds are trusts administered by each HAC pursuant to a Declaration of Trust. The fund receives donations, gifts and bequests from the public which are applied by the Trustee to improve the services offered by the I-IAC.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity being the Hospital and the HACs, in accordance with *AASE 10 Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at Note 34.

The Hospital has administered activities and resources. 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's transactions.

2 Significant accounting policies

2.1 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.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) staff targeted voluntary separation package (TVSP) information;
 - d) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths), and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

The financial statements have been prepared based on a 12 month period; presented in Australian currency; and have used the historical cost convention unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

2.3 Comparative information

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.

2.4 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.5 Taxation

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

In come, 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

2.6 Continuity of Operations

As at 30 June 2017, the Hospital had working capital deficiency of \$50.878 million (\$34.348 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

2.7 Events after the reporting period

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.8 Current and non-current classification

The Hospital has a clearly defined operating cycle of 12 months. 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.

2.9 Non-current assets

a. 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.

b. 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	10 - 80
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2-20
• Computing equipment	3-5
• Vehicles	2-20
• Other plant and equipment	3-30
Intangibles	5-10

c. Revaluation of non-current assets

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

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

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

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

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.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

d. 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. 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.

e. 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 Hospital has aged care bed licences which have an indefinite useful life therefore no amortisation is recognised.

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.

f. 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 21 and 23 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

2.10 Liabilities - Staff benefits

These benefits accrue for staff 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.

Salaries, wages, annual leave, SERL 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 SERL 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.

COONTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Long service leave

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

2.11 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.

2.12 Correction of a prior period error

Prior Period Reclassification

The comparative informative at Note 5 and 7 has been amended to better reflect the nature of the transactions.

3 New and revised accounting standards and policies

The Hospital did not voluntarily change any of its accounting policies during 2016-17.

Accounting Standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Consolidated Entity for the period ending 30 June 2017. The Hospital has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Hospital, except as outlined below.

Reference	Title and date of Standard application	Summary	Impact on Financial Statements	Application date for agency
AASB 15	<i>Revenue from Contracts with Customers</i> 1 Jan 2019	AASB 15 is the new standard for revenue recognition and replaces AASB 111 Construction Contracts and AASB 118 Revenue. It establishes a comprehensive framework for determining whether, how and when revenue is recognised. The principle in the new standard is 'when control of a good or service transfers to a customer' rather than 'when the risk and rewards of ownership reside'	The Hospital is currently assessing the impact of AASB 15 and has identified there could be a potential impact on the timing of the recognition of revenue from fees and charges. At this stage, the Hospital is not able to estimate the impact of AASB 15 on its financial statements. The Hospital will make a more detailed assessment of the impact over the next 12 months.	1 July 2019

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Reference	Title and date of Standard application	Summary	Impact on Financial Statements	Application date for agency
AASB 16	<p><i>Leases</i></p> <p>I January 2019</p>	<p>This new standard introduces a single accounting model for lessees.</p> <p>The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligations to make lease payments .</p> <p>In effect, the majority of leases currently classified as operating leases will be reported on the Statement of Financial Position.</p> <p>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117</p>	<p>This new standard is a significant change from the past 30 years of accounting for leases.</p> <p>It will require the Hospital to record almost all operating leases arrangements on the Statement of Financial Position.</p> <p>There will be significant work for the Hospital to report these assets and liabilities due to the large scale of its leasing activities.</p> <p>The Hospital has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating lease arrangements.</p>	1 July 2019
AASB 1058	<p><i>Income of Not-for-Profit Entities</i></p> <p>I Jan 2019</p>	<p>This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit entities in conjunction with AASB 15.</p> <p>AASE 15 and I 058 will supersede the majority of income recognition requirements relating to public sector not-for-profit entities, previously in AASE 1004.</p> <p>The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation or a contribution by owners related to an asset received by the entity.</p> <p>AASE I 058 applies when a not-for-profit entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.</p>	<p>The Hospital is currently assessing the impact of AASB I 058 and has identified there could be a potential impact on the timing of the recognition of grant revenue and disclosures relating to volunteer services, whether recognised or not.</p> <p>At this stage, the Hospital is not able to estimate the impact of AASE I 058 on its financial statements. The Hospital will make a more detailed assessment of the impact over the next 12 months.</p>	1 July 2019

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4 Staff benefit expenses	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	425,716	417,118	425,716	417,118
TVSP (refer below)	724	18	724	18
Long service leave (LSL)	7,602	21,247	7,602	21,247
Annual leave	40,754	39,585	40,754	39,585
Skills and experience retention leave (SERL)	2,198	2,015	2,198	2,015
Staff on-costs - superannuation*	44,534	44,892	44,534	44,892
Workers compensation	(820)	6,395	(820)	6,395
Board and committee fees	75	78	75	78
Other staff related expenses	242	344	242	344
Total staff benefit expenses	521,025	531,692	521,025	531,692

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

Targeted voluntary separation packages (TVSPs)	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Amount paid during the reporting period to separated staff:				
TVSPs	724	18	724	18
Annual leave, LSL and SERL paid to those employees	317	9	317	9
	1,041	27	1,041	27

Number of staff who received a TVSP during the reporting period	2017	2016	2017	2016
	8	1	8	1

Remuneration of staff	Consolidated		Parent	
	2017	2016	2017	2016
The number of staff whose remuneration received or receivable falls within the following bands:	Total Number	Total Number	Total Number	Total Number
\$145,000 - \$147,000*	na	8	na	8
\$147,001 - \$157,000	32	22	32	22
\$157,001 - \$167,000	19	8	19	8
\$167,001 - \$177,000	6	2	6	2
\$177,001 - \$187,000	4	6	4	6
\$187,001 - \$197,000	3	3	3	3
\$197,001 - \$207,000	3	2	3	2
\$207,001 - \$217,000	5	1	5	1
\$217,001 - \$227,000		4		4
\$227,001 - \$237,000		3		3
\$237,001 - \$247,000		2		2
\$247,001 - \$257,000	2		2	
\$257,001 - \$267,000	1		1	
\$267,001 - \$277,000	3	2	3	2
\$277,001 - \$287,000		2		2
\$287,001 - \$297,000		4		4
\$297,001 - \$307,000		3		3
\$307,001 - \$317,000		3		3
\$317,001 - \$327,000	5		5	
\$327,001 - \$337,000	7		7	
\$337,001 - \$347,000	3		3	
\$347,001 - \$357,000	2	2	2	2
\$357,001 - \$367,000	2	1	2	
\$367,001 - \$377,000				

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Remuneration of staff The number of staff whose remuneration received or receivable falls within the following bands:	Consolidated		Parent	
	2017	2016	2017	2016
	Total Number	Total Number	Total Number	Total Number
\$377,001 - \$387,000				
\$387,001 - \$397,000				
\$397,001 - \$407,000	2	3	2	3
\$407,001 - \$417,000		3		3
\$417,001 - \$427,000		1		
\$427,001 - \$437,000	3	3	3	3
\$437,001 - \$447,000		2		2
\$447,001 - \$457,000	2	2	2	2
\$457,001 - \$467,000	1	1		1
\$467,001 - \$477,000	4		4	
\$477,001 - \$487,000				
\$487,001 - \$497,000				
\$507,001 - \$517,000	2		2	
\$517,001 - \$527,000	2		2	
\$527,001 - \$537,000	1			
\$537,001 - \$547,000				
\$547,001 - \$557,000				
\$557,001 - \$567,000				
\$567,001 - \$577,000				
\$577,001 - \$587,000				
\$587,001 - \$597,000				
\$607,001 - \$617,000		2		2
\$627,001 - \$637,000		1		
\$637,001 - \$647,000				
\$667,001 - \$677,000				
Total number of staff	132	107	132	107

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2015-16.

Total remuneration received or due and received by employees included above:	Consolidated				Parent			
	2017		2016		2017		2016	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Medical (excluding Nursing) remuneration	65	24,181	63	21,356	65	24,181	63	21,356
Executive remuneration	12	2,661	13	2,717	12	2,661	13	2,717
Nursing remuneration	52	8,708	27	4,107	52	8,708	27	4,107
Non-medical (i.e. administration) remuneration	3	488	4	687	3	488	4	687
Total	132	36,038	107	28,867	132	36,038	107	28,867

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.

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5	Supplies and services	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Administration	2,030	1,628	2,018	1,628
	Advertising	1,096	347	1,096	347
	Communication	3,748	3,915	3,748	3,915
	Computing	10,026	10,212	10,026	10,212
	Contractors	1,695	1,691	1,695	1,691
	Contractors - agency staff	13,351	13,997	13,351	13,997
	Consultants	95	146	95	146
	Contract of services	21,166	21,991	21,166	21,991
	Drug supplies	8,028	8,426	8,028	8,426
	Electricity, gas and fuel	8,615	8,924	8,615	8,924
	Fee for service	80,560	79,387	80,560	79,387
	Finance lease contingent rentals	2,359	2,260	2,359	2,260
	Food supplies	9,461	9,566	9,461	9,566
	Housekeeping	7,350	7,560	7,350	7,560
	Insurance	7,567	7,251	7,567	7,251
	Internal SA Health SLA payments	4,727	6,537	4,727	6,537
	Interstate patient transfers	3		3	
	Legal	175	131	175	131
	Medical, surgical and laboratory supplies	38,303	38,601	38,303	38,601
	Minor equipment	5,434	3,096	5,434	3,096
	Motor vehicle expenses	1,664	2,230	1,664	2,230
	Occupancy rent and rates	3,713	5,329	3,713	5,329
	Patient transport	19,464	19,127	19,464	19,127
	Payments to Shared Services SA	6,855	6,527	6,855	6,527
	Postage	1,145	1,155	1,145	1,155
	Printing and stationery	2,908	2,995	2,908	2,995
	Rental expense on operating lease*	5,485	4,222	5,485	4,222
	Repairs and maintenance	25,304	22,299	25,304	22,299
	Security	983	670	983	670
	Staff training and development	2,495	3,237	2,495	3,237
	Staff travel expenses	2,272	2,724	2,272	2,724
	Other supplies and services	4,271	4,597	4,259	4,593
	Total supplies and services	302,348	300,778	302,324	300,774

*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.

The number and dollar amount of consultancies paid/payable included in supplies and services expense) that fell within the following bands:	Consolidated				Parent			
	2017		2016		2017		2016	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	1	9			1	9		
Above \$10,000		86	3	146	1	86	3	146
Total paid/payable to consultants engaged	2	95	3	146	2	95	3	146

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The 2016 comparative information for supplies and services has been amended to better reflect the nature of the transactions in accordance with Note 2.12 above. Reclassification has occurred from Note 7 Grants and subsidiaries. The amendments made had no impact on reported equity.

The following significant adjustments were made to the 2016 comparative information:

	Consolidated		Parent	
	2016 Reported \$'000	2016 Adjusted \$'000	2016 Reported \$'000	2016 Adjusted \$'000
Contractors	1,590	1,691	1,590	1,691
Contract of services		21,991		21,991
Fee for service	78,865	79,387	78,865	79,387

6	Depreciation and amortisation expense	Consolidated		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
	Buildings and improvements	29,818	31,016	14,428	15,547
	Medical, surgical, dental and biomedical equipment	2,501	2,816	2,501	2,816
	Other plant and equipment	878	934	878	934
	Leasehold improvements	74	128	74	128
	Intangible assets	1,036	36	1,036	36
	Total depreciation and amortisation	34,307	34,930	18,917	19,461

7	Grants and subsidies	Note	Consolidated		Parent	
			2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
	Capital grants		14		14	
	Subsidies		2		2	
	Funding to non-government organisations		515	846	515	846
	Other		302	42	36	
	Total grants and subsidies		833	888	567	846

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

The 2016 comparative information for grants and subsidies has been amended to better reflect the nature of the transactions in accordance with Note 2.12 above. Reclassification has occurred from Note 5 Supplies and services. The amendments made had no impact on reported equity.

The following significant adjustments were made to the 2016 comparative information:

	Consolidated		Parent	
	2016 Reported \$'000	2016 Adjusted \$'000	2016 Reported \$'000	2016 Adjusted \$'000
Recurrent grants	97		97	
Subsidies	95		95	
Funding to non-government organisations	22,866	846	22,866	864
Other	444	42	402	

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8	Borrowing costs	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Finance charges on finance leases	1,306	1,468	1,306	1,468
	Interest on borrowings	86	127	86	127
	Other finance charges	4	7	4	7
	Total borrowing cost	1,396	1,602	1,396	1,602

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was \$1.396 million (\$1.602 million).

9	Other expenses	Note	Consolidated		Parent	
			2017	2016	2017	2016
			\$'000	\$'000	\$'000	\$'000
	Bad and doubtful debts	18	285	130	285	130
	Bank fees and charges		24	46	24	44
	Donated assets expense			314	3,740	1,479
	Net loss on revaluation of investments			20		20
	Other*		1,664	1,176	2,129	1,182
	Total other expenses		1,973	1,686	6,178	2,855

Donated assets expense includes transfer of buildings and improvements and is recorded as expenditure at their fair value.

* Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.454 million (\$0.528 million) and to Galpins Accountants Auditors and Business Consultants were \$0.228 million (\$0.227 million). No other services were provided by the Auditor-General's Department.

10	Revenue from fees and charges	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Ambulance transport		1		1
	Insurance recoveries	9	28	9	28
	Patient and client fees	19,351	18,231	19,351	18,231
	Private practice fees	1,620	1,137	1,620	1,137
	Recoveries	15,843	15,037	15,843	15,037
	Residential and other aged care charges	26,835	26,913	26,835	26,913
	Sale of goods - medical supplies	1,469	1,798	1,469	1,798
	Other user charges and fees	10,310	12,446	10,310	12,446
	Total fees and charges	75,437	75,591	75,437	75,591

11	Grants and contributions	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Commonwealth grants and donations	41,206	38,920	41,206	38,920
	Commonwealth aged care subsidies	74,080	72,387	74,080	72,387
	SA Government Capital contributions			969	1,334
	Other SA Government grants and contributions	7,474	8,664	8,053	9,313
	Private sector capital contributions		156		156
	Private sector grants and contributions	8,524	8,739	8,524	8,739
	Total grants and contributions	131,284	128,866	132,832	130,849

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.

Of the \$131.284 million (\$128.866 million) received in 2016-17, \$131.284 million (\$128.866 million) was provided for specific purposes such as aged care, community health services and other related health services.

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12 Interest revenue	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Interest from SAFA	24	28	24	28
Bank interest	2,353	2,461	2,053	2,185
Total interest revenue	2,377	2,489	2,077	2,213

13 Resources received free of charge	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Land and buildings	200		200	
Plant and equipment	24	9	24	9
Other	32			
Total resources received free of charge	256	9	224	9

Resources received free of charge include property, plant and equipment and are recorded at their fair value.

14 Net gain/(loss) from disposal of non-current and other assets	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Proceeds from disposal	307	220		
Net book value of assets disposed	(457)	(309)	(98)	(17)
Less other costs of disposal	(17)	(9)		
Net gain/(loss) from disposal of land and buildings	(167)	(98)	(98)	(17)

Plant and equipment:

Proceeds from disposal	4		4	
Net book value of assets disposed	(23)	(276)	(23)	(276)
Less other costs of disposal	(1)		(1)	
Net gain/(loss) from disposal of plant and equipment	(20)	(276)	(20)	(276)

Non-current assets held for sale:

Proceeds from disposal	32			
Net book value of assets disposed	(32)			

Net gain/(loss) from disposal of non-current assets held for resale

Total assets:

Total proceeds from disposal	343	220	4	
Less total value of assets disposed	(512)	(585)	(121)	(293)
Less other costs of disposal	(18)	(9)	(1)	
Total net gain/(loss) from disposal of assets	(187)	(374)	(118)	(293)

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

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15 Other revenues/income	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	17	13	17	13
Dividend revenue	2	4	2	4
Training revenue	5	2	5	2
Donations	4,583	3,059	548	439
Car parking revenue	3	3	3	3
Other	88	(179)	39	(210)
Total other revenues	4,698	2,902	614	251
Other	53		16	
Total other income	53		16	

16 Revenue from SA Government	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Recurrent funding	604,221	604,729	604,221	604,729
Capital funding	14,009	12,924	14,009	12,924
Total revenues from Department for Health and Ageing	618,230	617,653	618,230	617,653

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

17 Cash and cash equivalents	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	19,354	30,170	11,807	24,333
Deposits with Treasurer	5,209	17,272	5,209	17,272
Imprest account/cash on hand	106	107	47	107
Total cash	24,669	47,549	17,063	41,712

Cash is measured at nominal amounts.

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

The Government has a policy to align agency cash balances with the appropriation and expenditure authority.

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.

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18 Receivables	Note	Consolidated		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current					
Patient/client fees					
Compensable		623	1,243	623	1,243
Aged care		3,774	5,285	3,774	5,285
Other		3,553	3,359	3,553	3,359
Debtors		3,526	5,982	3,517	5,982
Less: allowance for doubtful debts	18.1	(1,446)	(2,095)	(1,446)	(2,095)
Prepayments		655	673	655	673
Loans		144	144	144	144
Interest income receivable		650	639	575	590
Sundry receivables and accrued revenue		3,208	5,278	3,223	5,543
GST recoverable		999	880	1,013	878
Workers compensation provision recoverable		3,385	4,348	3,385	4,348
Total current receivables		19,071	25,736	19,016	25,950
Non-Current					
Debtors		89	125	89	125
Loans			144		144
GST recoverable		1,261	1,515	1,261	1,515
Workers compensation provision recoverable		1,884	3,052	1,884	3,052
Total non-current receivables		3,234	4,836	3,234	4,836
Total receivables		22,305	30,572	22,250	30,786

18.1 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 in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Movements in the allowance for doubtful debts (impairment loss)				
Carrying amount at the beginning of the period	2,095	2,110	2,095	2,110
Amounts written off	(294)	(270)	(294)	(270)
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	(355)	255	(355)	255
Carrying amount at the end of the period	1,446	2,095	1,446	2,095

The Hospital has recognised a bad doubtful debt expense of \$0.285 million (\$0.130 million).

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 30 for further information on risk management.

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19 Other financial assets	Consolidated		Parent	
	2017	2016	2017	2016
Current	\$'000	\$'000	\$'000	\$'000
Term deposits:				
Finance institutions	88,862	78,051	78,881	69,402
SA Government Financing Authority	1,279	1,253	1,279	1,253
Other investments	87	69	87	69
Total current investments	90,228	79,373	80,247	70,724
Non-current				
Term deposits:				
Other investments	77	77		
Total non-current investments	77	77		
Total investments	90,305	79,450	80,247	70,724

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

Refer to Note 30 for further information on risk management.

20 Inventories	Consolidated		Parent	
	2017	2016	2017	2016
Current - held for distribution	\$'000	\$'000	\$'000	\$'000
Materials at cost:				
Drug supplies	1,312	1,263	1,312	1,263
Medical, surgical and laboratory supplies	2,641	2,443	2,641	2,443
Food and hotel supplies	553	589	553	589
Engineering supplies	36	32	36	32
Other	180	166	180	166
Total current inventories - held for distribution	4,722	4,493	4,722	4,493

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.

21 Property, plant and equipment	Consolidated		Parent	
	2017	2016	2017	2016
Land and buildings	\$'000	\$'000	\$'000	\$'000
Land	46,751	46,911	18,925	18,805
Buildings and improvements	826,456	817,744	419,593	414,533
Accumulated depreciation - buildings and improvements	(63,540)	(33,730)	(31,376)	(16,947)
Buildings and improvements under construction (work in progress)	3,696	6,680	3,696	6,680
Total land, buildings and improvements	813,363	837,605	410,838	423,071
Leasehold improvements				
Leasehold improvements at fair value	741	741	741	741
Accumulated amortisation	(741)	(667)	(741)	(667)
Total leasehold improvements		74		74

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	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Plant and equipment				
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	36,119	35,426	36,119	35,426
Accumulated depreciation - medical, surgical, dental and biomedical	(30,298)	(29,656)	(30,298)	(29,656)
Other plant and equipment at cost (deemed fair value)	18,369	18,067	18,369	18,067
Accumulated depreciation - other plant and equipment	(12,003)	(11,502)	(12,003)	(11,502)
Plant and equipment under construction (work in progress)	3,302	1,703	3,302	1,703
Total plant and equipment	15,489	14,038	15,489	14,038
Total property, plant and equipment	828,852	851,717	426,327	437,183

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd, as at 30 June 2015.

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.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2017.

22 Intangible assets

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Computer software	3,931	181	3,931	181
Accumulated amortisation - computer software	(1,093)	(57)	(1,093)	(57)
Residential aged care bed licences*	700	700	700	700
Total intangible assets	3,538	824	3,538	824

*Residential aged care bed licences that are purchased are initially recorded at cost. Bed licences that are received for no consideration from the Commonwealth Government are recognised at their fair value at the date of implementation, having regard to recent sale activity within SA's country areas and the relaxation of ceiling limits on bed licences, the Hospital has recorded these licences at Nil value.

Impairment

There were no indications of impairment of intangible assets at 30 June 2017.

23 Fair Value Measurement

Fair Value Hierarchy

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

Fair value measurements at 30 June

2017	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 21)	46,751		46,751	18,925		18,925
Buildings and improvements (Note 21)		762,916	762,916		388,217	388,217
Plant and equipment (Note 21)		12,187	12,187		12,187	12,187
Total	46,751	775,103	821,854	18,925	400,404	419,329

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Fair value measurements at 30 June 2016	Consolidated			Parent		
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements						
Land (Note 21)	46,911		46,911	18,805		18,805
Buildings (Note 21)		784,014	784,014		397,586	397,586
Leasehold improvements (Note 21)		74	74		74	74
Plant and equipment (Note 21)		12,335	12,335		12,335	12,335
Total	46,911	796,423	843,334	18,805	409,995	428,800

There are no non-recurring fair value measurements.

Valuation techniques and inputs

Land fair values were derived by using Level 2 valuation inputs, 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.

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.

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Reconciliation of property, plant and equipment and investment properties
The following table shows the movement

Consolidated
2016-17

	Land and buildings				Plant and equipment					Total \$'000
	Land \$'000	Buildings \$'000	Buildings under finance lease \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under finance lease \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at beginning of the period	46,911	695,443	88,571	6,680	74	5,770	6,556	9	1,703	851,717
Additions		83		5,677		924	298		3,680	10,662
Assets received free of charge	120	80				24				224
Disposals	(280)	(79)		(98)		(3)	(16)		(4)	(480)
Transfers between asset classes		8,564	72	(8,563)		1,607	397		(2,077)	
Subtotal:	46,751	704,091	88,643	3,696	74	8,322	7,235	9	3,302	862,123
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation		(27,836)	(1,982)		(74)	(2,501)	(877)	(1)		(33,271)
Subtotal:		(27,836)	(1,982)		(74)	(2,501)	(877)	(1)		(33,271)
Carrying amount at the end of the period	46,751	716,255	86,661	3,696		5,821	6,358	8	3,302	828,852

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

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2015-16

	Land and buildings					Plant and equipment				Total \$'000
	Land \$'000	Buildings \$'000	Buildings under finance lease \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under finance lease \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at beginning of the period	46,981	721,261	90,542	2,690	202	6,424	7,295	9	1,824	877,228
Additions				7,469		853	250		1,697	10,269
Assets received free of charge						9				9
Disposals	(70)	(222)		(17)		(483)	(107)			(899)
Transfers between asset classes		3,430	16	(3,462)		1,782	48	5	(1,819)	
Other movements		3				1	(1)		1	4
Subtotal:	46,911	724,472	90,558	6,680	202	8,586	7,485	14	1,703	886,611
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation		(29,029)	(1,987)		(128)	(2,816)	(929)	(5)		(34,894)
Subtotal:		(29,029)	(1,987)		(128)	(2,816)	(929)	(5)		(34,894)
Carrying amount at the end of the period	46,911	695,443	88,571	6,680	74	5,770	6,556	9	1,703	851,717

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

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Parent

2016-17

	Land and buildings					Plant and equipment					Total \$'000
	Land \$'000	Buildings \$'000	Buildings under finance lease \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under finance lease \$'000	Capital works in progress plant and equipment \$'000		
Carrying amount at beginning of the period	18,805	309,015	88,571	6,680	74	5,770	6,556	9	1,703	437,183	
Additions		83		5,677		924	298		3,680	10,662	
Assets received free of charge	120	80				24				224	
Disposals				(98)		(3)	(16)		(4)	(121)	
Donated assets disposal				(3,740)						(3,740)	
Transfers between asset classes		4,824	72	(4,823)		1,607	397		(2,077)		
Subtotal:	18,925	314,002	88,643	3,696	74	8,322	7,235	9	3,302	444,208	
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation		(12,446)	(1,982)		(74)	(2,501)	(877)	(1)		(17,881)	
Subtotal:		(12,446)	(1,982)		(74)	(2,501)	(877)	(1)		(17,881)	
Carrying amount at the end of the period	18,925	301,556	86,661	3,696		5,821	6,358	8	3,302	426,327	

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

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2015-16

	Land and buildings					Plant and equipment				Total \$'000
	Land \$'000	Buildings \$'000	Buildings under finance lease \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under finance lease \$'000	Capital works in progress plant and equipment \$'000	
Carrying amount at beginning of the period	18,804	320,223	90,542	2,690	202	6,424	7,295	9	1,824	448,013
Additions				7,469		853	250		1,697	10,269
Assets received free of charge						9				9
Disposals				(1,098)		(483)	(107)			(1,688)
Transfers between asset classes		2,349	16	(2,381)		1,782	48	5	(1,819)	
Other movements	1	3				1	(1)		I	5
Subtotal:	18,805	322,575	90,558	6,680	202	8,586	7,485	14	1,703	456,608
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation		(13,560)	(1,987)		(128)	(2,816)	(929)	(5)		(19,425)
Subtotal:		(13,560)	(1,987)		(128)	(2,816)	(929)	(5)		(19,425)
Carrying amount at the end of the period	18,805	309,015	88,571	6,680	74	5,770	6,556	9	1,703	437,183

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

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Reconciliation of intangible assets
 Consolidated

	2016-17			2015-16		
	Computer software	Bed licences	Total	Computer software	Bed licences	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	124	700	824	160	700	860
Additions	3,750		3,750			
Depreciation and amortisation	(1,036)		(1,036)	(36)		(36)
Carrying amount at the end of the period	2,838	700	3,538	124	700	824

Parent

	2016-17			2015-16		
	Computer software	Bed licences	Total	Computer software	Bed licences	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	124	700	824	160	700	860
Additions	3,750		3,750			
Depreciation and amortisation	(1,036)		(1,036)	(36)		(36)
Carrying amount at the end of the period	2,838	700	3,538	124	700	824

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24 Payables	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	29,578	36,190	29,578	36,190
Paid Parental Leave Scheme payable	69	94	69	94
Staff on-costs*	6,383	6,660	6,383	6,660
Other payables	832	680	832	680
Total current payables	36,862	43,624	36,862	43,624
Non-current				
Staff on-costs*	3,671	3,953	3,671	3,953
Total non-current payables	3,671	3,953	3,671	3,953
Total payables	40,533	47,577	40,533	47,577

*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 the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has decreased from the 2016 rate 51% to 48%. Further, Mercer Consulting (Australia) Pty Ltd has determined that the average factor for the calculation of employer superannuation cost on-cost has increased from 9.92% in 2016 rate to 9.94%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.217 million and employee benefits expense of \$0.217 million. The estimated impact on 2018 and 2019 is \$0.226 million and \$0.235 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.

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 benefit that they relate to is 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 30 for further information on risk management.

25 Borrowings	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Current					
Loans*		829	778	829	778
Finance lease	29.2	2,798	2,602	2,798	2,602
Total current borrowings		3,627	3,380	3,627	3,380
Non-current					
Loans*		1,135	1,976	1,135	1,976
Finance lease	29.2	13,867	16,666	13,867	16,666
Total non-current borrowings		15,002	18,642	15,002	18,642
Total borrowings		18,629	22,022	18,629	22,022

*The contractual maturities for loans (financial liabilities at cost) is within 5 years.

The Hospital measures financial liabilities including borrowings/debt at historical cost.

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Refer to Note 30 for further information on risk management.

Defaults and breaches

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

26 Staff benefits	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	43,823	41,130	43,823	41,130
Long service leave	15,762	14,818	15,762	14,818
Accrued salaries and wages	8,875	12,482	8,875	12,482
Skills and experience retention leave	3,948	3,797	3,948	3,797
Other	19	67	19	67
Total current staff benefits	72,427	72,294	72,427	72,294
Non-current				
Long service leave	78,923	80,208	78,923	80,208
Total non-current staff benefits	78,923	80,208	78,923	80,208
Total staff benefits	151,350	152,502	151,350	152,502

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave.

AASB 119 requires the use of a yield on long term Commonwealth Government bonds which matches the expected term of the liabilities as the discount rate in the measurement of the long service leave liability.

The appropriate yield on long term Commonwealth Government bonds has increased from 2016 (1.73%) to 2017 (2.27%). 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 change in the bond yield in the current financial year is a decrease in the long service leave liability of \$2.664 million and staff benefit expense of \$2.791 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption being the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4.00% for long service leave liability and 3.00% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

27 Provisions

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Current					
Workers compensation	27.1	6,102	8,260	6,102	8,260
Total current provisions		6,102	8,260	6,102	8,260
Non-current					
Workers compensation	27.1	7,785	11,127	7,785	11,127
Total non-current provisions		7,785	11,127	7,785	11,127
Total provisions		13,887	19,387	13,887	19,387

Workers Compensation

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.

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The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office of the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. 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.

27.1 Reconciliation of workers compensation	Consolidated		Parent	
	2017	2016	2017	2016
The following table shows the movement of workers compensation:				
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	19,387	21,624	19,387	21,624
Reductions resulting from re-measurement or settlement without cost	(5,500)	(2,237)	(5,500)	(2,237)
Carrying amount at the end of the period	13,887	19,387	13,887	19,387

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

28 Other liabilities	Consolidated		Parent	
	2017	2016	2017	2016
Current	\$'000	\$'000	\$'000	\$'000
Unclaimed monies	133	213	133	213
Unearned revenue	3,822	1,983	3,822	1,983
Residential aged care bonds	66,549	61,657	66,549	61,657
Other	46	88	46	88
Total other liabilities	70,550	63,941	70,550	63,941

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

29 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.

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29.1 <i>Operating lease expenditure commitments</i>	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'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	5,006	4,727	5,006	4,727
Later than one year but not longer than five years	6,067	4,814	6,067	4,814
Later than five years	1,217	793	1,217	793
Total operating lease commitments	12,290	10,334	12,290	10,334
Representing:				
Cancellable operating leases	6,524	3,466	6,524	3,466
Non-cancellable operating leases*	5,766	6,868	5,766	6,868
Total operating lease commitments	12,290	10,334	12,290	10,334

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.

*Motor vehicles are leased from South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first.

29.2 *Finance lease liabilities commitments*

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

	2017		2016	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	\$'000	\$'000	\$'000	\$'000
Within one year	6,624	3,768	6,530	3,768
Later than one year but not longer than five years	22,969	9,794	26,121	12,613
Later than five years	4,193	3,103	7,188	2,887
Total minimum lease payments	33,786	16,665	39,839	19,268
Less future finance lease charges and contingent rentals	(17,121)		(20,571)	
Total finance lease commitments	16,665	16,665	19,268	19,268

Included in finance lease commitments above is \$1.515 million (\$1.751 million) which is the OST component of the finance lease commitments.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Included in the Statement of Financial Position as:				
Current borrowings (Note 25)	2,798	2,602	2,798	2,602
Non-current borrowings (Note 25)	13,867	16,666	13,867	16,666
Total included in borrowings	16,665	19,268	16,665	19,268

The Hospital has entered into a number of finance leases. These finance leases are for buildings. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

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

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

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29.3 Other expenditure Commitments

	Consolidated		Parent	
	2017	2016	2017	2016
Expenditure commitments	\$'000	\$'000	\$'000	\$'000
Within one year	18,477	13,268	18,477	13,268
Later than one year but not longer than five years	18,497	19,287	18,497	19,287
Later than five years	558	9,445	558	9,445
Total other expenditure commitments	37,532	42,000	37,532	42,000

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

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2017 has not been quantified.

30 Financial instruments/financial risk management

30.1 Financial risk management

Risk management is managed by the Department for Health and Ageing'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.

Liquidity Risk

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

Refer to Note 24 and 25 for further information

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 does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. No collateral is held as security and no credit enhancements relate to financial assets held by the Consolidated Entity.

Refer to Notes 17, 18 and 19 for further information.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. There is 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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30.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 or the respective financial asset/ financial liability note.

The carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; loan 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 2, 18 and 24).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 25).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer Notes 2 and 19).

Category of financial asset and financial liability	Notes	Consolidated		Parent	
		2017 Carrying amount/ Fair value \$'000	2016 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000	2016 Carrying amount/ Fair value \$'000
Financial assets					
Cash and equivalent					
Cash and cash equivalents	17, 33	24,669	47,549	17,063	41,712
Loans and receivables					
Receivables (1), (2)	18	13,981	19,921	13,912	20,137
Held to maturity investments					
Other financial assets	19	90,305	79,450	80,247	70,724
Total financial assets		128,955	146,920	111,222	132,573
Financial liabilities					
Financial liabilities at cost					
Payables (1)	24	29,733	36,123	29,733	36,123
Borrowings	25	1,964	2,754	1,964	2,754
Other financial liabilities	28	66,728	61,958	66,728	61,958
Finance lease liability	25,29	16,665	19,268	16,665	19,268
Total financial liabilities		115,090	120,103	115,090	120,103

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

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31 Transferred functions

Transferred in

	Consolidated		Parent	
	2017	2016	2017	2016
Assets and liabilities transferred were:	\$'000	\$'000	\$'000	\$'000
Payables		106		106
Employee benefits		1,573		1,573
Total net assets transferred		(1,679)		(1,679)

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.

2016-17

- There were no transfers in during this period.

2015-16

- Following a review of Departmental functions , effective 1 July 2015 , the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks and SA Ambulance Service Inc.

Transferred Out

	Consolidated		Parent	
	2017	2016	2017	2016
Assets and liabilities transferred were:	\$'000	\$'000	\$'000	\$'000
Inventory		565		565
Total net assets transferred		565		565

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.

2016-17

- There were no transfers out during this period.

2015-16

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 13 July 2015 inventory associated with the Country Health SA Local Health Network (Gawler Hospital, Mt Gambier Hospital, Millicent Hospital and Naracoorte Hospital) were transferred to the SA Distribution Centre division of the Department.

32 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 .

Contingent Assets

The Consolidated Entity is not aware of any contingent assets.

Contingent Liabilities

Under the Act, all real property except for properly associated with Crown Land of the former Hospitals and Health Centre entities was to be transferred to the associated Health Advisory Council. To date a limited number of real properties have not transferred to the Health Advisory Councils as the vesting instruments have not been finalised or there is a requirement to seek clarification from Crown Law regarding encumbrances on some properties and whether a Health Advisory Council can hold property that is encumbered. Given the uncertainty of the outcome of the advice sought from Crown Law it is not possible to reliably measure the value of the real property that could transfer to the Health Advisory Councils in the future. Similarly, it is not possible to determine when the vesting instruments will be finalised or to reliably measure the value of the real property that will transfer to the Health Advisory Councils at that time.

Guarantees

The Hospital has made no guarantees.

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33 Cash flow reconciliation

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:				
Cash and cash equivalents disclosed in the Statement of Financial Position	24,669	47,549	17,063	41,712
Cash as per Statement of Financial Position	24,669	47,549	17,063	41,712
Balance as per Statement of Cash Flows	24,669	47,549	17,063	41,712
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by/(used in) operating activities	857	24,586	(1,709)	24,008
Department for Health and Ageing contributions for the provision of health services	(618,230)	(617,653)	(618,230)	(617,653)
Add/less non-cash items				
Depreciation and amortisation expense of non-current assets	(34,307)	(34,930)	(18,917)	(19,461)
Gain/(loss) on sale or disposal of non-current assets	(187)	(374)	(118)	(293)
Donated Asset Expense		(314)	(3,740)	(1,395)
Assets acquired at no cost or nominal consideration	256	9	224	9
Revenue credited directly to investments	2,119	1,633	1,905	1,439
Capital revenues	1,499	2,332	1,499	2,354
Revaluation of investments	16	(20)	16	(20)
Other		13		4
Movement in assets/liabilities				
Increase/(Decrease) in receivables	(8,123)	(5,816)	(8,392)	(6,108)
Increase/(Decrease) in inventories	229	536	229	536
(Increase)/Decrease in staff benefits	1,152	(9,735)	1,152	(9,735)
(Increase)/Decrease in payables and provisions	13,364	(5,268)	13,364	(5,203)
(Increase)/Decrease in other liabilities	(6,609)	(17,092)	(6,609)	(17,092)
Net cost of providing services	(647,964)	(662,093)	(639,325)	(648,610)

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.

34 Interests in other entities

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

Controlled Entities

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

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

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

The above assets, rights and liabilities of the former Hospitals whose HAC elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc.

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

Health Advisory Council		
Incorporated HACs		
Balaklava Riverton Health Advisory Council Inc	Barossa and Districts Health Advisory Council Inc	Berri Barmera District Health Advisory Council Inc
Bordertown and District Health Advisory Council Inc	Ceduna District Health Services Health Advisory Council Inc	Coorong Health Service Health Advisory Council Inc
Country Health SA Local Health Network Health Advisory Council Inc	Eastern Eyre Health Advisory Council Inc	Eudunda Kapunda Health Advisory Council Inc
Gawler District Health Advisory Council Inc	Hills Area Health Advisory Council Inc	Kangaroo Island Health Advisory Council Inc
Kingston/Robe Health Advisory Council Inc	Lower Eyre Health Advisory Council Inc	Lower North Health Advisory Council Inc
Loxton and Districts Health Advisory Council Inc	Mallee Health Service Health Advisory Council Inc	Mannum District Hospital Health Advisory Council Inc
Mid North Health Advisory Council Inc	Mid West Health Advisory Council Inc	Millicent and Districts Health Advisory Council Inc
Mount Gambier and Districts Health Advisory Council Inc	Naracoorte Area Health Advisory Council Inc	Northern Yorke Peninsula Health Advisory Council Inc
Penola and Districts Health Advisory Council Inc	Port Broughton District Hospital and Health Services Health Advisory Council	Renmark Paringa District Health Advisory Council Inc
South Coast Health Advisory Council Inc	The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc	Waikerie and Districts Health Advisory Council Inc
Yorke Peninsula Health Advisory Council Inc		
Unincorporated HACs		
Far North Health Advisory Council	Hawker District Memorial Health Advisory Council	Leigh Creek Health Service Health Advisory Council
Port Augusta, Roxby Downs, Woomera Health Advisory Council	Port Lincoln Health Advisory Council	Port Pirie Health Service Health Advisory Council
Quorn Health Services Health Advisory Council	Southern Flinders Health Advisory Council	Whyalla Hospital and Health Services Health Advisory Council

35 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.

Parent

Note	SA Government		Non-SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
EXPENSES						
4 Staff benefit expenses	239	250	520,786	531,442	521,025	531,692
5 Supplies and services	102,738	101,274	199,586	199,500	302,324	300,774
Administration	303	114	1,715	1,514	2,018	1,628
Advertising	491	295	605	52	1,096	347
Communication	1,787	1,956	1,961	1,959	3,748	3,915
Computing	9,296	8,499	730	1,713	10,026	10,212
Contractors		8	1,695	1,683	1,695	1,691
Contractors - agency staff	7,766	7,755	5,585	6,242	13,351	13,997
Consultants			95	146	95	146
Contract of services	73	457	21,093	21,534	21,166	21,991
Drug supplies	798	896	7,230	7,530	8,028	8,426
Electricity, gas and fuel	24	58	8,591	8,866	8,615	8,924
Fee for service	4,157	4,640	76,403	74,747	80,560	79,387
Finance lease contingent rentals			2,359	2,260	2,359	2,260

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EXPENSES	SA Government		Non-SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Food supplies	287	286	9,174	9,280	9,461	9,566
Housekeeping	1,932	1,931	5,418	5,629	7,350	7,560
Insurance	6,122	5,934	1,445	1,317	7,567	7,251
Internal SA Health SLA payments	4,727	6,537			4,727	6,537
Interstate patient transfers			3		3	
Legal	168	127	7	4	175	131
Medical, surgical and laboratory supplies	19,493	18,616	18,810	19,985	38,303	38,601
Minor equipment	470	177	4,964	2,919	5,434	3,096
Motor vehicle expenses	1,283	1,757	381	473	1,664	2,230
Occupancy rent and rates	2,647	3,103	1,066	2,226	3,713	5,329
Patient transport	10,568	10,106	8,896	9,021	19,464	19,127
Printing and stationery	819	818	2,089	2,177	2,908	2,995
Payments to Shared Services SA	6,855	6,527			6,855	6,527
Postage	34	32	1,111	1,123	1,145	1,155
Rental expense on operating lease	4,129	4,042	1,356	180	5,485	4,222
Repairs and maintenance	17,319	15,337	7,985	6,962	25,304	22,299
Security	73	59	910	611	983	670
Staff training and development	245	266	2,250	2,971	2,495	3,237
Staff travel expenses	22	51	2,250	2,673	2,272	2,724
Other supplies and services	850	890	3,409	3,703	4,259	4,593
6 Depreciation and amortisation expense			18,917	19,461	18,917	19,461
7 Grants and subsidies	36		531	846	567	846
Capital grants			14		14	
Subsidies			2		2	
Funding to non-government organisations			515	846	515	846
Other	36				36	
8 Borrowing costs	90	134	1,306	1,468	1,396	1,602
14 Net loss from disposal of non-current and other assets			118	293	118	293
Total proceeds from disposal			(4)		(4)	
Less total value of assets disposed			121	293	121	293
Less other costs of disposal			1			
9 Other expenses	5,208	2,011	970	844	6,178	2,855
Bad and doubtful debts			285	130	285	130
Bank fees and charges			24	44	24	44
Donated assets expense	3,740	1,479			3,740	1,479
Net loss on revaluation of investment:				20		20
Other	1,468	532	661	650	2,129	1,182
TOTAL EXPENSES	108,311	103,669	742,214	753,854	850,525	857,523
INCOME						
10 Revenue from fees and charges	3,516	3,336	71,921	72,255	75,437	75,591
Ambulance transport	1		(1)	1		1
Insurance recoveries	8	28			9	28
Patient and client fees			19,351	18,231	19,351	18,231
Private practice fees			1,620	1,137	1,620	1,137
Recoveries	3,238	2,855	12,605	12,182	15,843	15,037
Residential and other aged care charges			26,835	26,913	26,835	26,913
Sale of goods - medical supplies	115	121	1,354	1,677	1,469	1,798
Other user charges and fees	154	332	10,156	12,114	10,310	12,446

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INCOME	SA Government		Non-SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
11 Grants and contributions	9,022	10,647	123,810	120,202	132,832	130,849
Commonwealth grants and donations			41,206	38,920	41,206	38,920
Commonwealth aged care subsidies			74,080	72,387	74,080	72,387
SA Government Capital contributions	660	1,334			660	1,334
Other SA Government grants and contributions	8,053	9,313			8,053	9,313
Private sector capital contributions				156		156
Private sector grants and contributions			8,524	8,739	8,524	8,739
12 Interest revenue	24	28	2,053	2,185	2,077	2,213
13 Resources received free of charge	200	9	24		224	9
15 Other revenue	5	12	609	239	614	251
Commissions revenue			17	13	17	13
Dividend revenue			2	4	2	4
Training revenue			5	2	5	2
Donations			547	439	548	439
Car parking revenue			3	3	3	3
Other	4	12	35	(222)	39	(210)
15 Other income			16		16	
Other			16		16	
16 Revenue from SA Government	618,230	617,653			618,230	617,653
TOTAL INCOME	630,997	631,685	198,433	194,881	829,430	826,566
FINANCIAL ASSETS						
17 Cash and cash equivalents	5,209	17,272	11,854	24,440	17,063	41,712
18 Receivables	5,776	8,253	16,474	22,533	22,250	30,786
Patient/client fees						
Compensable			623	1,243	623	1,243
Aged care			3,774	5,285	3,774	5,285
Other			3,553	3,359	3,553	3,359
Debtors	470	567	3,136	5,540	3,606	6,107
Less: allowance for doubtful debts			(1,446)	(2,095)	(1,446)	(2,095)
Prepayments			655	673	655	673
Loans			144	288	144	288
Interest income receivable	2	2	573	588	575	590
Sundry receivables and accrued revenue	35	284	3,188	5,259	3,223	5,543
GST recoverable			2,274	2,393	2,274	2,393
Workers compensation provision recoverable	5,269	7,400			5,269	7,400
19 Other financial assets	1,279	1,253	78,968	69,471	80,247	70,724
Finance institutions			78,881	69,402	78,881	69,402
SA Government Financing Authority	1,279	1,253			1,279	1,253
Other investments			87	69	87	69
TOTAL FINANCIAL ASSETS	12,264	26,778	107,296	116,444	119,560	143,222

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	SA Government		Non-SA Government		Total	
	2017	2016	2017	2016	2017	2016
FINANCIAL LIABILITIES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
24 Payables	5,961	5,413	34,572	42,164	40,533	47,577
Creditors and accrued expenses	5,961	5,413	23,617	30,777	29,578	36,190
Paid Parental Leave Scheme payable			69	94	69	94
Employment on-costs			10,054	10,613	10,054	10,613
Other payables			832	680	832	680
25 Borrowings	1,964	2,754	16,665	19,268	18,629	22,022
Loans	1,964	2,754			1,964	2,754
Finance lease			16,665	19,268	16,665	19,268
28 Other liabilities	892	41	69,658	63,900	70,550	63,941
Unclaimed monies			133	213	133	213
Unearned revenue	891	41	2,931	1,942	3,822	1,983
Residential aged care bonds			66,549	61,657	66,549	61,657
Other			45	88	46	88
TOTAL FINANCIAL LIABILITIES	8,817	8,208	120,895	125,332	129,712	133,540

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36 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 Accounting Policy Framework II *General Purpose Financial Statements* were:

Board/Committee name:	Government employee members *	Other members
Country Health SA Local Health Network Advisory Council Inc	-	Blacker P (Chair), Evans L, Gregurke K, Healy R, Sam G (resigned 30/06/2017) , Sparkes D (resigned 30/06/2017)
Country Health SA Risk Management and Audit Committee	-	Stubbs T Dr (Chair), Martin M, Drew J (resigned 28/05/2017), Wilson R, Brown G (appointed 29/05/2017)

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

	2017 No. of Members	2016 No. of Members
\$0	2	1
\$1 - \$9,999	6	8
\$10,000 - \$19,999	2	
\$20,000 - \$29,999		
Total	11	11

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 \$0.077 million (\$0.079 million) .

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

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

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37 Related Party Transactions

The Hospital is controlled by the SA Government.

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

Significant transactions with government related entities

The Hospital received funding from the SA Government via the Department (Note 16), and incurred expenditure via the Department for medical, surgical and laboratory supplies, computing, inter-health staff recharging and insurance (Note 5 and 35). The Department transferred capital works in progress of \$1.499 million to the Hospital and an outstanding loan payable balance to the Department at 30 June was \$1.964 million. In addition, the Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$5.189 million and for property repairs and maintenance of \$17.118 million (Note 5 and 35). As at 30 June the outstanding balance payable to DPTI was \$5.702 million and the value of unrecognised contractual expenditure commitments with DPTI was \$3.122 million.

Quantitative information about transactions and balances between the Hospital and other SA Government controlled entities are disclosed at Note 35.

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

Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Ministers, the Chief Executive of the Department, Chief Executive Officer of the Hospital and the seventeen 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:

- The Minister for Health, The Minister for Ageing and the Minister for Mental Health and Substance Abuse. These Ministers' 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 Department of Treasury and Finance) 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.

Compensation	2017	2016
	\$'000	\$'000
Salaries and other short term employee benefits	3,352	na
Post-employment benefits	810	na
Total	<u>4,162</u>	<u>na</u>

For those employees doing 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 2016-17.

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38 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Hospital and have not been included in the financial statements. In accordance with Accounting Policy Framework II *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Consolidated Entity's overall performance and are disclosed in the following schedules.

Description of categories of administered funds

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.

Schedule of Administered Expenses and Income

	Private Practice Funds 2017 \$'000	Total 2017 \$'000
Administered expenses		
Other expenses	3,252	3,252
Total administered expenses	3,252	3,252
Administered income		
Revenue from fees and charges	3,298	3,298
Total administered income	3,298	3,298
Net result	46	46

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered expenses		
Other expenses	133	133
Total administered expenses	133	133

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered income		
Revenue from fees and charges	355	355
Total administered income	355	355
Net result	222	222

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Schedule of Administered Assets and Liabilities		
	Private Practice Funds 2017 \$'000	Total 2017 \$'000
Administered current assets		
Cash and cash equivalents	267	267
Receivables		1
Total administered assets	268	268
Administered current liabilities		
Payables		
Total administered liabilities		
Net administered assets	268	268

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered current assets		
Cash and cash equivalents	324	324
Receivables	31	31
Total administered assets	355	355
Administered current liabilities		
Payables	133	133
Total administered liabilities	133	133
Net administered assets	222	222

Schedule of Administered Changes in Equity		
	Total 2017 \$'000	Total 2016 \$'000
Balance at the <u>beginning</u> of the <u>reporting period</u>	222	
Restated Opening Balance	222	
Total <u>comprehensive</u> result for the <u>period</u>	46	222
Balance at the end of the <u>reporting period</u>	268	222

Schedule of Administered Cash Flows		
	Total 2017 \$'000	Total 2016 \$'000
<u>Cash flows from operating activities</u>		
Cash inflows		
Fees and charges	3,329	324
Total cash inflows	3,329	324
Cash outflows		
Other payments	3,385	
Total cash outflows	3,385	
Net cash inflows/cash outflows from <u>operating</u>	(56)	324
Net increase/(decrease) in cash held	(56)	324
Cash at the beginning of the reporting period	324	
Cash at the end of the reporting period	268	324

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Administered expenses and administered cash outflows

The Hospital makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Hospital, since they are made at the discretion of Government in accordance with Government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Hospital collects various revenues and grants on behalf of Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Hospital manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered assets and liabilities.

Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.