Government of South Australia

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK

2021 - 2022 Annual Report

Southern Adelaide Local Health Network

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Date presented to Minister: 04 October 2022

To:

Hon. Chris Picton MP

Minister for Health and Wellbeing

This annual report will be presented to Parliament to meet the statutory reporting requirements of *Section 37 of the Health Care Act 2008 (the Act)* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

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

Mr Mark Butcher

Chair, Southern Adelaide Local Health Network Governing Board

30 / 09 / 2022

Date

Signature

Final authorisation received out of hours due to travel requirements / time-zones and submitted by OCEO team on return to office Tuesday, 04 October, directly after the Monday Public Holiday.

Acknowledgement

Ngadlu tampinthi, Kaurna Miyurna yaitya yartamathanya Wama Tarntanyaku. Ngadlu tampinthi purkarna pukinangku, yalaka, tarrkarritya. Parnaku yailtya, parnaku tapa purruna, parnaku yarta ngadlu tampinthi. Yalaka Kaurna Miyurna itu yailtya, tapa purruna, yarta kuma puru martinthi, puru warri-apinthi, puru tangka martulayinthi.

We acknowledge the Kaurna people are the traditional custodians of the Adelaide Plains and pay respects to Elders past, present and future. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

From the Interim Chief Executive Officer

I am pleased to present the 2021-22 Annual Report for Southern Adelaide Local Health Network (SALHN). It has certainly been a busy and challenging past financial year at SALHN, as we continued to evolve our services to meet changing consumer needs and embed our operating principle to listen, act, make better, together.

We continued to play our part in responding to the global COVID-19 pandemic, with the opening of the COVID Care Centre, Noarlunga Centre COVID-19 Vaccination Clinic, COVID-19 Vaccination Mobile Clinics and Long COVID Clinic. Flinders Medical Centre (FMC) played a key role in the response being the receiving site for pregnant women with COVID-19 as part of the State-wide Maternity Pathway. Though our COVID-19 response remained a priority, SALHN achieved a number of key milestones and delivered many significant projects to boost the services we provide to the southern community.

New and innovative services were provided for, and in partnership, with our community. We opened the Geriatric Evaluation and Management (GEM)@Home service, and the new Complex And Restorative (CARE) service to improve care for older patients by providing alternative treatment pathways to emergency departments where appropriate. We also launched our Memory Support Transition Team (MSTT) pilot program that aims to improve the experience for consumers and their families awaiting transfer to a Residential Aged Care Facility (RACF) – Memory Support Unit (MSU) - from a service within SALHN. The Southern Adelaide Palliative Service (SAPS) was also expanded to provide care coordination for palliative patients and their families, attempting to minimise hospital admissions where possible.

Throughout it all, our focus remained on taking steps towards achieving our mission of building a thriving community by consistently delivering reliable and respectful healthcare. On behalf of the SALHN Executive, I would like to say thank you to SALHN staff – and the wider SALHN community – for your support and determination to make SALHN a thriving and responsive health service of which we can all be proud. I look forward to continuing our efforts over the coming year and into the future, as we strive to continuously improve the services we deliver to the southern Adelaide community.

Mr Wayne Gadd | Interim Chief Executive Officer, Southern Adelaide Local Health Network

From the SALHN Board Chair

In 2021-22, we continued to work closely with our staff, consumers, and stakeholders to further evaluate, plan and deliver the health care needs of our community for now and into the future.

We developed and launched the SALHN Clinical Engagement Strategy 2021-24, the SALHN Community Engagement Strategy 2021-24 and progressed our Health Service Plan for 2022-2026. The Health Service Plan provides a blueprint for service development and planning and includes consideration of the $474 million commitment from the State and Federal Governments to undertake capital infrastructure upgrades across SALHN.

We completed implementation of the Sunrise EMR (electronic medical record) system across the entire network. We also launched the Patient Journey Collaborative, a program designed to help improve patient flow across the network. As part of a program aimed at eliminating barriers to a career in nursing, SALHN welcomed a group of Aboriginal and Torres Strait Islander cadets, who started their journey to become enrolled nurses at FMC.

SALHN has a proud history of working hard to continually improve the services we deliver, remaining agile and innovative in our approach. On behalf of the SALHN Board, I'd like to acknowledge the contribution of Mr Wayne Gadd as Interim Chief Executive Officer and the Executive Team for their leadership in the last 12 months. I thank all the staff of SALHN for your efforts this year in coming together to overcome challenges and continually improve how we deliver services to our patients and the southern community.

Mark Butcher | SALHN Board Chair

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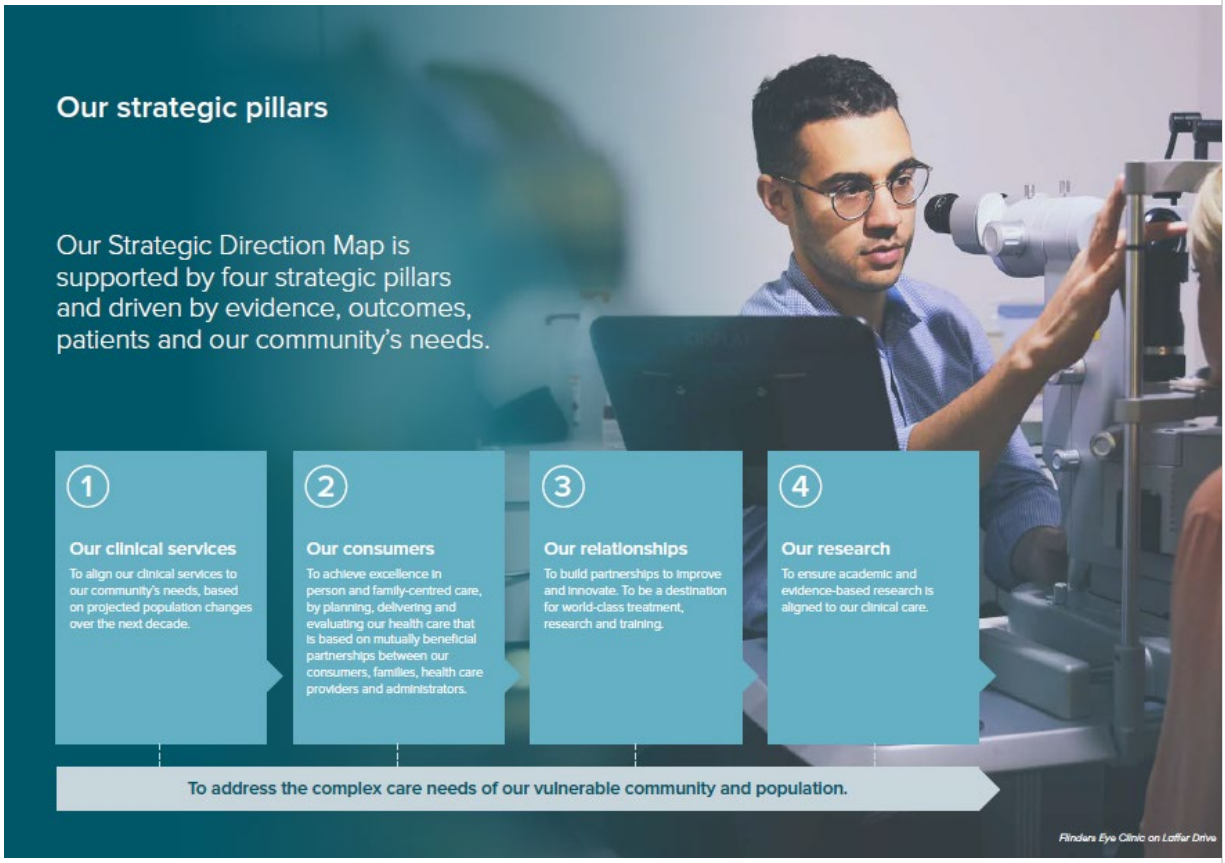
OVERVIEW : ABOUT SALHN

Our strategic focus

SALHN's strategic focus is framed by four pillars shaped by key factors and trends at global, national and local levels as well as SA Health's vision that 'South Australians are healthy, enjoy a great quality of life and experience a safe, contemporary and sustainable health care system'.

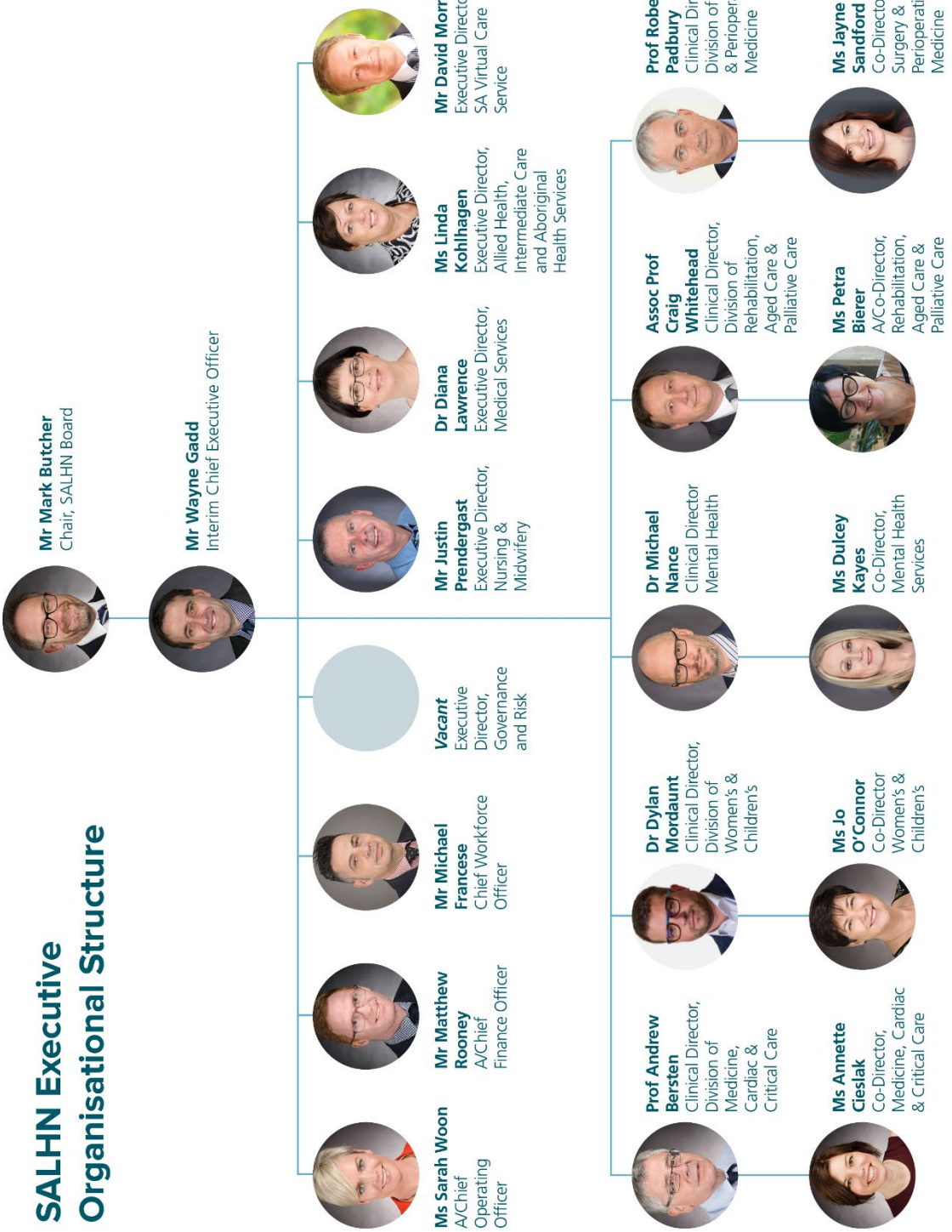
Our strategic direction is enabled through three core enabling strategies:

1. Strategic Alignment in which SALHN builds and implements strategic leadership and management models
2. Continuous Improvement Culture in which we build staff capacity and capability to solve problems and create quality engineered and sustainable systems
3. An Integrated Management system that connects staff to our mission.



Our Purpose	At SALHN, we care for people who live in the southern suburbs of Adelaide as well as people from regional areas, including the Fleurieu Peninsula, the Northern Territory and beyond. We provide medical, surgical, rehabilitation, aged care, mental health, and women's and children's services across inpatient, outpatient and community settings. We care for our patients 'every step of the way'. Our focus contributes to addressing the social determinants of health during the first 1,000 days and the last 1,000 days of a vulnerable person's life. We partner with community, consumers and non-government care providers to ensure all members of our community can access care and live meaningful lives.
Our Vision	To build a thriving community by consistently delivering reliable and respectful health care for, and with, all members of our community.
Our Values	The patient is the leading voice in decisions about their care. We provide services that give the best clinical outcomes and value to our patients. Our services are sustainable, reliable and respectfully delivered. We help patients and their support networks to manage their health needs in their own home or the best alternative environment possible. Our clinical services are informed by evidence and research. We believe in supporting all members of our community to thrive. Our commitment is to improve the health and well-being of our community members experiencing vulnerability.
Our functions, objectives and deliverables	SALHN provides public health services including hospital, outpatient and community services to a population of more than 355,000 people across the southern Adelaide metropolitan region, as well as a range of state-wide services. SALHN is unique in the State public health system as we provide services across the lifespan, from obstetrics, maternity and neonatal services, to end of life care provided through hospital and community-based palliative services. Our goals include: • A healthy start to life • Complex care: Excelling at complex care treatment • Integrated care: Partnering to deliver more services in the community closer to home • Restorative care: Enhancing wellbeing and independence • End of life: Supporting a dignified end of life. We conduct a diverse range of research initiatives and provide a quaternary-level clinical environment for under and post-graduate training in the medical, nursing, and allied health professions.

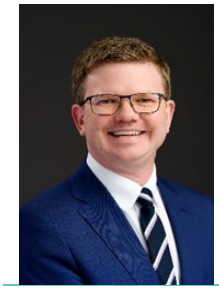
Our organisational structure



Changes to SALHN

During 2021-22 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister



Hon Chris Picton MP is the Minister for Health and Wellbeing in South Australia. The Minister oversees health, wellbeing, mental health, ageing well, substance abuse and suicide prevention.

Our Governing Board

Mr Mark Butcher is the Governing Board Chair for SALHN; Chair of the Asset and Infrastructure Sub-Committee and a member of the Community Engagement Sub-Committee. Mark has a strong background in corporate financing and professional services and brings considerable financial and business acumen to the SALHN Board.

Ms Virginia Hickey is a Board member and Chair of the Audit and Risk Sub-Committee. Virginia is a corporate governance consultant, lawyer and company director.

Associate Professor Tamara Mackean is a Board member and member of SALHN's Clinical Governance and Community Engagement Sub-Committees. Tamara is a Waljen woman of the Goldfields region of Western Australia and has family connections within SA. In her role with Flinders University, Tamara has research interests which span health equity, social and mental health, health systems and indigenous health.

Ms Julie Mitchell is a Board member; Chair of the Community Engagement Sub-Committee and member of the Asset and Infrastructure Planning Sub-Committee. Julie brings skills in community engagement, communications, and a passion for the aged care and primary health sector to the SALHN Board.

Ms Jill Noble is a Board member and member of the Audit and Risk Sub-Committee. Jill is also the Chief Financial Officer and Company Secretary to the Nova group of companies.

Ms Jennifer Richter AM is a Board member, Chair of the Clinical Governance Sub-Committee and member of the Asset and Infrastructure Sub-Committee. Jenny has had a long and distinguished career in the public and private health sector and has significant health service management experience.

Dr Tony Sherbon is a Board member and member of the Asset and Infrastructure Planning Sub-Committee.

Tony was the former Chief Executive of SA Health and has more than thirty years' experience in planning, leading and implementing change in the health sector. He has led several Chief Executive roles, including Independent Hospital Pricing Authority, ACT Health, Illawarra Area Health Service and St Vincent's Hospital in Sydney.

Dr Terry Sweeney CMG is a Board member and member of the Community Engagement Sub-Committee. Terry has 22 years of global health care industry experience in both public and private sectors and is the founder and Principal at Auxilia Digital Health. He was previously Global Managing Director at IBM Watson Health and is also currently an advisor to the G20 Health and Development Partnership.

Terry's term as a member of the SALHN Governing Board ceased on 30 June 2022.

Our Sub-Committee Independent Members

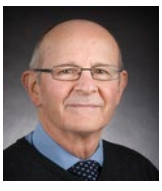
Professor Chris Baggoley AO is an Independent Member of SALHN's Clinical Governance Sub-Committee. Chris is a former Australian Government Chief Medical Officer and a respected clinician with a national reputation in the field of emergency medicine.

Professor Marion Eckert is an Independent Member of SALHN's Clinical Governance Sub-Committee.

Marion is the Professor of Cancer Nursing and Director of the Rosemary Bryant Research Centre – University of SA. Marion has held the Executive Director, Nursing Midwifery role within SALHN, along with the Director, Centre for Nursing and Midwifery Education and Research (CNMER) within SALHN.

Ms Diana Voss is an Independent Member of SALHN's Clinical Governance Sub-Committee.

Diana is a SALHN community and consumer representative.



Mr Richard Stevens is an Independent Member of SALHN's Audit and Risk Sub-Committee.

Richard has more than 30 years' experience in public sector administration across all tiers of government and was Chair of Audit and Risk Committee of the North West Hospital and Health Board of Queensland for six years.

Richard's term as a member of the SALHN's Audit and Risk Sub-Committee expired on 31 May 2022.

Mr Andrew Forman is an independent member of SALHN's Audit and Risk Sub-Committee, commencing in May 2022.

Andrew is a former partner at PricewaterhouseCoopers. He has over 35 years of experience in areas including audit, accounting advice, compliance and transactions services. His experience includes working with large global companies across diverse industries.

Mr Peter King is an Independent Member of SALHN's Community Engagement Sub-Committee.

Peter is also the SALHN Co-Chair of the Partnering with Consumer Advisory Group, and a community and consumer representative.

Our Executive team

Mr Wayne Gadd is the Interim Chief Executive Officer. Wayne has a long history of experience in the private and public sector as a former Chief Financial Officer. Wayne is supported by the SALHN Executive, which provides the strategic direction, planning, monitoring of activity within the agreed policy, funding, activity and planning parameters as set by the Department for Health and Wellbeing and SALHN Governing Board.

Ms Sarah Woon is the Acting Chief Operating Officer, responsible for the effective delivery of clinical services and their planning across SALHN.

Mr Matthew Rooney is the Acting Chief Finance Officer, responsible for financial strategy, effective cost management and delivery of finance services for SALHN.

Mr Michael Francese is the Chief Workforce Officer, responsible for culture and talent strategy and effective safety and people management.

Dr Diana Lawrence is the Executive Director Medical Services, responsible for professional medical standards and training across all medical positions and experience levels across SALHN.

Dr Lawrence continues to provide clinical services as part of her role as a Senior Staff Specialist Paediatrician in acute care at SALHN.

Mr Justin Prendergast is the Executive Director Nursing and Midwifery, responsible for professional nursing and midwifery standards and training across all nursing and midwifery positions and experience levels across SALHN.

	Ms Linda Kohlhagen is the Executive Director Allied Health, Intermediate Care and Aboriginal Health Services, responsible for professional standards across the 10 allied health professions, and training across all allied health positions and experience levels across SALHN. The role oversees Intermediate Care services and Aboriginal Health services.
Vacant	Executive Director Governance and Risk.
	Professor Andrew Bersten is the Clinical Director Division of Medicine, Cardiac, and Critical Care, responsible for the division's vision and performance in accordance with SALHN strategic directions and service agreement obligations, across all five management domains.
	Professor Robert Padbury is the Clinical Director Division of Surgery and Perioperative Medicine, responsible for the division's vision and performance in accordance with SALHN strategic directions and service agreement obligations, across all five management domains.
	Associate Professor Craig Whitehead is the Clinical Director Division of Rehabilitation, Aged Care and Palliative Care, responsible for the division's vision and performance in accordance with SALHN strategic directions and service agreement obligations, across all five management domains.
	Dr Dylan Mordaunt is the Clinical Director Division of Women's and Children's, responsible for the division's vision and performance in accordance with SALHN strategic directions and service agreement obligations, across all five management domains.
	Dr Michael Nance is the Clinical Director Mental Health, responsible for the division's vision and performance in accordance with SALHN strategic directions and service agreement obligations, across all five management domains.
	Ms Marina Bowshall is the State Director of Drug and Alcohol Services SA and leads the whole-of-government approach to prevent the use of illicit drugs and misuse of licit drugs; and treatment services for people with problematic use of alcohol and other drugs.
	Mr David Morris is the Executive Director of the South Australian Virtual Care Service and leads the service in supporting the SA Ambulance Service and Emergency Departments across metropolitan Adelaide.

Legislation administered by the agency

HealthCare Act 2008

Other related agencies (within the Minister's area of responsibility)

- Department for Health and Wellbeing
- Central Adelaide Local Health Network
- Northern Adelaide Local Health Network
- Women's and Children's Local Health Network
- South Australian Ambulance Service
- Barossa Hills Fleurieu Local Health Network
- Eyre and Far North Local Health Network
- Flinders and Upper North Local Health Network
- Limestone Coast Local Health Network
- Riverland Mallee Coorong Local Health Network
- Yorke and Northern Local Health Network
- Wellbeing SA
- Commission on Excellence and Innovation in Health
- medSTAR.

SALHN's PERFORMANCE

We care for people who live in the southern suburbs of Adelaide and people from regional areas including the Fleurieu Peninsula, the Northern Territory and beyond.

- Our core health services include medical, surgical, rehabilitation, aged care, mental health, and women's and children's services
- Our state-wide services include liver transplant and cochlear implant services, eye bank, adult eating disorder services, gambling therapy, veteran's mental health, obstetric trauma and Drug and Alcohol Services South Australia.

The performance of SALHN is monitored through our robust governance structure

- SALHN Governing Board and Board Sub-Committees
- SALHN Executive Committee
- Clinical, Digital, Research and Safety Councils
- The Integrated Management System, connecting performance from the point of care to the Board (and back) through Tier 1, 2 and 3 huddles and facilitating local problem solving or communication and escalation of concerns
- Risk Management and Internal Audit
- Partnering with Consumers Advisory Group
- Clinical Review Committee
- Divisional Quality and Safety Meetings and National Standards Meetings
- Benchmarking via the Health Roundtable.

SALHN employs more than 8,000 staff across 16 sites including:

- Flinders Medical Centre: A beginning of life to end-of-life hospital.
- Noarlunga Hospital provides an expanding range of medical and surgical services and is adapting to the growing needs of the wider community including continuing the development of a health precinct for mothers and babies.
- GP Plus centres at Noarlunga, Marion and Aldinga provide a range of health promotion, disease prevention and chronic disease management, early intervention, treatment and specialist medical services.
- Jamie Larcombe Centre provides state-wide Veteran's Mental Health services from within the Glenside Health Precinct.
- Aboriginal Family Clinics provide health services for Aboriginal and Torres Strait Islander peoples from two locations, Noarlunga and Clovelly Park.
- Community care and support is provided to patients in their homes.
- Drug and Alcohol Services South Australia (DASSA) provides a state-wide alcohol and other drug treatment services.

In 2021-22, SALHN proudly:

- Accommodated 79 per cent of our population's health needs.
- Provided care for 121,550 presentations to our Emergency Services across Noarlunga Hospital and Flinders Medical Centre.
- Conducted 21,935 elective and emergency surgery and procedures, and 7,008 endoscopy procedures on site.
- Cared for 106,263 patients in our hospitals. A further 1,366 patients were cared for by our home-based services.
- Provided 483,868 outpatient consultations.
- Cared for 3,735 mothers and the 3,790 babies born at Flinders Medical Centre.
- Commenced our Complex And RestorativE (CARE) service at the Repat Health Precinct providing urgent care for older people in southern Adelaide, as an alternative to the Emergency Department.
- Completed implementation of an Electronic Medical Record (EMR) across the entire health network.
- Completed the Emergency Department expansion at Flinders Medical Centre, including a refurbished and expanded paediatric ED.
- Launched the nursing and midwifery Professional Practice Framework, enhancing the fundamentals of care for consumers.
- Commenced the Virtual Care Service, supporting metropolitan Adelaide Hospitals Emergency Departments and the SA Ambulance Service.
- Progressed our Health Service Plan 2022-2026, which provides a blueprint for service development and planning into the future.
- Commenced outpatient reform to reduce waiting lists and enhance the consumer experience.
- Achieved re-accreditation in the South Australian Medical Education & Training (SAMET) of interns and prevocational positions, Gastric and Oesophageal Surgery (ANZGOSA), Vascular Surgery (ANZSVS) and Orthopaedics (RACS/AOA).

SALHN's response to COVID-19

During 2021-22, Southern Adelaide Local Health Network continued to work to the COVID-19 restrictions and implemented a suite of measures in response to the challenges arising from the COVID-19 pandemic in South Australia.

Flinders Medical Centre was the designated receiving hospital for the state-wide COVID-19 maternity services. In January 2022, Flinders Medical Centre also became a receiving hospital for adults, with the creation of intensive care and general inpatient capacity.

The Incident Management Team (IMT) continued to ensure an agile and proportionate response across the network, integrating with the broader system response. The IMT focussed on ensuring that SALHN COVID-19 measures were keeping patients, staff and visitors safe.

Vaccination

SALHN has played an important role in supporting the State's COVID-19 vaccination program since it commenced in early 2021. Based at Noarlunga as at 30 June 2022, the vaccination site has provided over 310,000 vaccinations to adults and children in the southern suburbs of Adelaide.

COVID Care Centre

SALHN rapidly responded to the Omicron wave of COVID-19 in early 2022 and established a COVID-19 Care Centre. The care centre's main clinical priorities include:

- Supporting COVID-19 patients in the community requiring medical, nursing and specialist support.
- Providing antiviral medication and infusions.
- Supporting ED avoidance of COVID-19 positive patients.

Since the service commenced on 1 January 2022 and as at 30 June 2022, 1,773 consumers have been seen for face-to-face support – with 497 of these visits resulting in an avoidance of an Emergency Department presentation.

State-wide Maternity Pathway

Flinders Medical Centre had an integral role on the State response to COVID-19 as the receiving site for pregnant women with COVID-19. The FMC maternity service successfully cared for 3,546 women across South Australia. Throughout 2021-22, low vaccination rates amongst pregnant women resulted in the initiation of a collaborative media campaign across SA Health metropolitan sites, regional areas and with general practitioners.

Long COVID Clinic

Due to the Post Acute Sequalae of COVID-19 (PASC), SALHN has established a long COVID clinic within our rehabilitation services. The clinic reviews patients with ongoing symptoms, provides specialist assessment and rehabilitation treatment. Since the service began in March 2022, and as at 30 June 2022, 95 consumers have been supported.

Drug and Alcohol Services of South Australia

From 5 January 2022 until 15 March 2022, Drug and Alcohol Services of South Australia (DASSA) operated a COVID-19 Managed Alcohol Program (MAP) to allow COVID-positive homeless, and substance dependent Aboriginal people to safely isolate in a culturally appropriate environment. This service was supported by Aboriginal NGO services providers and SALHN.

Of the 70 clients who entered the quarantine facility, 59 chose to participate in the MAP with alcohol provided in a controlled and regulated clinical manner. A range of primary health needs and comorbidities were identified and managed.

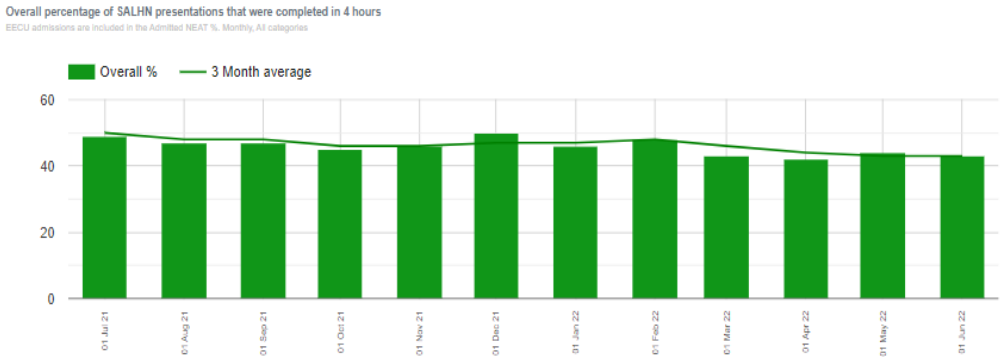
SALHN's contribution to whole of Government objectives

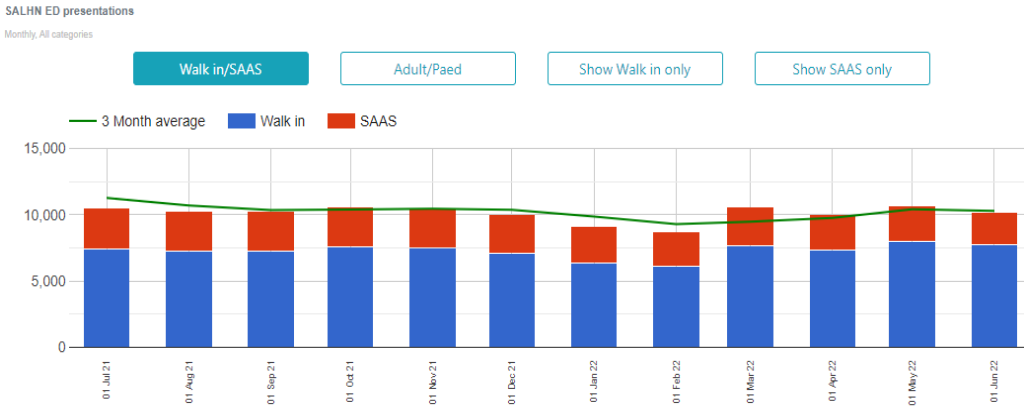
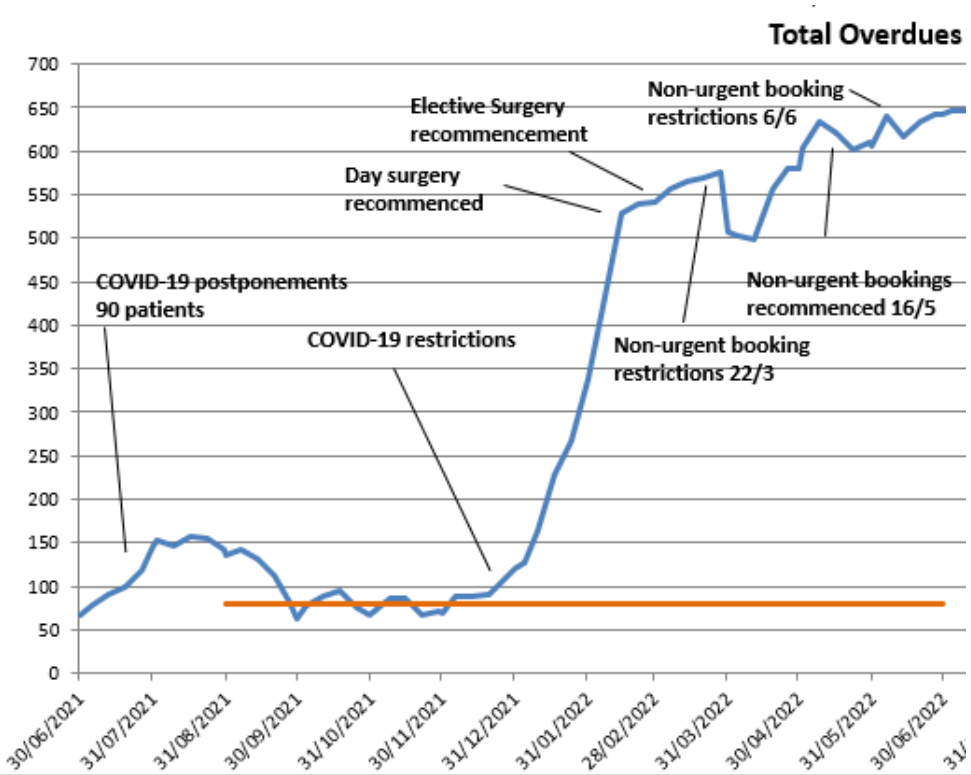
More jobs	SALHN has focussed on building workforce capacity, enabling more effective utilisation of permanent staff and reducing reliance on casual workforce as well as limiting vacancies. Additional graduate nursing staff were recruited through the Transition to Professional Practice Program (TPPP).
Lower costs	A financial efficiency and sustainability program continued in 2021-22, delivering sustainable services and identifying opportunities to increase efficiency and reduce waste.
Better services	SALHN established COVID-19 services to meet the needs of the community in an agile and rapid manner including scaling the COVID-19 Vaccination Clinic, establishing a COVID Care Centre and establishing a clinic to manage people with symptoms of long COVID. Additional acute COVID bed capacity was created for adults and pregnant women. Additional services commenced providing care at home including expanded Geriatric and Rehabilitation in the home services, a new Palliative Care in the home and memory support wrap around support to improve the transition of people into residential aged care facilities.

SALHN's specific objectives and performance

Our Strategic Direction Map (2019-2024) is supported by four strategic pillars:

- Our clinical services
- Our consumers
- Our relationships
- Our research

Our Clinical Services	
Indicators	**Performance**
Average Length of Stay	The overall length of stay for overnight patients increased across SALHN in 2021-22, impacted by the COVID-19 pandemic. Programs focussed on improving flow through the organisation, enhacing quality and reducing waste and inefficiencies were implemented in 2021-22. The 'long stay' intiaitive focused on more timely discharge of patents with a very long length of stay not requiring acute care, and addressing barriers to discharge.
Length of Stay in the emergency department (ED) of less than four hours	National Emergency Access Target (NEAT) performance across SALHN has been variable over the past 12 months, impacted by the COVID-19 pandemic. SALHN initiated the Patient Jouney Collaborative to implement strategies to improve flow and reducing time spent by patients in ED. 

Our Clinical Services	
Indicators	**Performance**
Presentations to the Emergency Department (ED)	Presentations to SALHN's Emergency Departments in 2021-22 have stabilised with over 10,000 presentations per month, with a decline across January to March 2022 associated with the national borders re-opening and the "Omicron wave" of COVID-19. 
Elective Surgery Overdue patients	SALHN Elective Surgery Overdue patients reduced to under 80 total overdues in November 2021, through a successful Elective Surgery Strategy. With restrictions on elective surgery in 2022 due to the COVID-19 response and emergency demand, SALHN had over 600 overdue elective surgery patients as at 30 June 2022. 

Safety and Quality	During the year, SALHN has focused on strengthening incident management and increasing the focus on quality and safety through a range of initiatives. This includes responding to patient feedback and learnings from formal and informal incident reviews. Positive outcomes for this year included: An improvement in infection control rates: • *Staphylococcus aureus* bacteraemia (SAB) YTD outcome of 0.4% against a maximum target of 1.0% • MRSA infections YTD 0.6% against a maximum target of 1.2% Other outcomes included: • Emergency Department reattendance rates YTD 4.1% against a maximum target of 4.5% • Rehabilitation Inpatient Commencement within 1 day of Clinical Readiness YTD 84% against a minimum target of 80% • SAC (Safety Assessment Code) 2 patient incidents from 2015/16 to 2021/22 shows a decreasing trend from 55 to 23 per year • Serious falls have also decreased from 15 in 2021/22 to 11 in 2012/22 • A reduction in mental health occasions of seclusion has also occurred and this will be further improved through the implementation of a sensory modulation room in the FMC Psychiatric Intensive Care Unit Ongoing improvement work is occurring on a number of indicators including: • Hospital Acquired Complications (HACs) at a rate of 4.7% is above the 3.5% maximum benchmark. Improvement work is occurring across the 6 HAC areas. This includes a coding audit and measurement tools to improve the quality of HAC data. SALHN has also developed a HAC dashboard to enable improved data interrogation and is planning to introduce a HAC Collaborative to further link with clinical staff. • Emergency Department length of stay and transfer of care remains an ongoing focus of work through the Patient Journey Collaborative and will be continued as part of the Demand Risk Collaborative • Complaint and consumer feedback specifically related to wait times, access, attitude and feeling informed of care are not at desired levels and are continuing to be a focus of improvement. • Elective Surgery timeliness has been significantly affected by restrictions relating to COVID-19 pandemic. With the easing of these, the capacity for completing elective surgery against timeframes will improve.
Drug and Alcohol Services SA (DASSA)	Drug and Alcohol Services South Australia (DASSA) works to prevent and reduce the harms caused by alcohol, tobacco and other drugs (ATOD) through providing state-wide services and policy advice at system level. In 2021-22, DASSA provided: • 34,200 outpatient services across the state, and 1,300 inpatient separations for withdrawal management and residential rehabilitation • Confidential telephone counselling and support to 15,485 callers through the Alcohol and Drug Information Service • Specialist clinical consultation to 1,783 clinician callers seeking expert guidance and advice for their patients.

Drug and Alcohol Services SA (DASSA)	In addition, DASSA coordinated and provided expert advice for national and state-wide policy initiatives, including: • Leading the development of the *South Australian Tobacco Control Strategy 2022-2026* and the *South Australian Alcohol and Other Drug Strategy 2022-2026* – with both strategies at an advanced stage of development • Providing expert advice to the Minister on the implementation of election commitments and ATOD policy • Representing the Department on state and national committees to address ATOD issues. DASSA policy and strategy work has resulted in: • Tobacco smoking prevalence declining from 13.9 percent in 2017 to 9.8 percent in 2021. • Decreased risky drinking among South Australians aged 18-29 years between 2011 and 2021. Declining levels of use of methamphetamine, prescription painkillers/analgesics and opioids.

Our Consumers	
Indicators	**Performance**
Deliver person and family-centred care	SALHN continues to embed consumer representatives across all governance levels and within strategic programs of work and promote the principles of person and family centred care through education and training.
Patient and Family representatives	The Patient and Family representatives have a dedicated focus on connecting the patient voice with our service delivery.
Consumer Indicators	SALHN implemented the Consumer Experience Discharge Survey, for consumers who have been discharged from inpatient services in the proceeding 7 days. The responses are categorised against the charter of rights and SALHN six domains of quality. The results from the Consumer Experience Discharge Survey are presented across SALHN and the themes used to inform improvement.

Our Relationships	
Indicators	**Performance**
Priority Care Centres (PCC)	SALHN has partnered with Wellbeing SA, and the Marion Domain GP practice to provide an urgent care option for the southern Adelaide community, 7 days per week. The average number of patients receiving treatment at the PCC each week increased from 85 per week in July 2021 to 142 per week in June 2022. This increase was the result of the implementation of a sustainable workforce model, the development of partnerships with key agencies, broadening of the scope of accepted clinical conditions and the introduction of specialised equipment.
My Home Hospital (MyHH)	MyHH is a partnership project between Wellbeing SA and SALHN. MyHH commenced in January 2021, with home clinical care provided by Calvary Medibank. The service has experienced a gradual increase in referrals to 14 per week in June 2021, with numbers increasing consistency since March 2022 with the onboarding of the full team liaison nurses.

Our Relationships	
Indicators	**Performance**
COVID testing and vaccinations	SALHN has partnered with SA Pathology and SA Pharmacy to provide COVID-19 testing and vaccination to the community of southern Adelaide.
Memory Support Transition Team	The Memory Support Transtion Team (MSTT) is an initiative of the Rehabilitation, Aged and Palliative Care Team in partnership with Residental Aged Care (RCF) facilities across southern Adelaide. Since commencement in February 2022, MSTT have supported 30 consumers with 1,400 visits attended across 15 facilities. Feedback received from consumers' families and RCFs has been extremely positive. MSTT has the opportunity to enrich consumers' lives by discharging quicker out of the hospital environment and transitioning into their new home and is pivotal in ensuring strong transparent communication between the consumer, their carer, the RCF and their GP while on the program.

Our Research	
Research Week	SALHN Research Week theme in 2021 of the 'Four Fields of Enquiry', engaged with over 3,000 delegates in person and virtually. It also facilitated the launch of SALHN Research Directions 2021-24 strategy.
Research Applications	SALHN exceeded all three of the research performance targets; 100% of low risk HREC applications were approved within 60 calendar days, 100% of low risk SSA applications were authorised within 30 calendar days, 80% of joint ethics and SSA applications (low risk) were approved within 20 calendar days.
Continuous Improvement	The Continuous Improvement Program for 2021-22 had over 150 participants complete the program. The program has achieved internationally recognised improvement work, with presentations at the Stanford Lean Conference. The team have implemented improvements in several SALHN wide projects aligned to the Patient Journey Collaborative.

Corporate Performance Summary

SALHN ED performance was challenged in 2021-22 by the impact of COVID-19 and service demand. This included infrastructure challenges in managing COVID-19 and COVID-19 related workforce shortages.

There was reduced elective surgery activity in response to increasing COVID-19 activity and managing high emergency demand, resulting in the re-prioritisation of elective surgery cases.

SALHN performance across Safe and Effective Care metrics has been maintained despite these challenges.

Outpatient Service improvement strategies continue in line with the Department for Health and Wellbeing Outpatient Redesign Project, which aims to reduce long wait time across outpatient clinics to five years or less in 2022.

Employment opportunity programs

Program name	Performance
Aboriginal and Torres Strait Islander employment program	The SALHN Aboriginal EN Cadet Program continues progressing, with five cadets participating in the program. The program supports the cadets through the Diploma of Nursing while providing employment support and provides an employment pathway. SALHN continues to provide support to employees in becoming Aboriginal Health Practitioners, with five employees nearing completion of the program.
Flexibility at Work program	Employees continue to be supported to access flexible work practices including part-time and work-from-home arrangements.

Agency performance management and development systems

Performance management and development system	Performance
SA Health Performance Review and Development program	Our managers have continued to check in on the well-being of their staff and support them in their roles throughout the challenging time of COVID-19 responsiveness. There has been a decrease in compliance due in part to the COVID-19 pandemic, with the rate as at 30 June 2022 of 45%. An on-line PR&D form was launched in May 2022 to increase accessibility for staff.

Work health, safety and return to work programs

SALHN is committed to supporting staff safety and well-being. Our Integrated Governance Framework, integrated management system and SALHN's Safety Council encourage the identification and reporting of hazards and incidents to ensure prompt access to appropriate support and allows key learnings to be shared across the network.

Program name	Performance
Staff Physical Wellness Service	343 workers accessed services in 2021-22. The program resulted in a 19% reduction in new claims and a 16% reduction in new claim costs. The program also contributed to a 17% reduction in significant injuries due to prompt early intervention injury treatment.
Hotel Services (CIP) Workforce Musculoskeletal Injury reduction program	The program delivered a 53% reduction in new claims, as well as improving team morale and wellbeing.
Workforce Wellbeing	Supportive measures incorporating recognition awards, wellness trolleys and establishment of the wellbeing collaborative group contributed to the 24% reduction in psychological injury new claims for the financial year.

Workplace injury claims	Past Year 2020-21	Current Year 2021-22	% Change (+ / -)
Total new workplace injury claims	180	146	-18.9%
Fatalities	0	0	0.0%
Seriously injured workers*	1	0	-100.0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	18.5	16.05	-17.6%

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

Work health and safety regulations	Past Year 2020-21	Current Year 2021-22	% Change (+ / -)
Number of notifiable incidents (*Work Health and Safety Act 2012, Part 3)*	5	5	0.0%
Number of provisional improvements, improvement and prohibition notices (*Work Health and Safety Act 2012 Sections 90, 191 and 195*)	13	0	-100.0%

Return to work costs**	Past Year 2020-21	Current Year 2021-22	% Change (+ / -)
Total gross workers compensation expenditure ($)	$7,367,371	$6,374,916	-13.5%
Income support payments – gross ($)	$3,391,814	$3,206,011	-5.5%

***before third-party recovery*

Data for previous years is available at: https://data.sa.gov.au/data/dataset/southern-adelaide-local-health-network-salhn/resource/6b563792-d33a-4796-bb20-bc6c713588e6

Executive employment in the agency

Executive classification	Number of executives
Chief Executive Officer	1
SAES1	9
SAES2	1

Data for previous years is available at: https://data.sa.gov.au/data/dataset/southern-adelaide-local-health-network-salhn/resource/6b563792-d33a-4796-bb20-bc6c713588e6

The Office of the Commissioner for Public Sector Employment has a workforce information page that provides further information on the breakdown of executive gender, salary and tenure by agency. It is available at: https://www.publicsector.sa.gov.au/about/Our-Work/Reporting/Workforce-Information

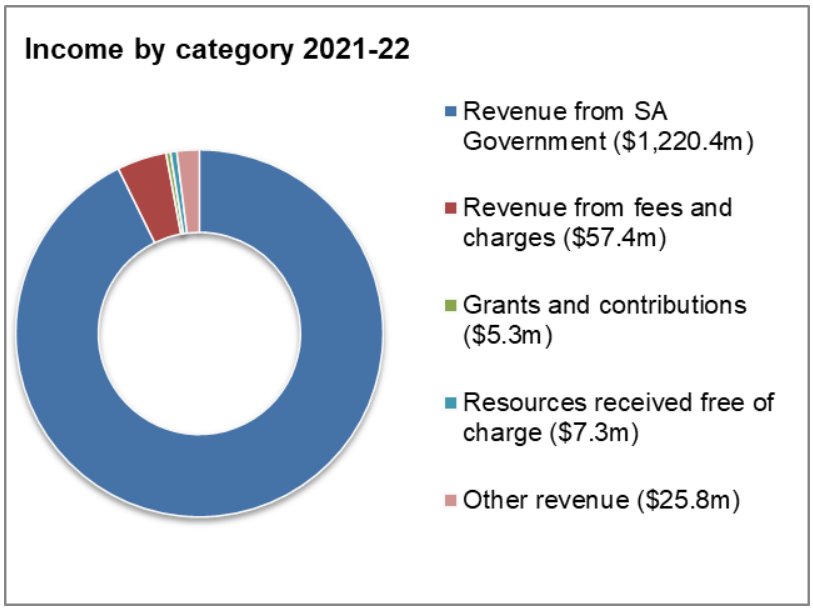
FINANCIAL PERFORMANCE

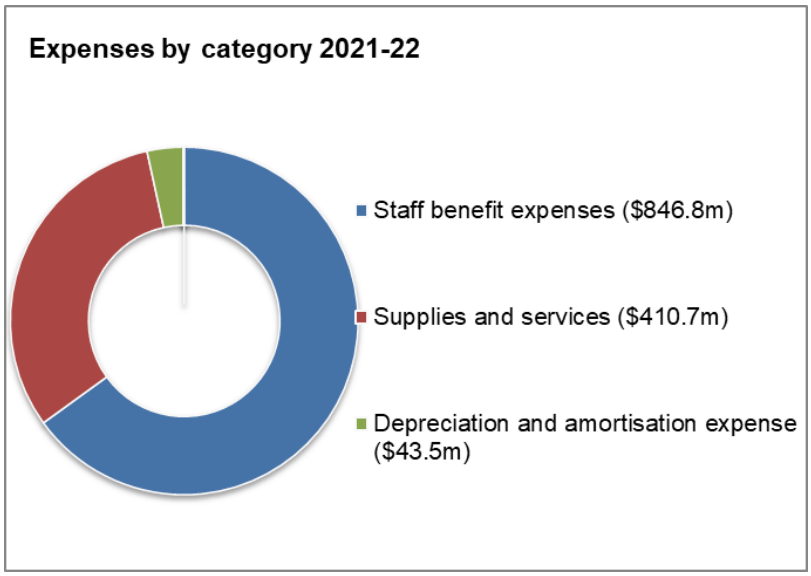
Financial performance at a glance

The following table and charts provide a brief summary of the overall financial performance of SALHN. The 2021-22 Audited Financial Statements are attached to this report.

SALHN three-year financial summary

Three-year financial summary ($000)	2021-22	% ↑↓	2020-21	% ↑↓	2019-20	% ↑↓
Total Income	1 316 225	4.7%	1 256 658	8.3%	1 159 971	12.2%
Total expenses	1 302 305	5.8%	1 230 652	4.2%	1 180 615	5.2%
Net result for the period	13 920	-46.5%	26 006	226.0%	(20 644)	76.7%
Net cash provided by operating activities	(8 069)	-149.9%	16 160	-58.8%	39 208	-549.4%
Total assets	819 189	-0.9%	826 980	3.4%	800 108	1.6%
Total liabilities	362 212	-5.9%	384 974	0.2%	384 108	9.6%
Net assets	456 977	3.4%	442 006	6.3%	416 000	-4.9%





Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below $10,000 each

Consultancies	Purpose	$ Actual payment
All consultancies below $10,000 each - combined	nil	$0

Consultancies with a contract value above $10,000 each

Consultancies	Purpose	$ Actual payment
Ernst & Young	Capital renewal program 'Case for Change'	$309,912
Ernst & Young	SALHN Operational Command Centre mobilisation plan	$206,019
Destravis Australia Pty Ltd.	Master Plan and Clinical Services Planning	$150,606
Lean Enterprise Australia Ltd	Coaching and advisory - Virtual Care Services Program	$140,223
KPMG	Internal Audit 2020-21	$136,835
Ernst & Young	Clinical Coding Training Program	$120,796
Ernst & Young	Internal Audit Plan 2021-22	$75,525
Mark Monaghan	Review of unplanned and emergency hospital admissions	$24,500
KPMG	Colonoscopy review (2020-21 accrued expenditure adjustment)	($16,066)
	Total	$1,148,350

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below $10,000

Contractors	Purpose	$ Actual payment
All contractors below $10,000 each - combined	Various	$14,125

Contractors with a contract value above $10,000 each

Contractors	Purpose	$ Actual payment
Ventia Australia Pty Ltd	Facilities management fees	$806,551
Ernst & Young	Patient flow initiative and PMO support	$393,627
Pop-Up Community Care	Provision of Nurses for Noarlunga COVID-19 Vaccination Clinic	$306,913
Care Park Pty Ltd	FMC car park management	$287,130
Ernst & Young	Professional Services	$249,514
Ernst & Young	Financial Sustainability and Business Finance Development Program	$230,089
Ernst & Young	Evaluation of the Southern Health Expansion Plan	$174,515
Business Health Consulting Services	Business finance services	$160,650
Defence SA	Veteran Wellbeing Centre Partnership Hub Coordinator	$153,919
Zed Management Consulting	Sobering Up Services Model of Care	$103,000
Flinders University	Evaluation of assertive outreach services pilot	$92,816
University Of South Australia	Wastewater drugs analysis	$90,000
DXC Technology Australia Pty Ltd	ICT service charges	$64,806
Flinders University	Evaluation of SA Police Drug Diversion Initiative	$60,000
Flinders University	Evaluation of front door frailty service	$54,479
KPMG	Supply of internal audit services	$50,364
Altus Traffic Pty Ltd	Traffic Management - Laffer Drive COVID-19 Testing Clinic	$47,049
Zed Management Consulting	Veteran Wellbeing Centre evaluation toolkit	$42,450
Fisher Leadership	Executive Search - Chief Executive Officer	$40,000
PricewaterhouseCoopers	Inpatient revenue review	$31,225
Blue Crystal Solutions	DASSA Integration	$29,501
Harris Orchard Services Pty Ltd	Outpatient services review	$29,500
Harris Orchard Services Pty Ltd	Clinical Outreach Services review	$29,000
Quark & Associates Pty Ltd	Complaints review	$27,016
FBE Pty Ltd	Biomedical engineering procurement specialist	$26,618
Harris Orchard Services Pty Ltd	Clinical governance and administrative services review	$22,000
Ernst & Young	Evaluation of Automation Process Pilot	$20,348
HG Leadership Pty Ltd	Provision of Executive search services	$18,534

Contractors	Purpose	$ Actual payment
Harris Orchard Services Pty Ltd	Lean Thinking review	$15,500
Uniting Communities	Outpatient counselling services	$13,600
Ccentric International Pty Ltd	Executive Search - Head of Unit, General Medicine	$13,333
Carol Beeke	Audit of South Australian Metastatic Colorectal Cancer Registry	$13,090
Zero Suicide Institute of Australasia Pty Ltd	Towards Zero Suicide Service Support	$10,700
	Total	$3,707,837

Data for previous years is available at: News and publications SA Health Intranet

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. View the agency list of contracts.

The website also provides details of across government contracts.

RISK MANAGEMENT

Risk and audit at a glance

SALHN's Board Audit and Risk Board Sub-Committee met quarterly in 2021-22 with additional scheduling of meetings around the end of financial year to support financial statement verification and submission process. The Sub-Committee consists of two Board Members and one Independent Member. ErnstYoung supported the delivery of the SALHN Internal Audit Plan throughout 2021-22.

Maturity of our risk management framework continues as part of our best practice governance. Enhancement of risk literacy and risk maturity continues to be a key focus of our Integrated Governance framework.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Time keeping and attendance	2
Misuse of public resources	2
Non-compliance of research ethics and approvals	0
Utilising public resources for pecuniary interest and conducting unauthorised research	0
Failure to declare conflict of interest and receiving gain or favour	2
Inappropriate claims for recall	0

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

- The Code of Ethics is issued to all new employees with their Contracts of Employment and new employees attend SALHN's Corporate Orientation program which contains a section on employee responsibilities including abiding by the Code of Ethics
- Code of Ethics is a mandatory training requirement for all employees
- Annual Statements of Interest are required by all Clinical and Executives with ongoing improvement projects focusing on compliance and management plans

Data for previous years is available at: https://data.sa.gov.au/data/dataset/southern-adelaide-local-health-network-salhn/resource/30ab8d86-20d1-43cf-aa64-ccd6920b0d50

Public interest disclosure

- Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018:* *0*

Data for previous years is available at: https://data.sa.gov.au/data/dataset/southern-adelaide-local-health-network-salhn/resource/80ae2805-aae1-4780-b65f-c876b454e4b2

REPORTING REQUIRED UNDER ANY OTHER ACT OR REGULATION	
Act or Regulation	**Requirement**
Carers' Recognition Act 2005	Reporting required under the *Carers' Recognition Act* 2005 The *Carers' Recognition Act 2005* is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA. Section 7: Compliance or non-compliance with Section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with Section 6.

The important role that carers play in caring is highly valued and respected by SALHN. To improve carer experiences and build stronger support systems in 'caring for the carer' SALHN has:

- Both consumer and carer representation with the Patient & Family Representative Program
- Expanded the Consumer Experience Discharge Survey, which allows an opportunity for carers to provide feedback which informs organisational and service level improvements
- Promoting person and family centred care principles across the organisation as well as exploring how the role of the carer can be formalised through a Carer Partner Framework
- Engaged and consulted with consumers on COVID-19 planning and pandemic management response
- Embedded consumer and carer voices within strategic programs, service changes and planning
- Consumer and carer stories highlighted through SALHN communications
- Consumer and Carer spotlights at the SALHN Clinical Governance Sub-Committee and Partnering with Consumers Advisory Group as a standing agenda item
- Consumers and carers contributing and influencing research
- The principles of the Statement for Australian Carers embedded within SALHN Corporate Orientation
- The principles of the Statement for Australian Carers to underpin the SALHN Consumer Engagement Strategy
- Implemented promotion of the Australian Charter of Rights across the organisation (i.e. posters and intranet).

PUBLIC COMPLAINTS

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2021-22
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile or cultural competency	197
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	6
Communication	Communication quality	Inadequate, delayed or absent communication with consumer	90
Communication	Confidentiality	Consumer's confidentiality or privacy not respected; information shared incorrectly	15
Service delivery	Systems/technology	System offline; inaccessible to consumer; incorrect result/information provided; poor system design	22
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to consumers with disabilities	8
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not consumer responsive	12
Service quality	Information	Incorrect, incomplete, outdated or inadequate information; not fit for purpose	2
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	2
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	387
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	36
Service quality	Service responsiveness	Service design doesn't meet consumer needs; poor service fit with consumer expectations	70
Treatment	Treatment	Inadequate, wrong, inappropriate, rough, painful, negligent treatment; withdrawal/denial of treatment; adverse outcome; diagnosis; infection control; medication	328
Service delivery	Information and process	Billing practices; Information on costs. Lost property; administrative services	63
		Total	1,238

Additional Metrics	Total
Number of positive feedback comments	470
Number of negative feedback comments	1,270
Total number of feedback comments (includes compliments, complaints, suggestions, requests)	1,878
% complaints resolved within policy timeframes	82%

Data for previous years is available at: https://data.sa.gov.au/data/dataset/southern-adelaide-local-health-network-salhn/resource/8366510c-e619-42c5-a107-7cf6258730bc

Service improvements

Improvements resulting from consumer feedback and suggestions during FY21/22 included:

- Development of a SALHN, Carer and Community Feedback and Complaint Management Strategy 2022 – 2025
- Lost property improvement project
- BPAY as a payment option for Pharmacy invoices
- Motor Neurone Disease patient "passport" initiative to improve clinical communication and handover
- Visitor guidelines developed for pregnant women
- Improved outpatient processes for consumers
- Improved communication for consumers moving into Care Awaiting Placement Programs at aged care facilities.

Compliance Statement

Southern Adelaide Local Health Network is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Yes
Southern Adelaide Local Health Network has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees.	Yes

SALHN has communicated the content of PC039 through raising staff awareness of the SALHN Consumer Advisory Service Feedback Management Procedure which is compliant with the content of PC039.

SALHN staff are also aware of the **SA Health Consumer, Carer and Community Feedback and Complaints Management web page and Strategic Framework** which encompass the PC039.

APPENDIX: FINANCIAL STATEMENTS 2022-21

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SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2022

	Note	2022	2021
		$'000	$'000
Income			
Revenues from SA Government	2	1,220,410	1,157,708
Fees and charges	3	57,375	62,047
Grants and contributions	4	5,326	4,812
Interest	12	-	4
Resources received free of charge	5	7,265	8,335
Other revenues/income	6	25,849	23,752
Total income		**1,316,225**	**1,256,658**
Expenses			
Staff benefits expenses	7	846,804	813,056
Supplies and services	8	410,737	372,116
Depreciation and amortisation	16,17	43,499	43,524
Grants and subsidies	9	-	342
Borrowing costs	20	142	168
Net loss from disposal of non-current and other assets	11	1	90
Impairment loss on receivables	13.1	734	453
Other expenses	10	388	903
Total expenses		**1,302,305**	**1,230,652**
Net result		**13,920**	**26,006**
Total comprehensive result		**13,920**	**26,006**

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	2022	2021
		$'000	$'000
Current assets			
Cash and cash equivalents	12	17,466	36,181
Receivables	13	26,815	25,384
Inventories	15	4,315	3,772
Total current assets		**48,596**	**65,337**
Non-current assets			
Receivables	13	6,505	6,274
Other financial assets	14	2,601	2,601
Property, plant and equipment	16,17	761,472	752,746
Intangible assets	16.5	15	22
Total non-current assets		**770,593**	**761,643**
Total assets		**819,189**	**826,980**
Current liabilities			
Payables	19	47,048	36,586
Financial liabilities	20	1,703	1,332
Staff benefits	21	128,196	133,090
Provisions	22	6,461	5,416
Contract liabilities and other liabilities	23	1,599	2,079
Total current liabilities		**185,007**	**178,503**
Non-current liabilities			
Payables	19	5,511	6,123
Financial liabilities	20	6,143	7,856
Staff benefits	21	130,967	153,244
Provisions	22	34,584	39,248
Total non-current liabilities		**177,205**	**206,471**
Total liabilities		**362,212**	**384,974**
Net assets		**456,977**	**442,006**
Equity			
Retained earnings		373,347	358,376
Asset revaluation surplus		83,630	83,630
Total equity		**456,977**	**442,006**

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

	Asset revaluation surplus $ '000	Retained earnings $ '000	Total equity $ '000
Balance at 30 June 2020	**83,630**	**332,370**	**416,000**
Net result for 2020-21	**-**	**26,006**	**26,006**
Total comprehensive result for 2020-21	**-**	**26,006**	**26,006**
Balance at 30 June 2021	**83,630**	**358,376**	**442,006**
Net result for 2021-22	**-**	**13,920**	**13,920**
Total comprehensive result for 2021-22	**-**	**13,920**	**13,920**
Net assets transferred out as a result of an administrative restructure	-	1,051	1,051
Balance at 30 June 2022	**83,630**	**373,347**	**456,977**

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

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Cash inflows			
Receipts from SA Government		1,018,987	958,236
Fees and charges		57,140	55,966
Grants and contributions		7,757	6,748
Interest received		-	4
GST recovered from ATO		15,932	15,123
Other receipts		11,613	8,469
Cash generated from operations		**1,111,429**	**1,044,546**
Cash outflows			
Staff benefits payments		(874,576)	(810,804)
Payments for supplies and services		(244,140)	(216,128)
Payments of grants and subsidies		(16)	(486)
Interest paid		(142)	(168)
Other payments		(624)	(800)
Cash used in operations		**(1,119,498)**	**(1,028,386)**
Net cash provided by/(used in) operating activities		**(8,069)**	**16,160**
Cash outflows			
Purchase of property, plant and equipment		(8,675)	(10,182)
Cash used in investing activities		**(8,675)**	**(10,182)**
Net cash provided by/(used in) investing activities		**(8,675)**	**(10,182)**
Cash flows from financing activities			
Cash outflows			
Repayment of lease liabilities		(1,971)	(2,012)
Cash used in financing activities		**(1,971)**	**(2,012)**
Net cash provided by/(used in) financing activities		**(1,971)**	**(2,012)**
Net increase/(decrease) in cash and cash equivalents		**(18,715)**	**3,966**
Cash and cash equivalents at the beginning of the period		36,181	32,215
Cash and cash equivalents at the end of the period	12	**17,466**	**36,181**
Non-cash transactions	24		

The accompanying notes form part of these financial statements.

1. About Southern Adelaide Local Health Network

The Southern Adelaide Local Health Network (the Hospital) is a not-for-profit incorporated hospital established under the *Health Care Act 2008*. The financial statements include all controlled activities of the Hospital. The Hospital does not control any other entity. It does have an interest in an unconsolidated structured entity (Flinders Fertility). Information on the Hospital's interests in other entities is at note 32.

Administered items
The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedule of Administered Financial Statements (note 34). Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

1.1 Objectives and activities

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

The Hospital is part of the SA Health portfolio providing health services for Southern Adelaide, including those managed on a State-wide basis. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based quaternary care including medical, surgical and other acute services, rehabilitation, mental health, palliative care and other community health services to veterans and other persons living within the Southern Adelaide metropolitan area and statewide as appropriate.

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

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

1.2 Basis of preparation

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

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

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

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

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

1.3 Taxation

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

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

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

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

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

1.4 Continuity of Operations

As at 30 June, the Hospital had a working capital deficiency of $136.411 million ($113.166 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions. This ongoing commitment is ultimately outlined in the annually produce and published *State Budget Papers* which presents the SA Government's current and estimated future economic performance, including forward estimates of revenue, expenses and performance by Agency.

1.5 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

1.6 Administrative restructures

2021-22

As a result of administrative arrangements outlined in the Chief Executive Agreement (4 April 2022), the Metropolitan Referral Unit was transitioned from the Hospital to Wellbeing SA, effective 26 March 2022. Net liabilities of $1.051 million were transferred out, consisting of payables ($0.060 million) and staff benefits ($0.991 million). This included the transfer of 32 staff.

Net liabilities transferred by the Hospital as a result of the administrative restructure were at the carrying amount immediately prior to transfer, and treated as a distribution to the SA Government as owner.

2020-21

There were no transfers during this period

1.7 Impact of COVID-19 pandemic on SA Health

The COVID-19 pandemic continues to have an impact on the Hospital's operations. This includes an increase in costs associated with COVID capacity and preparation, increased demand for personal protective equipment and increased staffing costs (including agency) to ensure that demand can be managed across South Australia and that necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital were $35.760 million ($17.626 million).

1.8 Change in accounting policy

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

2. Revenues from SA Government

	2022 $'000	2021 $'000
Operational funding	1,170,962	1,098,345
Capital projects funding	49,448	59,363
Total revenues from Department for Health and Wellbeing	**1,220,410**	**1,157,708**

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

3. Fees and charges

	2022 $'000	2021 $'000
Car parking revenue	3,093	3,434
Commissions revenue	13	15
Fees for health services	12,396	11,016
Fines, fees and penalties	19	6
Patient and client fees	36,304	41,997
Private practice fees	2,912	3,246
Sale of goods - medical supplies	619	152
Training revenue	122	214
Other user charges and fees	1,897	1,967
Total fees and charges	**57,375**	**62,047**

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

All revenue from fees and charges is revenue recognised from contracts with customers except for fines, fees and penalties.

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	2022 $'000 Goods/Services transferred at a point in time	2022 $'000 Goods/Services transferred over a period of time	2021 $'000 Goods/Services transferred at a point in time	2021 $'000 Goods/Services transferred over a period of time
Car parking revenue	3,047	46	3,434	-
Commissions revenue	13	-	15	-
Patient and client fees	29,819	-	32,965	-
Private practice fees	2,912	-	3,246	-
Fees for health services	10,694	-	10,400	-
Sale of goods - medical supplies	77	-	52	-
Training revenue	17	-	-	-
Other user charges and fees	1,502	-	1,441	-
Total contracts with external customers	**48,081**	**46**	**51,553**	**-**
Patient and client fees	6,485	-	9,032	-
Fees for health services	1,702	-	616	-
Sale of goods - medical supplies	542	-	100	-
Training revenue	105	-	214	-
Other user charges and fees	395	-	526	-
Total contracts with SA Government customers	**9,229**	**-**	**10,488**	**-**
Total contracts with customers	**57,310**	**46**	**62,041**	**-**

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

The Hospital recognises revenue (contract from customers) from the following major sources:

Patient and Client Fees
Public health care is free for medicare eligible customers. Non-medicare eligible customers pay in arrears to stay overnight in a public hospital and to receive medical assessment, advice, treatment and care from a health professional. These charges may include doctors, surgeons, anaesthetists, pathology, radiology services etc. Revenue from these services is recognized on a time-and-material basis as services are provided. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

Fees for health services
Where the Hospital has incurred an expense on behalf of another entity, payment is recovered from the other entity by way of a recharge of the cost incurred. These fees can relate to the recharge of salaries and wages or various goods and services. Revenue is recognised on a time-and-material basis as provided. Any amounts remaining unpaid at the end of the reporting period are treated as accounts receivable.

Private practice fees
SA Health grants SA Health employed salaried medical consultants the ability to provide billable medical services relating to the assessment, treatment and care of privately referred outpatients or private inpatients in SA Health sites. Fees derived from undertaking private practice is income derived in the hands of the specialist. The specialist appoints the Hospital as an agent in the rendering and recovery of accounts of the specialists private practice. SA Health disburses amounts collected on behalf of the specialist to the specialist via payroll (fortnightly) or accounts payable (monthly) depending on the rights of private practice scheme. Revenue from these services is recognized as it's collected as per the Rights of Private Practice Agreement.

Car Parking Revenue
The Hospital provides access to car parks directly to staff, patients and visitors. A discounted weekly ticket is also available. Revenue is recognized when control of the goods has transferred to the customer, being when the ticket is purchased. The Hospital also provides weekly, fortnightly and monthly car park passes to doctors, nurses and other staff.

4. Grants and contributions

	2022 $'000	2021 $'000
Commonwealth grants and donations	1,148	1,906
Other SA Government grants and contributions	940	982
Private sector capital contributions	687	-
Private sector grants and contributions	2,551	1,924
Total grants and contributions	**5,326**	**4,812**

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

Of the $5.326 million ($4.812 million) received during the reporting period for grants and contributions, $1.865 million ($0.723 million) was provided for specific purposes, such as research and associated activities.

5. Resources received free of charge

	2022 $'000	2021 $'000
Buildings and improvements	562	1,670
Services	6,703	6,665
Total resources received free of charge	**7,265**	**8,335**

Buildings and improvements contributions of $0.562 million relates to upgraded Hospital facilities shared with Central Adelaide Local Health Network ($1.670 million for photovoltaic cells at Flinders Medical Centre).

Contribution of services are recognised only when the fair value can be determined reliably and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at $5.055 million ($5.057 million) and ICT services valued at $1.648 million ($1.608 million) from Department of the Premier and Cabinet following Cabinet's approval to cease intra-government charging.

In addition, although not recognised the Hospital received volunteer services from the Volunteers Services Inc. There are around 600 volunteers who provide patient and staff support services to individuals using Hospital`s services. The services include but are not limited to: childcare, respite care, transport, therapeutic activities, patient liaison gift shop support, kiosk support and café support.

6. Other revenues/income

	2022 $'000	2021 $'000
Donations	37	567
Health recoveries	14,064	15,265
Other	11,748	7,920
Total other income/revenue	**25,849**	**23,752**

7. Staff benefits expenses

	2022 $'000	2021 $'000
Salaries and wages	698,314	658,883
Targeted voluntary separation packages	270	1,382
Long service leave	(7,090)	5,694
Annual leave	70,848	64,787
Skills and experience retention leave	3,295	3,016
Staff on-costs - superannuation*	75,473	69,089
Staff on-costs - other	3	2
Workers compensation	3,202	8,158
Board and committee fees	353	296
Other staff related expenses	2,136	1,749
Total staff benefits expenses	**846,804**	**813,056**

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

The decrease in long service leave expense is primarily due to an increase in the bond yield, from 1.50% to 3.75%, which is used in the actuarial assessment of long service leave liability to discount future cash flows, resulting in a decrease in the liability. Refer to note 21.2.

7.1 Key Management Personnel

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

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

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

Compensation	2022 $'000	2021 $'000
Salaries and other short term staff benefits	1,262	1,087
Post-employment benefits	152	173
Total	**1,414**	**1,260**

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

7.2 Remuneration of board and committee members

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

	2022 No. of Members	2021 No. of Members
$0	303	338
$1 - $20,000	37	48
$20,001 - $40,000	7	5
$60,001 - $80,000	1	1
Total	**348**	**392**

The total remuneration received or receivable by members was $0.386 million ($0.322 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year. Board members ceasing membership during the reporting period are also included in the table above.

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

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

7.3 Remuneration of staff

The number of staff whose remuneration received or receivable falls within the following bands:	2022 Number	2021 Number
$154,001 - $157,000*	n/a	27
$157,001 - $177,000	151	136
$177,001 - $197,000	101	96
$197,001 - $217,000	79	56
$217,001 - $237,000	39	33
$237,001 - $257,000	45	38
$257,001 - $277,000	40	39
$277,001 - $297,000	38	29
$297,001 - $317,000	29	27
$317,001 - $337,000	30	21
$337,001 - $357,000	25	23
$357,001 - $377,000	23	28
$377,001 - $397,000	8	26
$397,001 - $417,000	24	16
$417,001 - $437,000	21	20
$437,001 - $457,000	19	23
$457,001 - $477,000	24	26
$477,001 - $497,000	23	19
$497,001 - $517,000	17	13
$517,001 - $537,000	15	9
$537,001 - $557,000	8	6
$557,001 - $577,000	5	11
$577,001 - $597,000	7	4
$597,001 - $617,000	8	3
$617,001 - $637,000	2	1
$637,001 - $657,000	3	-
$657,001 - $677,000	2	-
$677,001 - $697,000	-	1
$737,001 - $757,000	1	-
Total	**787**	**731**

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2021.

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

7.4 Remuneration of staff by classification

The total remuneration received by these staff included in note 7.3:

	2022		2021	
	No.	**$'000**	**No.**	**$'000**
Nursing remuneration	63	10,920	57	9,634
Medical (excluding Nursing) remuneration	709	214,405	661	195,856
Non-medical (i.e. administration) remuneration	7	1,238	3	660
Executive remuneration	8	1,881	10	2,276
Total	**787**	**228,444**	**731**	**208,426**

7.5 Targeted voluntary separation packages (TVSP)

	2022 $'000	2021 $'000
Amount paid/payable to separated staff:		
Leave paid/payable to separated employees	70	671
Targeted voluntary separation packages	270	1,382
Net cost to the Hospital	**340**	**2,053**
The number of staff who received a TVSP during the reporting period	4	14

8. Supplies and services

	2022 $'000	2021 $'000
Administration	531	401
Advertising	2,073	2,188
Communication	3,505	2,991
Computing	11,751	10,087
Consultants	1,148	643
Contract of services	17,501	7,592
Contractors	3,723	2,497
Contractors - agency staff	18,814	15,405
Drug supplies	26,638	26,114
Electricity, gas and fuel	6,986	7,287
Fee for service	47,500	41,467
Food supplies	13,376	11,859
Hotel quarantine - accommodation costs	13	13
Housekeeping	13,178	13,094
Insurance	6,515	6,170
Internal SA Health SLA payments	14,588	14,232
Legal	237	219
Low value lease expense	54	265
Medical, surgical and laboratory supplies	142,428	137,667
Minor equipment	5,941	6,639
Motor vehicle expenses	674	1,066
Occupancy rent and rates	3,378	2,818
Patient transport	5,374	5,667
Postage	1,612	1,322
Printing and stationery	2,381	2,458
Repairs and maintenance	19,948	17,962
Security	13,350	9,688
Services from Shared Services SA	5,120	5,128
Short term lease expense	181	-
Training and development	9,795	8,545
Travel expenses	1,293	346
Other supplies and services	11,131	10,286
Total supplies and services	**410,737**	**372,116**

The Hospital recognises lease payments associated with short term leases (12 months or less) and leases for which the underlying asset is low value (less than $15,000) as an expense on a straight line basis over the lease term. Lease commitments for short term leases is similar to short term lease expenses disclosed.

Consultants

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

	2022		2021	
	No.	$'000	No.	$'000
Below $10,000	-	-	1	6
Above $10,000	8	1,148	7	637
Total paid/payable to consultancies engaged	**8**	**1,148**	**8**	**643**

9. Grants and subsidies

	2022 $'000	2021 $'000
Recurrent grants	-	342
Total grants and subsidies	**-**	**342**

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

10. Other expenses

	2022 $'000	2021 $'000
Assets transferred to the Department	-	23
Debts written off	56	60
Bank fees and charges	43	44
Other*	289	776
Total other expenses	**388**	**903**

* Includes reversal of write-down of inventories of $0.348 million ($0.077 million write-down) and audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of $0.363 million ($0.363 million). No other services were provided by the Auditor-General's Department.

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

	2022 $'000	2021 $'000
Carrying amount of assets disposed	(1)	(90)
Total net gain/(loss) from disposal of plant and equipment	**(1)**	**(90)**

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

12. Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank or on hand	1,735	1,322
Deposits with Treasurer: general operating	3,558	23,753
Deposits with Treasurer: special purpose funds	12,173	11,106
Total cash and cash equivalents	**17,466**	**36,181**

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

The Hospital only earns interest on the special deposit account of nil ($0.004 million).

13. Receivables

	Note	2022 $'000	2021 $'000
Current			
Patient/client fees: compensable		3,195	3,472
Patient/client fees: other		9,576	11,162
Debtors		5,661	4,291
Less: allowance for impairment loss on receivables	13.1	(2,441)	(1,707)
Prepayments		5,836	3,865
Workers compensation provision recoverable		2,111	1,583
Sundry receivables and accrued revenue		1,720	2,132
GST input tax recoverable		1,157	586
Total current receivables		**26,815**	**25,384**
Non-current			
Debtors		798	947
Prepayments		1,432	1,488
Workers compensation provision recoverable		4,275	3,839
Total non-current receivables		**6,505**	**6,274**
Total receivables		**33,320**	**31,658**

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

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

13.1 Impairment of receivables

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

Movement in the allowance for impairment loss on receivables:

	2022 $'000	2021 $'000
Carrying amount at the beginning of the period	**1,707**	**1,254**
Increase/(Decrease) in allowance recognised in profit or loss	734	453
Carrying amount at the end of the period	**2,441**	**1,707**

Impairment losses relate to receivables arising from contracts with customers that are external to the SA Government.
Refer to note 30 for details regarding credit risk and the methodology for determining impairment.

14. Other financial assets

	2022 $'000	2021 $'000
Non-current		
Joint venture	2,601	2,601
Total other financial assets	**2,601**	**2,601**

The joint venture represents the Hospital's share of beneficial entitlement of Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility, which is the only joint arrangement in which the Hospital participates. The value of entitlement as at the reporting period is unchanged at $2.601 million from the previous financial year.

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

There is no impairment on other financial assets. Refer to note 30 for information on risk management.

15. Inventories

	2022 $'000	2021 $'000
Drug supplies	928	870
Inventory imprest stock	2,700	2,372
Other	687	530
Total current inventories - held for distribution	**4,315**	**3,772**

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

16. Property, plant and equipment and intangible assets

16.1 Acquisition and recognition

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

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

16.2 Depreciation and amortisation

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

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

Class of asset	Useful life (years)
Buildings and improvements	40 – 80
Right-of-use buildings	Lease term
Accommodation and Leasehold improvements	Lease term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 – 15
• Other plant and equipment	3 – 25
Right-of-use plant and equipment	Lease term
Intangible assets	5 – 30

16.3 Revaluation

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

Revaluation of non-current assets or a group of assets is only performed when the assets fair value at the time of acquisition is greater than $1.500 million, and the estimated useful life exceeds three years. Revaluations are undertaken on a regular cycle. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. If at any time, management considers that the carrying amount of an asset greater than $1.500 million materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

16.4 Impairment

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible; accordingly, the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, fair value is assessed each year.

There were no indications of impairment for property, plant and equipment or intangibles as at 30 June 2022.

16.5 Intangible assets

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

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

The Hospital has computer software with a carrying amount of $0.015 million ($0.022 million) at the end of reporting period after amortisation of $0.007 million ($0.014 million).

16.6 Land and building

An independent valuation of owned land and buildings owned by the Hospital was performed in March 2018, within the regular valuation cycle, by a certified practising valuer from Jones Lang Lasalle (SA) Pty Ltd, as at 1 June 2018. Consistent with *Treasurer's Instructions*, a public authority must at least every 6 years obtain a valuation appraisal from a qualified valuer, the timing and process of which will be considered in the 2022-23 financial year.

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

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

16.7 Leased property, plant and equipment

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost and there are no indications of impairment. Additions to right-of-use assets during the reporting period consists of addition to properties of nil ($0.057 million) and motor vehicles $0.630 million ($0.715 million). Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than $15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in note 8.

The Hospital has a number of lease agreements. Lease terms vary in length from 2 to 10 years.
Major lease activities include the use of:

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

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

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

17. Reconciliation of property, plant and equipment

The following table shows the movement :

2021-22	Land and buildings:				Plant and equipment:					
	Land $'000	Buildings $'000	Right-of-use buildings $'000	Capital works in progress land and buildings $'000	Accommodation and Leasehold improvements $'000	Medical/ surgical/ dental/ biomedical $'000	Other plant and equipment $'000	Right-of-use plant and equipment $'000	Capital works in progress plant and equipment $'000	Total $'000
Carrying amount at the beginning of the period	**43,232**	**646,262**	**7,877**	**36,532**	**3,459**	**11,836**	**2,036**	**869**	**643**	**752,746**
Additions	-	-	-	45,060	-	1,904	-	630	4,066	**51,660**
Assets received free of charge	-	-	-	562	-	-	-	-	-	**562**
Disposals	-	-	-	-	-	(1)	-	(3)	-	**(4)**
Transfers between asset classes	-	50,534	-	(51,704)	25	1,311	203	-	(369)	**-**
Subtotal:	**43,232**	**696,796**	**7,877**	**30,450**	**3,484**	**15,050**	**2,239**	**1,496**	**4,340**	**804,964**
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(36,330)	(1,509)	-	(329)	(4,341)	(397)	(586)	-	**(43,492)**
Subtotal:	**-**	**(36,330)**	**(1,509)**	**-**	**(329)**	**(4,341)**	**(397)**	**(586)**	**-**	**(43,492)**
Carrying amount at the end of the period	**43,232**	**660,466**	**6,368**	**30,450**	**3,155**	**10,709**	**1,842**	**910**	**4,340**	**761,472**
Gross carrying amount										
Gross carrying amount	43,232	808,465	11,058	30,450	6,133	47,979	9,322	1,812	4,340	**962,791**
Accumulated depreciation / amortisation	-	(147,999)	(4,690)	-	(2,978)	(37,270)	(7,480)	(902)	-	**(201,319)**
Carrying amount at the end of the period	**43,232**	**660,466**	**6,368**	**30,450**	**3,155**	**10,709**	**1,842**	**910**	**4,340**	**761,472**

All assets are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 16.7 for details about the right-of-use assets, and note 20 for details about the lease liability for right-of-use assets.

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2022

2020-21	Land and buildings:					Plant and equipment:				
	Land $'000	Buildings $'000	Right-of-use buildings $'000	Capital works in progress land and buildings $'000	Accommodation and Leasehold improvements $'000	Medical/ surgical/ dental/ biomedical $'000	Other plant and equipment $'000	Right-of-use plant and equipment $'000	Capital works in progress plant and equipment $'000	Total $'000
Carrying amount at the beginning of the period	**43,255**	**643,636**	**9,409**	**21,417**	**3,791**	**10,857**	**2,115**	**776**	**46**	**735,302**
Additions	-	-	57	52,581	-	5,248	35	715	773	**59,409**
Assets received free of charge	-	-	-	1,670	-	-	-	-	-	**1,670**
Disposals	-	-	-	-	-	(38)	(52)	(12)	-	**(102)**
Donated assets disposal	(23)	-	-	-	-	-	-	-	-	**(23)**
Transfers between asset classes	-	38,968	-	(39,136)	-	(28)	372	-	(176)	**-**
Subtotal:	**43,232**	**682,604**	**9,466**	**36,532**	**3,791**	**16,039**	**2,470**	**1,479**	**643**	**796,256**
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(36,342)	(1,589)	-	(332)	(4,203)	(434)	(610)	-	**(43,510)**
Subtotal:	**-**	**(36,342)**	**(1,589)**	**-**	**(332)**	**(4,203)**	**(434)**	**(610)**	**-**	**(43,510)**
Carrying amount at the end of the period	**43,232**	**646,262**	**7,877**	**36,532**	**3,459**	**11,836**	**2,036**	**869**	**643**	**752,746**
Gross carrying amount										
Gross carrying amount	43,232	757,932	11,058	36,532	6,108	44,870	9,120	1,646	643	**911,141**
Accumulated depreciation / amortisation	-	(111,670)	(3,181)	-	(2,649)	(33,034)	(7,084)	(777)	-	**(158,395)**
Carrying amount at the end of the period	**43,232**	**646,262**	**7,877**	**36,532**	**3,459**	**11,836**	**2,036**	**869**	**643**	**752,746**

All assets are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 16.7 for details about the right-of-use assets, and note 20 for details about the lease liability for right-of-use assets.

18. Fair Value Measurement

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

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

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use. The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than $1.500 million or an estimated useful life that was less than three years are deemed to approximate fair value.

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

18.1 Fair value hierarchy

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

All assets are held at level 3 and are recurring fair value measurements.

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

During the reporting period, the Hospital had no valuations categorised into Level 1, there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels.

18.2 Valuation techniques and inputs

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

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

Unobservable inputs used to arrive at final valuation figures included:

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

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

19. Payables

	2022	2021
Current	**$'000**	**$'000**
Creditors and accrued expenses	31,914	22,507
Paid Parental Leave Scheme	193	144
Staff on-costs*	13,212	12,620
Other payables	1,729	1,315
Total current payables	**47,048**	**36,586**
Non-current		
Staff on-costs*	5,438	6,073
Other payables	73	50
Total non-current payables	**5,511**	**6,123**
Total payables	**52,559**	**42,709**

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

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2021 rate (10.1%) to 10.6% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff benefits expense of $0.763 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

Refer to note 30 for information on risk management.

20. Financial liabilities

	2022	2021
Current	**$'000**	**$'000**
Lease liabilities	1,703	1,332
Total current financial liabilities	**1,703**	**1,332**
Non-current		
Lease liabilities	6,143	7,856
Total non-current financial liabilities	**6,143**	**7,856**
Total financial liabilities	**7,846**	**9,188**

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

The Hospital incurred borrowing costs associated with leasing activities of $0.142 million ($0.168 million). Refer to note 16 for details about the right-of-use assets (including depreciation).

Refer to note 30 for information on risk management.

20.1 Concessional lease arrangements
The Hospital has no concessional lease arrangements.

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

	2022	2021
Lease Liabilities	**$'000**	**$'000**
1 to 3 years	3,865	4,215
3 to 5 years	1,628	4,652
5 to 10 years	2,864	983
Total lease liabilities (undiscounted)	**8,357**	**9,850**

21. Staff benefits

	2022	2021
Current	**$'000**	**$'000**
Accrued salaries and wages	17,914	26,991
Annual leave	93,010	87,225
Long service leave	11,590	13,472
Skills and experience retention leave	5,391	5,102
Other	291	300
Total current staff benefits	**128,196**	**133,090**
Non-current		
Long service leave	130,967	153,244
Total non-current staff benefits	**130,967**	**153,244**
Total staff benefits	**259,163**	**286,334**

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

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

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

As a result of the actuarial assessment performed by DTF, the salary inflation rate has decreased from the 2021 rate (2.00%) to 1.50% for annual leave and skills and experience retention leave liability. As a result, there is a decrease in the staff benefits liability and staff benefits expenses of $0.513 million.

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

21.2 Long service leave

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2021 (1.50%) to 3.75%. This increase in 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 actuarial assessment performed by DTF left the salary inflation rate at 2.50% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of $27.223 million, payables (staff on-costs) of $1.098 million and staff benefits expense of $28.321 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.

22. Provisions

All provisions are for workers compensation.

Reconciliation of workers compensation (statutory and additional compensation)

	2022	2021
	$'000	$'000
Carrying amount at the beginning of the period	**44,664**	**43,853**
Increase/(Decrease) in provisions recognised	(1,429)	2,827
Reductions arising from payments/other sacrifices of future economic benefits	(2,190)	(2,016)
Carrying amount at the end of the period	**41,045**	**44,664**

22.1 Workers Compensation

The Hospital, as an exempt employer, is responsible for the payment of workers compensation claims and the implementation and funding of preventative programs.

A liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

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

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

Measurement of the workers compensation provision as at 30 June 2022 includes the impacts of the decision of the Full Court of the Supreme Court of South Australia in *Return to Work Corporation of South Australia vs Summerfield* (Summerfield decision). The Summerfield decision increased the liabilities of the Return to Work Scheme (the Scheme) and the workers compensation provision across government.

Legislation to reform the *Return to Work Act 2014* was proclaimed in July 2022, with the reforms expected to reduce the overall liability of the Scheme. The impacts of these reforms on the workers compensation provision will be considered when measuring the provision as at 30 June 2023.

23. Contract liabilities and other liabilities

	2022	2021
Current	**$'000**	**$'000**
Unclaimed monies	4	-
Unearned revenue	55	73
Contract liabilities	1,522	1,982
Other	18	24
Total contract liabilities and other liabilities	**1,599**	**2,079**

Revenue relating to services/treatments for drug and alcohol abuse support is recognised over time although all funds are received upfront for these services. A contract liability is recognized for this revenue at the time of initial receipt and is released over the time as and when service obligations are met. All performance obligations from these existing contracts (deferred service income) will be satisfied during the next reporting period and accordingly all amounts will be recognised as revenue.

24. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	2022 $'000	2021 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	17,466	36,181
Cash as per Statement of Financial Position	**17,466**	**36,181**
Balance as per Statement of Cash Flows	**17,466**	**36,181**
Reconciliation of net cash provided by/(used in) operating activities to net result:		
Net cash provided by/(used in) operating activities	(8,069)	16,160
Add/less non-cash items		
Asset donated free of charge	-	(23)
Capital revenues	41,439	47,931
Depreciation and amortisation expense of non-current assets	(43,499)	(43,524)
Gain/(loss) on sale or disposal of non-current assets	(1)	(90)
Resources received free of charge	562	1,670
Movement in assets and liabilities		
Increase/(decrease) in receivables	1,662	5,562
Increase/(decrease) in inventories	543	(86)
(Increase)/decrease in staff benefits	26,180	1,502
(Increase)/decrease in payables and provisions	(5,377)	(3,348)
(Increase)/decrease in other liabilities	480	252
Net result	**13,920**	**26,006**

The total cash outflows for leases is $2.346 million ($2.012 million).

25. Unrecognised contractual commitments

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

25.1 *Capital commitments*

	2022 $'000	2021 $'000
Within one year	1,006	997
Total Capital commitments	**1,006**	**997**

The Hospital's capital commitments are for plant and equipment ordered but not received and capital works. Capital commitments for major infrastructure works are recognised in the Department for Infrastructure and Transport financial statements.

25.2 *Expenditure commitments*

	2022 $'000	2021 $'000
Within one year	89,423	52,306
Later than one year but not longer than five years	179,732	111,938
Later than five years	5	-
Total Expenditure commitments	**269,160**	**164,244**

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

26. Trust funds

The Hospital holds money in trust on behalf of consumers that reside in the Hospital facilities whilst the consumer is receiving residential mental health services, residential drug and alcohol rehabilitation services, or residential aged care services. As the Hospital only performs a custodial role in respect of trust monies, they are excluded from the financial statements as the Hospital cannot use these funds to achieve its objectives.

	2022	2021
	$'000	$'000
Carry amount at the beginning of period	**43**	**103**
Client trust receipts	419	524
Client trust payments	(403)	(584)
Carrying amount at the end of the period	**59**	**43**

27. Contingent assets and liabilities

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

28. Events after balance date

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

29. Impact of Standards not yet implemented

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

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The Hospital continues to assess liabilities, such as long service leave, and whether or not the Hospital has a substantive right to defer settlement. Where applicable these liabilities will be classified as current. Application of this standard is not expected to have a material impact.

30. Financial instruments/financial risk management

30.1 Financial risk management

Risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management - Guidelines*.

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

Liquidity Risk
The Hospital is funded principally by SA Government via the Department. The Department works with DTF to determine the cash flows associated with this Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.
Refer to note 1.4, 19 and 20 for further information.

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

Market risk
The Hospital does not engage in high risk hedging for its financial assets. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Hospital's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

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 the respective financial asset / financial liability note.

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

A financial asset is measured at amortised cost if:

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

Category of financial asset and financial liability	Notes	2022 Carrying amount/ Fair value $'000	2021 Carrying amount/ Fair value $'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	12	17,466	36,181
Amortised cost			
Receivables (1)(2)	13	17,654	19,295
Fair value through profit or loss			
Other financial assets	14	2,601	2,601
Total financial assets		**37,721**	**58,077**
Financial liabilities			
Financial liabilities at amortised cost			
Payables (1)	19	33,353	23,509
Financial liabilities	20	7,846	9,188
Other liabilities	23	22	24
Total financial liabilities		**41,221**	**32,721**

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and fees and charges; this is in addition to staff related receivables and payables such as payroll tax, fringe benefits tax etc. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the disclosure requirements of AASB 7 *Financial Instruments: Disclosures* will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they will 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) Receivables amount disclosed excludes prepayments as they are not financial assets.

30.3 Credit risk exposure and impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9.

The Hospital uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors. The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. Impairment losses are presented as net impairment losses within net result; subsequent recoveries of amount previously written off are credited against the same line items.

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

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

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

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

	30 June 2022			30 June 2021		
	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000
Days past due						
Current	0.1 - 1.9 %	6,242	48	0.1 - 2.3 %	5,019	52
<30 days	0.2 - 2.1 %	2,556	29	0.2 - 2.7 %	3,186	57
31-60 days	0.4 - 3.7%	1,224	38	0.4 - 4.7%	1,776	38
61-90 days	0.6 - 5.7 %	1,124	95	0.6 - 6.9 %	462	19
91-120 days	0.9 - 8.3 %	777	123	0.9 - 10.1 %	1,483	98
121-180 days	1.6 - 12.2 %	827	58	1.5 - 15.4 %	980	119
181-360 days	2.8 - 37.6 %	1,671	864	2.5 - 38.0 %	1,566	343
361-540 days	23.0 - 53.5 %	464	292	22.7 - 53.9 %	275	129
>540 days	28.1 - 71.5 %	1,237	894	27.8 - 100.0 %	1,219	852
Total		**16,122**	**2,441**		**15,966**	**1,707**

31. Significant transactions with Government related entities

The Hospital is controlled by the SA Government.

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

Significant transactions with SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 2), incurred expenditure with the Department for medical, surgical and laboratory supplies, computing and insurance (note 8), and incurred significant capital expenditure with DIT of $50.979 million ($46.763 million).

32. Interests in other entities

Equity accounted investment

Long Entity Name:	Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility
Ownership interest:	50%

Flinders Reproductive Medicine Pty Ltd as trustee for Flinders Charitable Trust, trading as Flinders Fertility is the only joint arrangement in which the Hospital participates.

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

The Hospital`s share in the equity of the Flinders Fertility is calculated based on the draft financial statements provided as at the reporting period and subsequently adjusted when the final Audited financial statements are available.

The profits have not been distributed for 30 June 2022 as accumulated losses from previous financial years are yet to be recouped.

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

	2022	**2021**
Percentage ownership interest	50 %	50 %
	$'000	**$'000**
Current assets	1,996	2,316
Current liabilities	(1,703)	(2,001)
Non-current assets	2,357	2,499
Non-current liabilities	(5,459)	(5,890)
Net assets	**(2,809)**	**(3,076)**
Groups share of net assets (50%)		
Share of beneficial entitlement	2,601	2,601
Carrying amount of interest in joint venture	**2,601**	**2,601**
Expenses	(6,510)	(6,116)
Revenue	6,777	6,690
Profit/(loss) and total comprehensive income	**267**	**574**
Entity's share of profit and total comprehensive income (50%).*	**134**	**287**

* The profit and loss have not been distributed at this stage.

33. Board and committee members

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

Board/Committee name:	Government employee members	Other members
Southern Adelaide Local Health Network Governing Board	-	Butcher M (Chair), Hickey V, Mackean T, Mitchell J, Noble J, Richter J, Sherbon A (appointed 01/07/2021), Sweeney T (appointed 01/07/2021, ceased 06/05/2022)
DASSA Clinical Executive Committee	12	Braund S (ceased 19/11/2021), Newrick K
DASSA Community Advisory Council	3	Braund S (Chair) (ceased 06/12/2021), Bealing D (appointed 01/12/2021), Cornish M, Halls A (appointed 27/07/2021), Holly C (appointed 27/07/2021), Mclean J, Moore P (ceased 30/11/2021), Newrick K, Nimmo E, O'Brien J, Petracco C, Randle M, Sherif M (appointed 27/07/2021), Taylor T (appointed 09/08/2021, ceased 12/10/2021), Vega L (appointed 27/07/2021), Whiteway L
DASSA Drug and Therapeutics Committee (Sub Committee of the DASSA Clinical Executive Committee)	10	Randle M
DASSA Executive Group	12	O'Brien J
Mental Health Consumer and Carer Advisory Group	9	Braund S, Buer S (ceased 28/03/2022), Clarke W, Corena M, Harrison J, Hofhuis C, Hopkins R, King P
Partnering with Consumer Advisory Group	11	King P (Co Chair), Ball R, Dame T, Duke J, Hofhius C, Hoiles J, Holtham R, Klinge N, Oudih E, Pascoe P, Rankine J, Roberts D, Voss D
Southern Adelaide Clinical Human Research Ethics Committee	26	Arnold G, Cahalan P, Dykes L, Haines C (ceased 18/12/2021), Holtham R (ceased 04/05/2022), Ingleson V, Jenski L (Deputy Chair) (ceased 01/02/2022), Lange B (Deputy Chair), Lister C, Lower K, McEvoy M, Miliotis B, Mudd A, Nguyen A (ceased 25/01/2022), Phillips C (appointed 12/06/2022), Sharma S, Shepheard S, Souzeau E, Spencer M, Thomas J (appointed 12/05/2022), Treloar H, Trethewey C, Trethewey Y, Van Lueven J, Velayudham P, Watt B (appointed 16/12/2021), Were L, Westwood T (ceased 16/02/2022), Yip L, Zhou Y
Southern Adelaide Local Health Network Asset and Infrastructure Planning Sub-Committee	-	Butcher M (Chair), Mitchell J, Richter J, Sherbon A (appointed 01/07/2021)
Southern Adelaide Local Health Network Audit and Risk Sub Committee (Sub Committee of the Governing Board)	-	Hickey V (Chair), Forman A, Noble J, Stevens R
Southern Adelaide Local Health Network Clinical Council	48	Dame T, Duong M, Voss D

SOUTHERN ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2022

Board/Committee name:	Government employee members	Other members
Southern Adelaide Local Health Network Clinical Governance (Sub-Committee of the Governing Board)	-	Richter J (Chair), Baggoley C, Eckert M, Mackean T, Voss D (ceased 30/06/2022)
Southern Adelaide Local Health Network Communicating for Patient Safety Committee	40	Dame T
Southern Adelaide Local Health Network Community Engagement (Sub-Committee of the Governing Board)	-	Mitchell J (Chair), Butcher M, King P, Mackean T, Sweeney T (ceased 06/05/2022), Voss D
Southern Adelaide Local Health Network Comprehensive Care Committee	37	Marion C (ceased 01/11/2021), Saunders-Lance, S (appointed 01/03/2022)
Southern Adelaide Local Health Network Drugs and Therapeutics Committee	31	Barrington D (ceased 10/06/2022)
Southern Adelaide Local Health Network End of Life Steering Committee	15	Barrington D, Phelan C
Southern Adelaide Local Health Network Falls Prevention Management Committee	41	Cohen M, Hall W (ceased 16/05/2022)
Southern Adelaide Local Health Network Marion Lived Experience Group Mental Health Services	4	Hofhuis C (Chair), Brooke B, English L, Police D
Southern Adelaide Local Health Network Mental Health Services Noarlunga Lived Experience Group	3	Buer S (Chair), Cairns E (ceased 01/10/2021), Elliott C (ceased 01/10/2021), Healy S, Hopkins R, Hutchison S, Johns S, Penberthy V (ceased 01/10/2021), Smith K
Southern Adelaide Local Health Network New Technology and Clinical Practice Innovation Committee	10	Holty C (appointed 23/08/2021, ceased 02/06/2022) Kaambwa B, King P
Southern Adelaide Local Health Network Older Persons Lived Experience Group Mental Health Services	7	Clark W (Chair), Aust R, Eckert N, Habner R, Lillecrapp D, Schetters J
Southern Adelaide Local Health Network Veterans Lived Experience Group Mental Health Services	3	Frampton R (Chair) (ceased 01/03/2022), Daley G, Damare M (appointed 01/10/2021), Hall R, Lawson B (ceased 01/07/2021), Melling W (ceased 01/08/2021), O'Malley J (appointed 01/03/2022), Renshaw D, Royals N, Schofield M, Tregea J (appointed 01/10/2021)

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

34. Administered items

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

	Total	
	2022	2021
	$'000	$'000
Other expenses	(12,288)	(13,838)
Revenue from fees and charges	11,855	14,087
Net result	**(433)**	**249**
Cash and cash equivalents	1,265	1,555
Receivables	633	780
Other current provisions/liabilities	(17)	(21)
Net assets	**1,881**	**2,314**
Cash at the beginning of the reporting period	1,555	1,354
Other revenue	12,002	14,025
Other payments	(12,292)	(13,824)
Cash at 30 June	**1,265**	**1,555**