Government of South Australia

Northern Adelaide Local Health Network

2019-20 Annual Report

Northern Adelaide Local Health Network

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To: The Hon Stephen Wade MLC
Minister for Health and Wellbeing

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

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

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

Maree Geraghty

Chief Executive Officer

Date 28/09/2020 Signature 

Acknowledgement of Country

Northern Adelaide Local Health Networkrlu tampinthi Kaurna miyurna yaitya yarta-mathanya Kaurna yartarna-arra ngadlu warpulayinthi. Ngadlu tampinthi purkarna pukinangku, yalaka, tarrkarritya Ngadlu tampinthi yaitya mathanya kuma parnaku tuwila yartangka.

Northern Adelaide Local Health Network acknowledges the Kaurna people as the traditional custodians of the land where we proudly work and deliver health and wellbeing services. We also honour Kaurna Elders past, present and emerging. We recognise Aboriginal cultural authority, and their ongoing spiritual connection to country.

From the Chair, Governing Board and Chief Executive Officer

On behalf of the Northern Adelaide Local Health Network (NALHN) Governing Board and Executive team, we are pleased to present the 2019-20 NALHN Annual Report.

The Governing Board came into operation on 1 July 2019 as part of the State Government's governance and accountability framework for the public health system. Since this time, we have seen firsthand the great work, innovation and dedication of our staff across our Local Health Network to deliver health and wellbeing services that enhance the quality of life for our north and north-eastern communities.

This year saw extraordinary challenges across NALHN, the State and abroad with the bushfires in December and January, followed by the global COVID-19 pandemic - all of which continue to impact our staff, services and the wider community. It has been pleasing to witness the agility and resilience of our staff and the community to adapt and evolve in this ever-changing environment.

Despite these challenges, we are proud of the achievements made in our first year, especially the release of NALHN's Strategic Plan 2020-25 which has quickly become embedded as our 'framework for action'.

It centres around six strategic imperatives that aim to improve local access and meet the future needs of our growing population and was developed through extensive consultation with our staff, partners, consumers and the local community. It also details our commitment to supporting the health and wellbeing of our local community through our shared vision, purpose and values that *everyone has a story, everyone matters, everyone contributes, and everyone grows.*

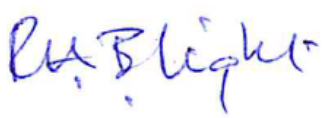
The release of the Clinical Engagement Strategy 2019-22 and the Consumer and Community Engagement Strategy 2020-25 were also highlights. These strategies represent two significant priorities for the Governing Board and the Executive team to ensure we hold ourselves accountable during times of change and when consulting with our clinicians, our communities and our consumers. We understand the importance of community connections and will work closely with our Consumer Advisory Council, consumers and the community to co-design services and provide culturally appropriate environments that are sensitive to the needs of our vulnerable and culturally and linguistically diverse groups.

The Digital Health Strategy 2020-25 was also finalised to guide the development of our future digital initiatives that will enable our clinicians to deliver and provide consumers with access to services in new and innovative ways. The COVID-19 pandemic has seen many digital initiatives fast-tracked across the health system and we are very proud of our NALHN staff for embracing new ways of working. Technologies, such as telehealth and video-conferencing services, are now used in a variety of medical specialties to allow patients to securely connect with their healthcare professionals through smartphone and other devices.

Major capital redevelopments continue to progress. There have been several construction milestones achieved at Modbury Hospital. The new Inpatient Surgical Ward has been completed and the new Operating Theatre suite is well underway. The new front entrance, kiosk and two levels of Outpatients are also on schedule. Once complete the Palliative Care Unit construction will commence and then the new Short Stay Medical Unit. The Lyell McEwin Hospital pre-works for the construction of the expansion to the Emergency Department and the new Short Stay Mental Health Unit has commenced. These projects will enable us to meet the future needs of our community through more contemporary well designed facilities.

On behalf of the Governing Board and Executive team, we would like to thank all our staff for going above and beyond throughout the COVID-19 pandemic and for the care and support they provide to our patients, consumers and the community each and every day.

We look forward to building on our past achievements to deliver our community the best possible health and wellbeing across their life.



Ray Blight

Chair, Governing Board

Maree Geraghty

Chief Executive Officer

NORTHERN ADELAIDE LOCAL HEALTH NETWORK

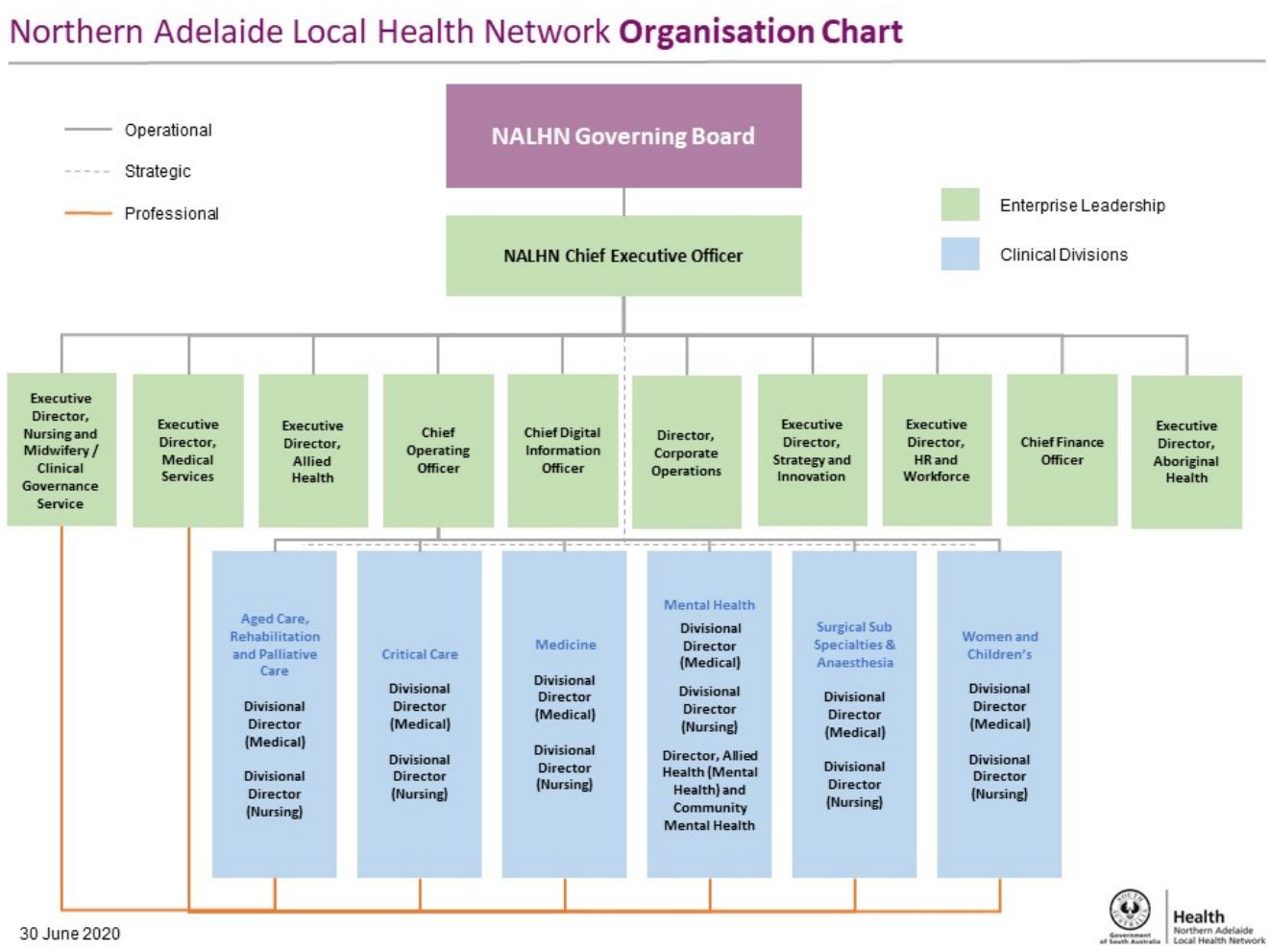
Contents

Overview: about the agency

Our strategic focus

Our Purpose	The Northern Adelaide Local Health Network (NALHN), an incorporated hospital under the *Health Care Act 2008,* provides a range of hospital, community and home-based services across multiple sites in the northern and north-eastern Adelaide region.
Our Vision	Our community has the best possible health and wellbeing throughout their life.
Our Values	Values are at the heart of our organisation and inform our culture and how we work. In NALHN we believe that: *Everyone has a story.* *Everyone matters.* *Everyone contributes.* *Everyone grows.*
Our functions, objectives and deliverables	NALHN Governing Board came into operation on 1 July 2019. The Governing Board is responsible for the overall governance, leadership and oversight for local health service delivery by the Local Health Network, including governance of performance and budget, clinical governance, safety and quality, risk management and achievement of the board functions and responsibilities. NALHN comprises two hospital sites. Lyell McEwin Hospital, a major adult tertiary hospital, provides emergency care, complex and multi day surgery, medicine, obstetrics, paediatric and outpatient services. Modbury Hospital provides emergency care, elective surgery, medicine, outpatient and sub-acute services, rehabilitation, geriatric and palliative care. Other specialty services provided by NALHN include GP Plus Health Care Centres and a GP Plus Super Clinic, four dedicated Aboriginal healthcare sites, and a satellite dialysis centre. Mental health services are provided across community and hospital settings in NALHN, including adult, older persons and statewide forensic services. <u>Objectives</u> • To expand services to provide an increased level of health and wellbeing for residents in the north and north east. • Continued development of NALHN's highly skilled and valued workforce. • Continued commitment to patient safety and quality improvement activity across NALHN. • A strong commitment to high quality research acknowledging the valuable contribution to improving patient care and attracting leaders in their respective fields.

Our organisational structure



Changes to the agency

During 2019-20 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 Stephen Wade MLC 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 Ray Blight (Chair)
Mr Michael Forwood (Deputy Chair)
Ms Anne Burgess
Mr Frank Lampard OAM
Ms Mary Patetsos
Dr Carolyn Roesler
Ms Linda South
Mr Robin Moore

(Left to Right)
Back row: Mary Patetsos, Robin Moore, Linda South, Michael Forwood, Anne Burgess, Frank Lampard OAM, Dr Carolyn Roesler
Front row: Ray Blight and Maree Geraghty

Our Executive team

Ms Maree Geraghty	Chief Executive Officer
Ms Karen Puvogel	Chief Operating Officer
Ms Kirsty Delguste (Acting)	Chief Operating Officer (25/02/2019 - 31/01/2020)
Ms Natalia Hubczenko	Chief Finance Officer (from 11/05/2020)
Ms Kay Butler	Interim Chief Finance Officer (16/01/2020 - 10/05/2020)
Mr Thomas Pamminger	Chief Finance Officer (to 15/01/2020)
Mr Kurt Towers	Executive Director, Aboriginal Health
Ms Sandra Parr	Executive Director, Allied Health
Ms Helen Stevens	Executive Director, Human Resources and Workforce
Dr John Maddison (Acting)	Executive Director, Medical Services (from 13/02/2020)
Dr Michael Cusack	Executive Director, Medical Services (to 12/02/2020)
Mr Andrew McGill (Acting)	Executive Director, Nursing and Midwifery / Clinical Governance Service
Ms Sinead O'Brien	Executive Director, Strategy and Innovation
Ms Cate Hilliard	Chief Digital Information Officer
Mr Peter Mullen	Director, Corporate Operations
Dr Sally Johns (Acting)	Divisional Director (Medical), Aged Care, Rehabilitation and Palliative Care
Ms Kirsty Delguste	Divisional Director (Nursing), Aged Care, Rehabilitation and Palliative Care
Ms Alice Every (Acting)	Divisional Director (Nursing) Aged Care, Rehabilitation and Palliative Care (23/02/2019 – 31/01/2020)
Dr John Maddison (Acting)	Divisional Director (Medical), Critical Care
Dr Simon Jenkins	Divisional Director (Medical), Critical Care (to Nov 2019)
Ms Nadja Hartzenberg	Divisional Director (Nursing), Critical Care
Dr Tony Elias	Divisional Director (Medical), Medicine
Mr Damien Heffernan	Divisional Director (Nursing), Medicine
Dr Sanmuganatham Sujeeve	Divisional Director (Medical), Mental Health
Ms Dianne Callahan	Divisional Director (Nursing), Mental Health
Ms Nicole Keller	Director, Allied Health (Mental Health) and Community
Professor Jeganath Krishnan	Divisional Director (Medical), Surgical Sub-Specialties
Ms Heather Saunders	Divisional Director (Nursing), Surgical Sub-Specialties
Dr Martin Ritossa	Divisional Director (Medical), Women and Children's
Ms Meredith Hobbs	Divisional Director (Nursing and Midwifery), Women and Children's

Legislation administered by the agency

None

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

Department for Health and Wellbeing
Wellbeing SA
Commission on Excellence and Innovation in Health
South Australian Ambulance Service
Barossa Hills Fleurieu Local Health Network
Central Adelaide 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
Southern Adelaide Local Health Network
Women's and Children's Health Network
Yorke and Northern Local Health Network

The agency's performance

Performance at a glance

During 2019-20 at NALHN:

- We achieved $19.7 million in savings reducing our pre-COVID, NALHN cost per National Weighted Activity Unit to only 3% over the National Efficient Price (NEP), compared to the state average of 12% above NEP.
- We achieved a Relative Stay Index of 0.87 with our inlier average length of stay reducing from 3.5 days in 2018-19 to 3.3 days in 2019-20 for acute overnight average length of stay.
- We treated 115,338 presentations in the Emergency Department.
- We undertook 9,302 surgical procedures, including an additional 715 procedures undertaken in the private sector as part of the State's Elective Surgery Strategy.
- We had 306,982 outpatient presentations which is 3% higher than last year.
- We had 3,713 births at Lyell McEwin Hospital, 1.6% higher than last year.

Below is a summary of key performance outcomes as at 30 June 2020.

Agency contribution to whole of Government objectives

Key objective	Agency's Contribution
More jobs	NALHN continues to strive to be a workplace of choice that attracts and retains exceptional employees by fostering an inclusive work culture and environment where they feel empowered to grow, contribute and everyone matters. The NALHN Workforce Plan currently under development, in line with NALHN Clinical Services Plan, will incorporate strategies to actively work with our partners to provide job opportunities for our Northern Adelaide community. NALHN played an active role in the development and implementation of the Mental Health Nursing Workforce Strategy 2020-2030, which aims to provide a strategic framework addressing the current and future nursing workforce shortages. The Strategy was developed in the following stages: • Statewide Mental Health Nursing Collaborative Round Table • Review of the international, national and state-based mental health workforce strategies • Rapid Review of the Evidence to Advance a Mental Health Workforce Strategy by University of South Australia • Exploration of education pathways for mental health practice

Key objective	Agency's Contribution
	• Mental Health Nursing Workforce Survey (SA Health) NALHN Aboriginal Workforce Action Plan includes participating and marketing NALHN as an employer at University career expos and Community events. NALHN is also progressing work on a NALHN Aboriginal Talent pool.
Lower costs	We reduced our pre-COVID, NALHN cost per National Weighted Activity Unit to 3% over the National Efficient Price, which demonstrates that we are one of the most cost efficient services in the state.
Better services	NALHN continues to innovative and provide services to meet the needs of our population. Over the last 12 months NALHN has expanded services to meet the increased demand for chronic diseases, for example Heart Failure Clinics, Cardiac Rehabilitation, Home Oxygen to name but a few. Our Cancer Centre has extended its hours to meet the increased demand to ensure great access for patients. Our Aboriginal services have also increased services and screening to better meet the needs of our population and continue to address our commitment to closing the gap. NALHN also commenced the development of its Clinical Services Plan. The plan is being developed by our clinicians using the planning principles to guide its development over the five years. It aligns to the six Strategic Imperative in NALHN's Strategic Plan. This plan details how NALHN is positioning itself to provide the best possible clinical outcomes, at the lowest possible cost and as close to home as possible. The plan highlights the vulnerabilities and needs of our local population while also looking at the challenges and opportunities of providing care close to home. The plan will be finalised in early 2020-21, after which service operational plans will be developed. These will be critical to inform the models of care required to best meet the needs of our population.

NALHN developed and published its Strategic Plan 2020-25 following extensive consultation with staff, stakeholders and the community. The Strategic Plan sets out our vision and direction for the delivery of health services to our community.

In delivering on our vision, we have identified six strategic imperatives to focus on over the next five years, ensuring all our priorities and objectives are linked to these.

These imperatives are:

- **Inclusive Culture** – *We are committed to supporting and building our personality in line with our values and determination to provide the best care, every time, by our exceptional staff.*
- **Services Design** – *We deliver services tailored to meet the health needs of our population in the most appropriate, effective and efficient way.*
- **Digitally Smart** – *We develop digitally smart programs and use the latest technology to maximise better health outcomes, reshape how our consumers, communities and partners use technology to interface with us and support staff.*
- **Sustainability** – *We embrace sustainability by innovating, improving our efficiency, recognising and managing risk, and continually aligning, optimising and growing our resources and living within our means.*
- **Exceptional People** – *We strive to be a workplace of choice that attracts and retains exceptional employees by fostering an inclusive work culture and environment where they feel empowered to grow, contribute and everyone matters.*
- **Partnering** – *We create strategic collaborative partnerships to maximise and leverage opportunities to support our growing community.*

Agency specific objectives and performance

Agency objectives	Indicators	Performance
Strategic Imperative **Inclusive culture:** ***NALHN is committed to supporting and building our personality in line with our values and determination to provide the best care, every time, by our exceptional staff.***	A values based workforce in which all our staff know and embrace our core values.	• The organisation's core values have been articulated in the NALHN Strategic Plan 2020-25. • These values are being incorporated into our workforce plans, professional development plans and recruitment to ensure we create a culture where: *Everyone has a story.* *Everyone matters.* *Everyone contributes.* *Everyone grows.* • To further support our staff, Speaking Up For Safety™ training network has been established.
	Psychological safety in which staff feel valued and are safe to learn, grow, speak up and achieve without any concern for negative repercussions.	• Following the success of the Northgate House pilot program (that demonstrated improved culture and psychological safety improves staff morale, consumer compliments, and improved performance), these practices have started to be rolled out across NALHN. • NALHN monitors our impact through our Staff Survey. The latest NALHN Pulse Survey results revealed 53% of responses to the wellbeing category were positive. NALHN also received more compliments then complaints.
	Excellence in care through partnership, learning, evidence, research, and continuous improvement.	• A Strategy and Innovation Executive portfolio has been established to build and develop partnerships to benefit the local community. • We are also strengthened research partnership with the South Australian Health and Medical Research Institute (SAHMRI) Wardliparingga Aboriginal Research Unit, ensuring our services are culturally appropriate.
	A statewide reputation for our spirit of learning, growth and excellence, embodied in an inclusive culture.	• With our clinicians we developed and released our Clinician Engagement Strategy 2019-22 to ensure we have agreed processes to engage our clinicians during times of change.

Agency objectives	Indicators	Performance
		• A Consumer and Community Engagement Strategy 2020-25 has also been developed with our community and released to ensure we hold ourselves accountable when consulting with our community and consumers.
	A welcoming and safe care environment where the rights and needs of all members of our community are championed, particularly people who are at risk of poorer health outcomes, or of limitations in access and advocacy. This includes actively supporting better outcomes for Aboriginal people, and responding to the needs of people from culturally and linguistically diverse backgrounds.	• To ensure we provide culturally appropriate environments and services to our Aboriginal community we have identified Aboriginal specific space in the site redevelopments at both Lyell McEwin and Modbury Hospitals. Introduced more Aboriginal Hospital Liaison Officers, Aboriginal traditional healers and Aboriginal Maternal Infant Care Workers. • We have introduced more support for the Aboriginal workers in the Emergency Department Aboriginal Access Team, as well as Hospital Liaison Officers, Aboriginal traditional healers and Aboriginal Maternal Infant Care Workers. • We have also commenced development of our Clinical Services Plan to better plan our services to meet the needs of our diverse community, included our large culturally and linguistically diverse population.
Service Design: ***NALHN delivers services tailored to meet the health needs of our population in the most effective and efficient way.***	Effective and innovative care from beginning to end of life.	• A Clinical Services Plan is in development, which will guide our clinical services over the next five years ensuring we understand and meet the needs of our vulnerable and growing population. • A number of services continue to be developed with our clinicians and our consumers to meet the needs of our population for example: *Chronic Disease Management Unit delivers services to meet the health needs of the population – Heart Failure Clinics, Cardiac Rehabilitation, Home Oxygen Service, Cardiac Outpatient Department clinics and Respiratory.* • Closing the Gap, opportunistic screening for a number of chronic and cancer related diagnoses.

Agency objectives	Indicators	Performance
		• Hospital Avoidance Team – Allows for timely assessment post discharge and from the Emergency Department waiting room. • Implementation of extended hours of service in the Cancer Centre. • Infusion room under the governance of the Cancer Centre with improved booking system. • Comprehensive Geriatric Assessment project on GEM Ward. • Increased telehealth across all Aged Care Rehabilitation and Palliative Care services to support older people during COVID-19. • Ongoing implementation and consolidation of Geriatrics in the Home program. • Implementation of extended hours of nursing for palliative care services.
	Excellent and compassionate health services delivered to our key population groups.	• Specific Closing the Gap initiatives for under 8 ear health, first 1,000 days. • Commencement of weekly Aboriginal Health Supportive Care/Palliative care Nurse Practitioner Clinics in conjunction with Aboriginal Health, as part of palliative care extended hours' project.
	Integrated health services across the continuum of care.	• Collaboration with non-government organisations (NGOs), Northern Carers Network and Senior Helpers Service in the provision of in-home services to support early discharge and National Disability Insurance Scheme (NDIS) partnerships – building staff knowledge and skills in community services. • Residential Aged Care Facility (RACF) Inreach project in conjunction with other Local Health Networks, Wellbeing SA and SA Ambulance Service to form partnerships with RACF to support people to remain in RACFs for care. • Introduction and expansion of remote Patient Monitoring to support more patients to stay and be treated at home.

Agency objectives	Indicators	Performance
		• Continued consumer engagement in the implementation of the Adult Community Mental Health Service. Implementation of the Aboriginal Consumer Reference Group who have overall responsibility to ensure Aboriginal consumers are provided with opportunities to contribute to, evaluate and improve Watto Purunna and NALHN Aboriginal Health services and planning.
Digitally Smart: ***NALHN develops digitally smart programs and use the latest technology to maximise better health outcomes and reshape how our consumers, communities and partners use technology to interface with us and support staff.***	Excellent care and patient safety outcomes through digital and technological innovation and uptake.	• Developed the Digital Health Strategy 2020-25 to guide our digital priorities going forward. A number of initiatives have been completed or commenced to support improved data, timely decision making, improved productivity and streamlining our clinical services. Some examples of our successes to date: • Initiatives completed: - Oncology Appointment Scheduling Project - NALHN Data Warehouse Request Portal and Mailbox • NALHN initiatives commenced: - SystemView - GETZ (replacement of Operating Theatre Management System) • NALHN Led State-wide Initiatives Commenced: - Clinical Informatics Data Base - Healthi for Hospitals - Palliative Care Application • Intelligent Automation of: - Medical Records Archive Report - Modbury Redevelopment Pre-Admission Medical Records Report - Special Care Nursery - Oncology Weekly New Patient Report - Complex Behaviours Committee - eMust Nutritional Screen Reporting • Dashboard Creation: - Safety Learning System (SLS) Dashboard – Challenging Behaviours

Agency objectives	Indicators	Performance
		- Gastroenterology Dashboard
		• Increase of telehealth services for Aboriginal consumers across the Watto Purrunna Aboriginal Primary Health Care sites during COVID-19.
	Transparency and communication with consumers.	• Improved communication through the use of tele-health in 20 clinics, direct messaging through SMS and rolling out the Secure Messaging Delivery Project commenced (e-referrals and electronic discharges and pathology orders). • Consultation with the Aboriginal Consumer Reference Group regarding use of tele-health services to improve access.
	A digitally smart workforce.	• Appointed Digital Health Staff to champion, create and lead these initiatives and creating a Digitally Smart Strategic Imperative Working Group to enable the broader staff involvement.
Sustainability: ***NALHN embraces sustainability by innovating, improving our efficiency, recognising and managing risk, and continually aligning, optimising and growing our resources and living within our means.***	Resource efficiencies and generation through innovation, commercialisation and investment.	• NALHN has worked with our partners in providing efficient and quality services. For example, we have utilised the services of Private Hospitals under SA Health approved panel contracts to deliver elective surgery procedures such as colonoscopies at an efficient price to increase throughput and reduce waiting times. • Commenced discussions with Lyell McEwin Hospital precinct partners on future development and collaboration opportunities to maximise opportunities in the north. • Reviewed and consolidated tenancies to maximise utilisation and reduce waste.
	Efficient processes and administration to support safe and appropriate health services.	• Using our Internal Audit to ensure we can continue to identify areas of improvement with recommendations implemented. • An electronic food system (Delegate) has been implemented at Modbury to reduce waste and improve cost effectiveness.
	Best-practice financial management and business acumen.	• A clear plan to work towards an education program to support the shift towards an activity based funding arrangements in line with

Agency objectives	Indicators	Performance
		the Department for Health and Wellbeing.
	Care for the environment.	• A network waste management plan has been established which segregates waste streams at the workplace, supporting a more sustainable approach to waste management. • A formal contracted partnership has been established with recycle partner (suez) in the management of the waste streams reducing waste to landfill.
Exceptional people: ***We strive to be a workplace of choice that attracts and retains exceptional employees by fostering an inclusive work culture and environment where they feel empowered to grow, contribute and everyone matters.***	A welcoming culture that values and empowers all staff and supports a world-class workforce known for its expertise and compassion.	• Through our commitment to safe health and wellbeing we have secured NALHN's participation in the Office of the Commissioner for Public Sector Employment/UniSA Mentally Healthy Workplaces pilot program and selected three participating Divisions. • NALHN is participating in the development of the SA Health Diversity and Inclusion Plan to ensure all our staff are appropriately supported and engaged. • NALHN has commenced development of an Awards Program to ensure our staff can be recognised for the exceptional work they do. • Exploring options to enhance our Aboriginal cultural safety training to be level 2, ensuring our staff can meet the needs of our community. • Continued to deliver professional review and development to and with our staff so they have the skills and compassion to provide excellent consistent high quality care. • Speaking Up For Safety™ program implemented, with over 80% of the workforce trained.
	A visionary, capable, sustainable and supportive leadership.	• Developed leadership programs and support staff to engage in leadership program outside of our Local Health Network to support continued development and exceptional people.

Agency objectives	Indicators	Performance
		• Current Leadership programs: - Next Executive Leadership Course Program - Executive Excellence Program - Foundations of Transformative Leadership Program - Transformative Leadership Program - LEAN Thinking Initiative - JAWUN Executive Secondment - TIER Leadership and Management Program for Nursing and Midwifery Leaders - Leading Clinicians Program - Managers Essential Program - New and Existing Manager Training Program
Partnering: ***We create strategic collaborative partnerships to maximise and leverage opportunities to support our growing community.***	The health and wellbeing of our community are strengthened through our partnerships across the NALHN region.	• Establishing relations with key partners to support the creation of a health precinct that collaborates to create greater opportunities for the local population and provides mechanisms to support increase in local employment and wellbeing for the population. • NALHN has built on relationships with other Local Health Networks to ensure patient care and coordination is as seamless as possible. • NALHN closely collaborates with the Department for Health and Wellbeing and Wellbeing SA to champion the needs of the north and engage in opportunities afforded to the north.
	NALHN meaningfully engages with and responds to consumers, their carers and the community.	• NALHN is committed to engaging and understanding the needs of the local population and to support this has developed and launched the Consumer and Community Engagement Strategy building on the work of the Consumer Advisory Council and guiding the future direction. • Significant work has been achieved in supporting our Aboriginal community and to continue this, an Aboriginal Consumer Reference Group, with an emphasis on Reconciliation and strengthening

Agency objectives	Indicators	Performance
		culturally responsive models of care and service delivery, has been established. • Early commencement through the consumer and community engagement strategy has been identified to address all our community including our growing Culturally and Linguistically Diverse (CALD) population to ensure we better understand all our community needs.
	NALHN is at the forefront of research, education and training that contributes to community health and wellbeing.	• Strengthened research partnership with SAHMRI Wardliparingga Aboriginal Research Unit, focussing on the networks alignment with the Aboriginal Chronic Disease Consortium objectives, and ensuring the needs of Aboriginal people are considered within clinical planning. • Enhancing our relationship with universities through the joint appointment of a professor of women's health and midwifery with support from the Hospital Research Foundation and Flinders University to enhance research capability and strengthen research translation.

Corporate performance summary

NALHN achieved key corporate performance outcomes, including:

- Continued planning and implementation of significant capital investments at the Lyell McEwin and Modbury Hospitals.
- The development and implementation of the NALHN Performance and Accountability Framework which has built the basis for continued performance improvement and accountability across the organisation. This is supported by the first phase of the NALHN Integrated Management System which includes a series of huddles aimed to build a culture of continuous improvement, recognition and communication from floor to board.
- Improvements in Tier 1 Key Performance Indicators including an improvement in Emergency Department Length of Stay and Emergency Department Seen on Time Overall result.
- Released a number of key plans and strategies: NALHN Strategic Plan 2020-25, NALHN Clinical Engagement Strategy 2019-22, NALHN Consumer and Community Engagement Strategy 2020-25, and the NALHN Digital Health Strategy 2020-25.
- Increased the delivery of primary health services for Aboriginal communities.
- Facilitated the development of a personalised NALHN Kaurna language Acknowledgment of Country, in partnership with Kaurna Warra Karrpanthi, for incorporation into NALHN meeting and document templates.
- NALHN met the SA Public Sector Building Safety Excellence (BSE) Target 2 – ‘Significant injury claims per 1,000 FTE’. The target was 21.23, compared to 15.04 as at end of June 2020.
- NALHN was significantly involved in the development and production of the Detmold N-95 masks to boost South Australia’s response and capabilities to COVID-19.

Employment opportunity programs

Program name	Performance
Allied Health Cadetship program	Engaging Allied Health Assistants and paying for their training.
Nursing and Midwifery Aboriginal Cadetship program	Program in place over 10 years - encouraging the Aboriginal community to consider nursing and midwifery as a sustainable career. Students have returned to NALHN to continue studies – i.e. enrolled nurses becoming registered nurses; registered nurses becoming midwives.
Aboriginal Health Scholarships	Funded by the Hospital Research Foundation, the Scholarship program allows existing Aboriginal staff to upskill or gain a qualification (e.g. Certificate IV in Aboriginal and/or Torres Strait Islander Primary Health Care Practice or upskill in Immunisation, administering medication and Aboriginal Maternal Infant Care training).
Aboriginal Workforce Action Plan	Aboriginal & Torres Strait Islander employment participation rate increase from 1.5% to 1.7%
Innovative CTG Programs	Programs within Mental Health, Medicine, Allied Health, Women and Children's Division and Aboriginal Health have seen the employment of 13 staff working within the acute and mental health settings.
Aboriginal Health employment	Appointments using the Aboriginal Employment or disabilities register.

Agency performance management and development systems

Performance management and development system	Performance
Number of employees who undertook a PR&D	4,171
Percentage of workforce who undertook a PR&D	76%

Work health, safety and return to work programs

Program name	Performance
Worksite Safety Inspection Program	150 worksite safety inspections were scheduled in February 2020 and undertaken across all NALHN sites (including contractors) as part of the rolling hazard management program.
Healthcare Worker Immunisation Program	5,500 healthcare workers participated in the influenza vaccination uptake in 2019-20. NALHN is currently working towards compliance of the SA Health Healthcare Worker Immunisation Policy Directive which has also resulted in a high uptake of employees being immunised.
Fit Testing Program and roll out of the Detmold N95 masks	NALHN had fit tested 2,200 employees in high risk clinical areas as part of the COVID-19 response. NALHN was also involved in the production of the Detmold N95 masks in South Australia providing expert clinical advice.

Workplace injury claims	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total new workplace injury claims	107	112	-4.5%
Fatalities	0	0	0.0%
Seriously injured workers*	0	0	0.0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1,000 FTE)	15.04	14.25	+5.5%

**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	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Number of notifiable incidents (*Work Health and Safety Act 2012, Part 3)*	6	6	0.0%
Number of provisional improvement, improvement and prohibition notices (*Work Health and Safety Act 2012 Sections 90, 191 and 195*)	6	2	+200.0%

Return to work costs**	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total gross workers compensation expenditure ($)	$2,464,252	$2,774,055	-11.2%
Income support payments – gross ($)	$1,022,786	$1,321,667	-22.6%

***before third party recovery*

Data for previous years is available at: https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network

Executive employment in the agency

Executive classification	**Number of executives**
EXEC0A	1
SAES1	6
SAES2	1

Data for previous years is available at: https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network

The Office of the Commissioner for Public Sector Employment has a workforce information page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

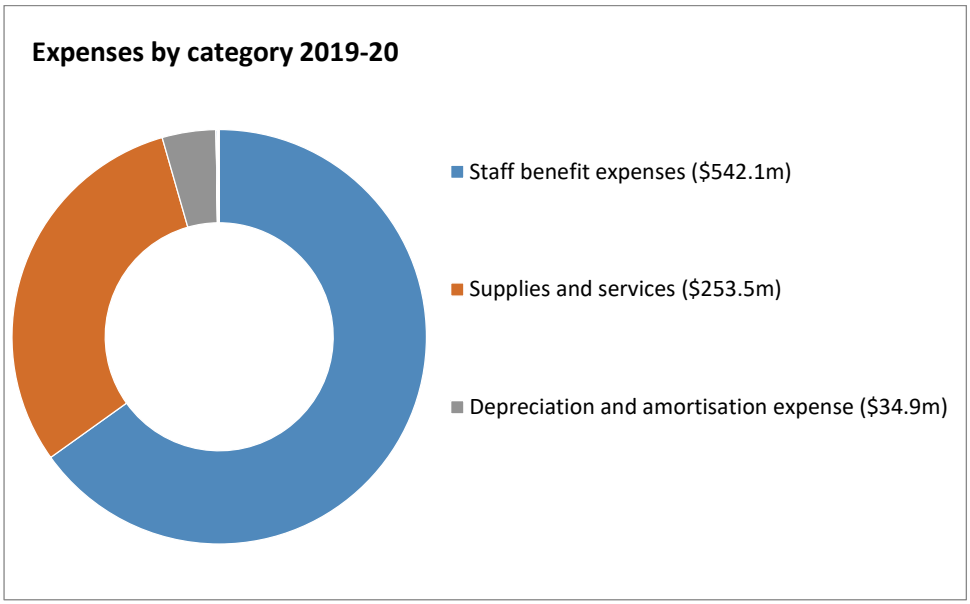
The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2019-20 are attached to this report.

NALHN recorded a surplus of $2.405 million for 2019-20. There was a $68.168 million increase in assets, which is mainly attributable to the first time recognition of operating leases as 'right of use' assets under AASB 16 Leases. Liabilities have also increased by $65.685 million, mainly due to an increase in lease liabilities following the recognition of the right of use assets.

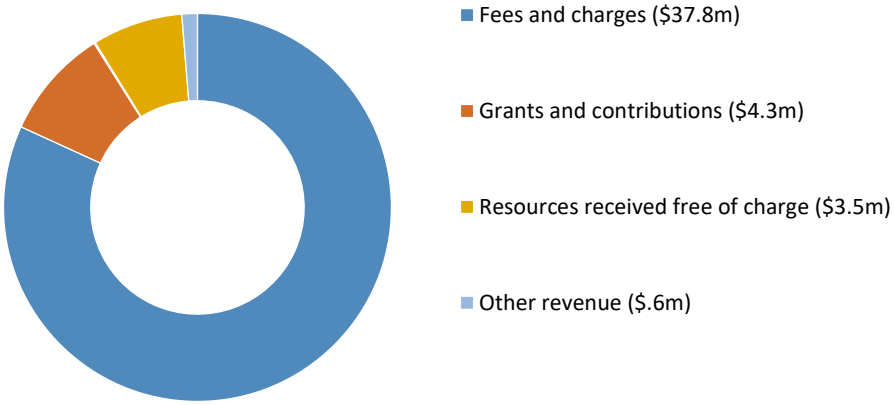
The following table and charts provide a brief summary of the overall financial performance of NALHN. Audited financial statements for 2019-20 are attached to this report. The 2019-20 financial statements reflect the first time adoption of the Leasing Standard (AASB 16) and Revenue Standards (AASB 15 and AASB 1058).

NALHN three-year financial summary

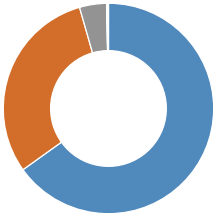
Three-year financial summary ($000)	2019-20	% ↑↓	2018-19	% ↑↓	2017-18	% ↑↓
Total income	835 571	18.1%	707 290	6.4%	664 504	9.8%
Total expenses	833 166	8.1%	770 569	12.6%	684 553	11.1%
Net result for the period	2 405	103.8%	(63 279)	-215.6%	(20 049)	-86.6%
Net cash provided by operating activities	22 272	550.6%	(4 943)	-132.7%	15 095	678.1%
Total assets	510 225	15.4%	442 057	-7.1%	475 887	1.3%
Total liabilities	252 223	35.6%	186 043	18.8%	156 548	6.8%
Net assets	258 002	0.8%	256 014	-19.8%	319 339	-1.2%



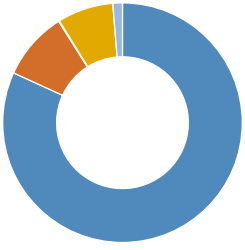
Non SA Government Income by category 2019-20

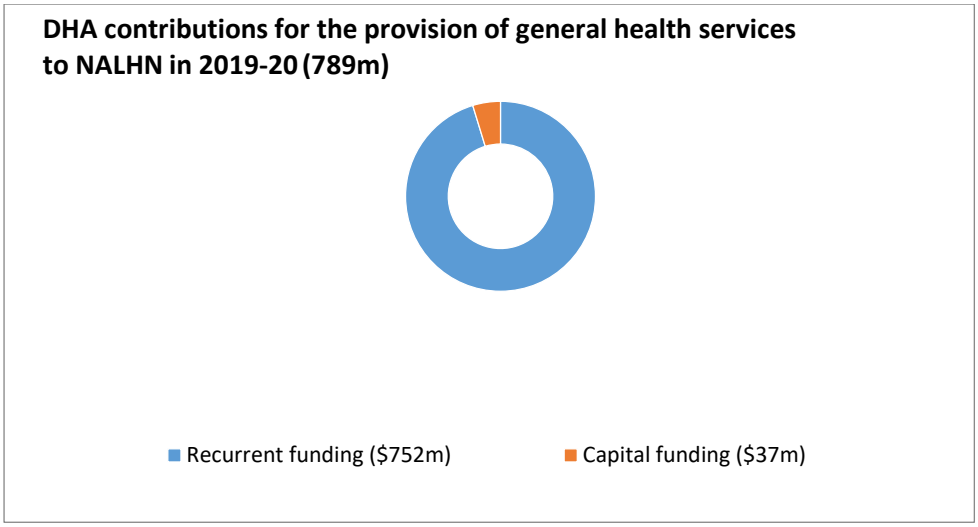


Expenses by category 2019-20



Non SA Government Income by category 2019-20




DHA contributions for the provision of general health services to NALHN in 2019-20 (789m)
Recurrent funding ($752m)
Capital funding ($37m)

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	Various	$78,773

Consultancies with a contract value above $10,000 each

Consultancies	Purpose	$ Actual payment
KPMG	Deliver a program of financial improvement support for NALHN, including providing support for financial sustainability, accountability and performance and savings strategies	$346,721
Carlos D Scheinkestel Pty Ltd	Review of NALHN Clinical Governance & Patient Safety Systems	$ 60,555
Pricewaterhousecoopers Consulting (Australia) Pty Ltd	Design and implementation of an Integrated Management System	$ 65,199
Francis Group Consultants	Establishment of a Change Management Office at Northern Adelaide Local Health Network	$ 66,414
Zed Management Consulting	NALHN Clinical Services Plan	$ 176,423

Consultancies	Purpose	$ Actual payment
Uncharted Leadership Institute Pty Ltd	Provide Overall Leadership and Direction for the Development, Finalisation and Implementation of NALHN'S Strategic Plan	$ 67,116
	Total	**$ 861,201**

Data for previous years is available at: https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network

See also the Consolidated Financial Report of the Department of Treasury and Finance for total value of consultancy contracts across the South Australian Public Sector.

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 – Agency Staff below $10,000 each combined	Various	$51,995

Contractors with a contract value above $10,000 each

Business name	Purpose	$ Actual payment
Contractors – Agency Staff above $10,000 each		
Nursing Agency Accrual - June 2019	Reversal of Accrual from Prior Year	($688,143)
Department of Human Services (SA)	Provision of Nursing Agency and Support Services Staff	$11,586
Dr Fiona Hawker	Provision of Medical Locum Services	$12,534
Pop-up Community Care	Provision of Registered Nurse Services	$13,525
Jon and Jon Medical	Medical Recruitment Consulting	$18,000
Locum Life Recruitment Pty Ltd	Provision of Medical Locum Services	$19,701
Recruitment Solutions Group Australia Pty Ltd	Provision of Domestic Services Agency Staff	$22,676
Dr Annita Paull	Provision of Medical Locum Services	$25,629
Support Staff (Aust) Pty Ltd	Provision of Domestic Services Agency Staff	$29,254
Altaira Nursing Services	Provision of Nursing Agency Services	$32,192
Skilled Medical Pty Ltd	Provision of Medical Locum Services	$45,007
Hudson Global Resources (Aust) Pty Ltd	Provision of Salaried Administrative Agency Staff	$47,893

Business name	**Purpose**	**$ Actual payment**
ISS Health Services Pty Ltd	Provision of Additional Orderly Services	$54,839
FBE Pty Ltd	Provision of Biomedical maintenance work	$56,623
Ramesh Gupta	Provision of Medical Locum Services	$60,923
Medrecruit Pty Ltd	Provision of Medical Locum Services	$61,603
Charterhouse Mecical	Provision of Medical Locum Services	$73,741
Nursing Agency Accrual - June 2020	Accrual for Nursing Agency Costs	$116,464
Hays Specialist Recruitment (Australia) Pty Ltd	Provision of Salaried Administrative Agency Staff	$147,482
Global Medics Pty Ltd	Provision of Medical Locum Services	$327,250
McArthur Management Services (SA) Pty Ltd	Provision of Nursing Agency Services	$331,231
Your Nursing Agency Pty Ltd	Provision of Nursing Agency Services	$417,564
Australian Medical Placements Pty Ltd	Provision of Medical Locum Services	$489,076
Medical Locum Services Pty Ltd	Provision of both Medical Locum and Nursing Agency Services	$929,888
The University of Adelaide	Provision of Medical Specialists and Clinical Academics	$1,043,162
Mediserve Nursing Agency	Provision of Nursing Agency Services	$1,267,979
HCA – Healthcare Australia	Provision of both Medical Locum and Nursing Agency Services	$ 5,628,403
Subtotal Contractors –Agency Staffing above $10,000		$10,596,082
Contractors – Agency Staffing Grand Total		**$10,648,077**

Contractors with a contract value below $10,000

Contractors	Purpose	$ Actual payment
All contractors below $10,000 each - combined	Various	$23,435

Contractors with a contract value above $10,000 each

Contractors	Purpose	$ Actual payment
Ethical Audiology Pty Ltd	Clinical Audiology Services	$12,004
FBE Pty Ltd	Biomedical maintenance work	$18,258
Martin Philip Moyse	Systems management support for the Modbury Patient Administration System	$31,500
PowerHealth Solutions	Development of Evidence Based Efficiency Plan and Commensurate Education and Engagement of Clinicians	$53,429
KPMG	Financial Improvement Support	$53,569
Escient Pty Ltd	SystemView Implementation	$61,425
ZED Consulting & Associates Pty Ltd	Disability Health Reform Implementation	$64,577
Community Living Options	Disability Support	$103,463
PowerHealth Solutions	Monthly Service Fee and Costing Services for NALHN Casemix	$129,392
Subtotal Contractors – above $10,000		$527,617
Contractors – Grand Total		**$551,052**

Data for previous years is available at: https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network

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

The NALHN Audit and Risk Committee (ARC) to the Governing Board was established on 1 July 2019 and conducted meetings on 15 October and 19 November 2019, and 18 February 2020 and 19 May 2020.

The ARC meetings operate according to the Terms of Reference which define the purpose, scope, functions and authority of the Committee.

The ARC assists the Board in fulfilling its oversight responsibilities for:

- the integrity of the financial statements;
- compliance with legal and regulatory requirements;
- independent auditor's qualification and independence;
- performance of the internal audit function; and
- efficient and effective management of all aspects of risk.

The function and responsibilities of the committee is to provide advice and comment to the Governing Board in the following areas:

- Risk management;
- Clinical risk management;
- Internal control;
- Draft annual financial statements;
- Compliance requirements;
- Internal audit;
- External audit;
- Audit reporting matters;
- Corruption control; and
- Other matters.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Alleged misappropriation	2
Alleged fraudulent completion of timesheet	5
Alleged fraudulent notification of registration	1

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

Strategies implemented to control and prevent fraud

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

Data for previous years is available at: https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network

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:*

Nil.

Data for previous years is available at: https://data.sa.gov.au/data/dataset/northern-adelaide-local-health-network

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Nil required

Reporting required under the *Carers' Recognition Act 2005*

NALHN recognises the important role of carers in the delivery of health services to the region. During 2019-20 greater networks were established with the non-government sector (Northern Carers Network and Senior Helpers Paradise) and NALHN to raise the awareness of the carers' role and community support services available to them in the community. Northern Carers Network presented to staff at the Grand Round in November 2019 which served to provide valuable information to improve the opportunities for timely discharge and smooth transition of consumers from hospital to home.

NALHN actively promotes SA Health initiatives recognising carers and the *Carers' Recognition Act 2005*.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	95
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	Managed through HR processes
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	5
Communication	Communication quality	Inadequate, delayed or absent communication with customer	86
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	15
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	Data not available
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	Data not available
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	Data not available
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	Data not available
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	Data not available

Complaint categories	**Sub-categories**	**Example**	**Number of Complaints 2019-20**
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	29
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	nil
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	69
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	22
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	Data not available
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	Data not available

Additional Metrics	Total
Number of positive feedback comments	1,139
Number of negative feedback comments	933
Total number of feedback comments (includes advice and suggestions)	2,314
% complaints resolved within policy timeframes (95% TARGET)	98.66%

Data for previous years is available at:

https://data.sa.gov.au/data/dataset/department-for-health-and-wellbeing

Service Improvements resulting from complaints or consumer suggestions over 2019-20

NALHN encourages patients, consumers, families, carers and community to provide feedback.

Feedback provides an opportunity for NALHN to observe the quality of health care from the perspective of patients, consumers, families, carers and the community and resulting improvements in the quality of those services.

NALHN has responded to the feedback from consumers and the community with some examples provided below:

- Reviewing and developing service information for consumers and carers in mental health services.
- Implementation of patient communication boards in Division of Medicine with plans for wider implementation in NALHN.
- Developing new consumer and carer information sheets, e.g. specific information on ambulance costs and reviewing existing health information sheets. All consumer brochures are reviewed by the NALHN Consumer Advisory Council.
- Participating in the review of education and training methodology for nurses and midwives with a key focus on health literacy.
- Raising awareness of communication and engagement methods to encourage consumer participation in their own care via consumer surveys.
- Improving access for consumers with a disability in Aboriginal health services.
- Working with breastfeeding mothers; and making service improvements in relation to session attendance numbers.

Statewide / System-wide level

In 2019-20, NALHN has participated in the SA Health review of the SA Health Consumer and Community Engagement Framework and the Statewide Consumer Feedback and Complaints Management Program Board. In addition, NALHN has contributed to enhancements to the Safety Learning System in reporting consistency across Local Health Networks.

Appendix: Audited financial statements 2019-20

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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State Administration Centre
200 Victoria Square
Adelaide SA 5000

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Fax +618 8226 9688

ABN 53 327 061 410

audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair of the Board
Northern Adelaide Local Health Network Incorporated

Opinion

I have audited the financial report of the Northern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Northern Adelaide Local Health Network Incorporated as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Board Chair, the Chief Executive Officer and the Chief Finance Officer.

Basis for opinion

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

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

Responsibilities of the Chief Executive Officer and the Board for the financial report

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

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Northern Adelaide Local Health Network Incorporated for the financial year ended 30 June 2020.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northern Adelaide Local Health Network Incorporated's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Andrew Richardson
Auditor-General
18 September 2020

Certification of the financial statements

We certify that the:

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

- Internal controls employed by the Northern Adelaide Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

.....	.....	.....
Ray Blight	Maree Geraghty	Natalia Hubczenko
Board Chair	Chief Executive Officer	Chief Finance Officer

Date: 15 September 2020

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

	Note	2020	2019
		$'000	$'000
Income			
Revenues from SA Government	9	789,371	665,924
Fees and charges	5	37,796	33,990
Grants and contributions	6	4,264	3,841
Interest		51	116
Resources received free of charge	7	3,484	2,882
Other revenues/income	8	605	537
Total income		**835,571**	**707,290**
Expenses			
Staff benefits expenses	2	542,522	521,407
Supplies and services	3	253,559	217,756
Depreciation and amortisation	13,14	34,943	30,175
Grants and subsidies		78	55
Borrowing costs	17	1,126	-
Net loss from disposal of non-current and other assets		3	34
Impairment loss on receivables	11	161	287
Other expenses	4	774	855
Total expenses		**833,166**	**770,569**
Net result		**2,405**	**(63,279)**
Total comprehensive result		**2,405**	**(63,279)**

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

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	2020	2019
		$'000	$'000
Current assets			
Cash and cash equivalents	10	22,925	11,007
Receivables	11	8,824	8,584
Inventories	12	2,639	1,972
Total current assets		**34,388**	**21,563**
Non-current assets			
Receivables	11	1,467	1,457
Property, plant and equipment	13,14	474,346	418,992
Intangible assets	13	24	45
Total non-current assets		**475,837**	**420,494**
Total assets		**510,225**	**442,057**
Current liabilities			
Payables	16	19,844	18,671
Financial liabilities	17	3,426	-
Staff benefits	18	78,593	68,549
Provisions	19	2,584	2,248
Contract liabilities and other liabilities	20	55	187
Total current liabilities		**104,502**	**89,655**
Non-current liabilities			
Payables	16	3,662	2,717
Financial liabilities	17	45,463	-
Staff benefits	18	95,155	90,983
Provisions	19	3,441	2,688
Total non-current liabilities		**147,721**	**96,388**
Total liabilities		**252,223**	**186,043**
Net assets		**258,002**	**256,014**
Equity			
Retained earnings		236,124	234,136
Asset revaluation surplus		21,878	21,878
Total equity		**258,002**	**256,014**

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

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Note	Asset revaluation surplus $ '000	Retained earnings $ '000	Total equity $ '000
Balance at 30 June 2018		**21,878**	**297,461**	**319,339**
Adjustments on initial adoption of Accounting Standards		-	(46)	(46)
Adjusted balance at 1 July 2018		**21,878**	**297,415**	**319,293**
Net result for 2018-19		**-**	**(63,279)**	**(63,279)**
Total comprehensive result for 2018-19		**-**	**(63,279)**	**(63,279)**
Balance at 30 June 2019		**21,878**	**234,136**	**256,014**
Net result for 2019-20		**-**	**2,405**	**2,405**
Total comprehensive result for 2019-20		**-**	**2,405**	**2,405**
Net assets received from an administrative restructure		-	(417)	(417)
Balance at 30 June 2020		**21,878**	**236,124**	**258,002**

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

NORTHERN ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Note	2020	2019
		$'000	$'000
Cash flows from operating activities			
Cash inflows			
Fees and charges		32,484	29,387
Grants and contributions		4,576	4,129
Interest received		51	116
GST recovered from ATO		12,957	12,345
Other receipts		513	774
Receipts from SA Government		661,866	589,501
Cash generated from operations		**712,447**	**636,252**
Cash outflows			
Staff benefits payments		(524,360)	(489,324)
Payments for supplies and services		(163,944)	(158,542)
Payments of grants and subsidies		(80)	(57)
Interest paid		(1,126)	-
Other payments		(665)	(726)
Cash used in operations		**(690,175)**	**(648,649)**
Net cash provided by/(used in) operating activities		**22,272**	**(12,397)**
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(6,701)	(4.946)
Cash used in investing activities		**(6,701)**	**(4,946)**
Net cash used in investing activities		**(6,701)**	**(4,946)**
Cash flows from financing activities			
Cash outflows			
Repayment of lease liability		(3,653)	-
Cash used in financing activities		**(3,653)**	**-**
Net cash used in financing activities		**(3,653)**	**-**
Net increase/(decrease) in cash and cash equivalents		**11,918**	**(17,343)**
Cash and cash equivalents at the beginning of the period		11,007	28,350
Cash and cash equivalents at the end of the period	21	**22,925**	**11,007**
Non-cash transactions	21,29		

The accompanying notes form part of these financial statements

1. About Northern Adelaide Local Health Network

The Northern Adelaide Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated hospital established under the *Health Care Act 2008* (the Act). The financial statements include all controlled activities of the Hospital. The Hospital does not control any other entity and has no interests in unconsolidated structured entities.

Administered items
The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Administered Items at Note 31. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital transactions.

1.1 Objectives and activities

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

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

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

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

1.2 Basis of preparation
These financial statements are general purpose finance statements prepared in accordance with:

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

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

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

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

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

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

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

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

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

1.4 Continuity of Operations

As at 30 June 2020, the Hospital had a working capital deficiency of $70.114 million (2019 $68.092 million). 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.

1.5 Changes to reporting entity

Administrative Restructure – Transferred in

2019-20

As part of governance reforms and new Department of Health and Wellbeing (the Department) structure, it was agreed that a portion of the following functions would be transferred from the Department to the Hospital, effective 1 July 2019:

- Risk and assurance internal audit
- Local Health Network based Biomedical Engineering
- Debt management

This resulted in the transfer in of net liabilities of $0.417 million, consisting of staff benefits liabilities of $0.391 million and Payables - staff on-costs of $0.026 million. It comprised of 18 full time equivalents.

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

2018-19

- There were no transfers during this period.

1.6 Equity

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

1.7 Impact of COVID-19 pandemic

COVID-19 has been classified as a global pandemic by the World Health Organisation. SA Health is the Control Agency in SA for human disease pursuant to the State Emergency Management Plan.

As at 30 June 2020, SA has had a total of 444 confirmed COVID cases. Noteworthy, since the 22 April, SA has only had five new cases. Accordingly SA has minimised transmission of the virus and maintained containment of COVID-19 infection.

As the lead agency, SA Health has:

- activated COVID-19 clinics in metro and regional SA
- increased hospital capacity through commissioning of temporary hospital capacity and diversion of activity to the private hospital system
- secured medical supplies and personal protective equipment to deliver COVID-19 services a very high demand environment
- maximised community engagement
- managed workforce surge planning and up-skill training.

The material impacts on the Hospital’s financial performance and financial position are outlined below:

- Additional financial assistance from the Commonwealth and State Government to assist the Hospital with its COVID-19 response. This funding was for additional costs incurred by the Hospital in responding to the COVID-19 outbreak, including the diagnosis and treatment of patients with or suspected of having COVID19, and efforts to minimise the spread in the Australian community .
- Hospital staff accessing special leave with pay for up to 15 days for absences related to COVID-19 situations ($ 0.373m).

- Additional costs associated with public health activities (e.g. preparation of hospitals to respond and establishing testing clinics), purchases of personal protective equipment for staff, and non-clinical costs (e.g. additional hospital cleaning costs) were $3.323m.

- The Hospital has purchased various plant and equipment e.g. new ventilators and to assist with responding to SA Health COVID-19 matters was $0.386m.

The impact of COVID-19 will materially impact next year and future years as a result of cancellation of elective surgeries, which has further increased the waitlist and will require the network to continue outsourcing surgery above commissioned activity in order to meet the election commitment/waitlist targets.

Business continuity information is note 1.4, impairment information are at notes 11.1 and 13.4; and estimates and judgments are at notes 11.1, 16, 18.2 and 19.1

1.8 Change in accounting policy

AASB 16 *Leases*

AASB 16 *Leases* sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 replaces AASB 117 *Leases* and related Interpretations.

The adoption of AASB 16 from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements and changes to accounting policies:

- AASB 117 required the recognition of an asset and liability in relation to only finance leases (not operating leases). AASB 16 will result in leases previously classified as an operating lease having right-of-use assets and lease liability being recognised in the Statement of Financial Position.

- AASB 117 required lessors to classify sub lease arrangements on the basis of whether substantially all the risks and rewards incidental to ownership of the underlying asset had been transferred to the sublessee. Under AASB 16 classification is made on the basis of whether substantially all the risks and rewards associated with the right of use asset arising from the head lease have been transferred to the lessee. AASB 16 has resulted in the Hospital continuing to classify sub leases arrangements as operating leases.

- AASB 117 resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 largely replaces this with depreciation expense that represents the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

The total impact on the Hospital's retained earnings as at 1 July 2019 is as follows:

	$'000
Closing retained earnings 30 June 2019 – AASB 117	**234,136**
Assets	
Right of use assets	52,229
Liabilities	
Lease liabilities	(52,229)
Opening retained earnings 1 July 2019 – AASB 16	**234,136**

The initial measurement of right of use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments. The initial measurement of the lease liability was the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate as at 1 July 2019. The average weighted incremental borrowing rate for this purpose was 1.65%.

The difference between operating lease commitments disclosed under AASB 117 at 30 June 2019, adjusted to be discounted using incremental borrowing rates used on transition to AASB 16, and the lease liabilities recognised on 1 July 2019 under AASB 16 is as follows:

	$'000
Total Operating Lease Commitments disclosed as of 30 June 2019 (AASB 117)	**(63,198)**
Discounted using the incremental borrowing rate of 1.38% - 2.64%	10,969
Lease liability recognised in statement of financial position 1 July 2019 (AASB 16)	**(52,229)**

Accounting policy on transition

AASB 16 sets out accounting policies on transition. *Treasurer's Instructions (Accounting Policy Statements)*, required the Hospital to apply AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives have not been restated); apply AASB 16 to contracts that were previously identified as containing a lease under AASB 117 and not transitioned operating leases for which the lease term ends before 30 June 2020 (with the exception of vehicles leased through South Australian Financing Authority (SAFA)).

Ongoing accounting policies

As per Treasurer's Instructions (Accounting Policy Statements), the Hospital will not apply AABS 16 to intangible assets; has adopted a $15,000 threshold for determining whether an underlying asset is a low value asset; will apply the short term lease recognition exemption (with the exception of vehicles leased through SAFA); will adopt a cost model and not record at fair value on initial recognition, leases that have significantly below market terms and conditions principally to enable the Hospital to further its objectives.

Significant accounting policies relating to the application of AASB 16 are disclosed under relevant notes and are referenced at note 13.8, 13 and 17.

AASB *15 Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to entity the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes the current income recognition requirements contained in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

The Hospital adopted AASB 15 and AASB 1058 on 1 July 2019 and where applicable applied the transitional provisions specified in the standard.

The adoption of these standards did not have an impact on the timing or recognition of the Hospital's revenues, as detailed below:

- Revenues from SA Government (94.5%) largely reflects Appropriations and continues to be recognised as income when the Hospital obtains control of the funds (ie upon receipt);
- Commonwealth revenues and other grants (0.5%) continue to be recognised as service/performance obligations are satisfied, or alternatively where there are no service/performance obligations, upon receipt:
- Fees and Charges (4.5%) continue to be recognised as the service/performance obligations are satisfied;
- Taxes, rates and fines continue to be recognised as income when the taxable even occurs
- Contributed services (resources received free of charge) continues to be recognised where they would have been purchased if they were not donated under AASB 1058 (previously AASB 1004) and contributed assets that do not have sufficiently specific performance obligations will continue to be accounted for as a donation via AASB 1058 (previously AASB 1004);
- Interest income continues to be recognised via AASB 9.

In addition, revenue earned in prior periods but not yet receivable (previously recorded as an accrual), is now recorded as a contract asset in the Statement of Financial Position and revenue received in prior periods but not yet recognised (previously recorded as unearned revenue), is now recorded as a contract liability in the Statement of Financial Position.

1.9 Change in presentation of financial statements

Treasurer's instructions (Accounting Policy Statements) issued 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The Statement of Comprehensive Income and Statement of Cash Flows now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

2. Staff benefits expenses

	2020 $'000	2019 $'000
Salaries and wages	434,466	402,235
Targeted voluntary separation packages (refer below)	437	355
Long service leave	11,540	30,946
Annual leave	43,445	41,482
Skills and experience retention leave	1,578	1,400
Staff on-costs - superannuation*	45,817	41,525
Staff on-costs - other	3	2
Workers compensation	3,500	1,925
Board and committee fees	350	155
Other staff related expenses	1,386	1,382
Total staff benefits expenses	**542,522**	**521,407**

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

2.1 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the eight members of the governing board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the four members of the Executive Management Group.

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

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

Compensation	2020 $'000	2019 $'000
Salaries and other short term employee benefits	1,605	1,485
Post-employment benefits	251	144
Total	**1,856**	**1,629**

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

2.2 Remuneration of Board and Committees

	2020 No. of Members	2019 No. of Members
$0	10	13
$1 - $9,999	23	19
$10,000 - $19,999	1	1
$30,000 - $39,999	5	-
$60,000 - $69,999	1	1
$70,000 - $79,999	1	-
Total	**41**	**34**

The total remuneration received or receivable by members was $0.378 million ($0.163 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 any fringe benefits tax paid or payable in respect of those benefits

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

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

Refer to note 30 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.

2.3 Remuneration of staff

The number of staff whose remuneration received or receivable falls within the following bands:	2020 No.	2019 No.
$151,000 - $154,999*	n/a	23
$155,000 - $174,999	105	94
$175,000 - $194,999	47	45
$195,000 - $214,999	23	34
$215,000 - $234,999	27	17
$235,000 - $254,999	21	19
$255,000 - $274,999	8	17
$275,000 - $294,999	16	10
$295,000 - $314,999	20	18
$315,000 - $334,999	14	17
$335,000 - $354,999	22	11
$355,000 - $374,999	13	11
$375,000 - $394,999	10	15
$395,000 - $414,999	18	12
$415,000 - $434,999	11	21
$435,000 - $454,999	14	8
$455,000 - $474,999	11	5
$475,000 - $494,999	1	4
$495,000 - $514,999	8	8
$515,000 - $534,999	6	11
$535,000 - $554,999	9	4
$555,000 - $574,999	5	2
$575,000 - $594,999	1	1
$595,000 - $614,999	1	-
$615,000 - $634,999	1	1
$655,000 - $674,999	2	2
$675,000 - $694,999	4	-
$695,000 - $714,999	4	4
$715,000 - $734,999	2	3
$735,000 - $754,999	2	3
$755,000 - $774,999	1	-
Total number of staff	**427**	**420**

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2018-19.

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

2.4 Remuneration of staff by classification

The total remuneration received by these staff included in Note 2.3 :

	2020		2019	
	No.	**$'000**	**No.**	**$'000**
Medical (excluding Nursing)	383	118,882	365	109,540
Executive	6	1,385	7	1,419
Nursing	37	6,214	46	7,735
Non-medical (i.e. administration)	1	171	2	320
Total	**427**	**126,652**	**420**	**119,014**

2.5 Targeted voluntary separation packages

	2020	**2019**
Amount paid/payable to separated staff:	**$'000**	**$'000**
Targeted voluntary separation packages	437	355
Leave paid/payable to separated employees	483	120
Net cost to the Hospital	**920**	**475**
The number of staff who received a TVSP during the reporting period	11	8

3. Supplies and services

	2020	**2019**
	$'000	**$'000**
Administration	581	638
Advertising	109	255
Communication	1,276	1,014
Computing	6,293	5,669
Consultants	861	1,129
Contract of services	4,894	973
Contractors	453	507
Contractors - agency staff	15,816	18,848
Drug supplies	13,763	8,037
Electricity, gas and fuel	6,616	6,581
Fee for service	13,711	8,710
Food supplies	7,449	3,768
Housekeeping	24,111	23,976
Insurance	5,588	5,793
Internal SA Health SLA payments	7,801	4,163
Legal	204	305
Medical, surgical and laboratory supplies	83,146	65,680
Minor equipment	1,319	894
Motor vehicle expenses	425	179
Occupancy rent and rates	1,525	6,082
Patient transport	6,732	7,143
Postage	1,262	990
Printing and stationery	2,900	2,855
Rental expense on operating lease	-	764
Repairs and maintenance	13,904	12,246
Security	15,198	13,510
Services from Shared Services SA	3,484	2,882
Training and development	6,365	7,038
Travel expenses	206	188
Other supplies and services	7,567	6,939
Total supplies and services	**253,559**	**217,756**

There were no short term or low value leases for the year ending 30 June 2020.

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

	2020		2019	
	No.	**$'000**	**No.**	**$'000**
Below $10,000	-	-	3	14
Above $10,000	11	861	9	1,115
Total paid/payable to consultancies engaged	**11**	**861**	**12**	**1,129**

4. Other expenses

	2020	2019
	$'000	**$'000**
Debts written off	333	382
Bank fees and charges	26	30
Other*	415	443
Total other expenses	**774**	**855**

* Includes audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of $0.289 million ($0.282 million). No other services were provided by the Auditor-General's Department.

5. Fees and charges

	2020	2019
	$'000	**$'000**
Car parking revenue	2,727	2,479
Fines, fees and penalties	62	56
Insurance recoveries	150	44
Patient and client fees	21,488	19,203
Private practice fees	2,091	2,675
Recoveries	7,030	5,109
Rent revenue	2,222	1,939
Residential and other aged care charges	122	95
Training revenue	52	2
Other user charges and fees	1,852	2,388
Total fees and charges	**37,796**	**33,990**

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 changes is revenue recognised from contracts with customers except for recoveries, fines, fees and penalties, insurance recoveries and rent revenue.

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	**2020 Goods/Services transferred at a point in time**	**2020 Goods/Services transferred over a period of time**	**2019 Goods/Services transferred at a point in time**	**2019 Goods/Services transferred over a period of time**
Car parking revenue	789	1,938	814	1,665
Patient and client fees	21,392	-	19,203	-
Private practice fees	2,091	-	2,675	-
Residential and other aged care charges	122	-	95	-
Training revenue	52	-	2	-
Other user charges and fees	1,836	-	2,366	2
Total contracts with external customers	**26,282**	**1,938**	**25,155**	**1,667**
Patient and client fees	96	-	-	-
Other user charges and fees	16	-	20	-
Total contracts with SA Government customers	**112**	**-**	**20**	**-**
Total contracts with customers	**26,394**	**1,938**	**25,175**	**1,667**

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 20).

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, anaethestist, 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

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 collects 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 its collected as per the Rights of Private Practice Agreement.

Car Parking Revenue
The Hospital provides access to car parks directly to employees, patients and visitors. The first two hours in the open air car park at the Hospital is free for patients and visitors. After which time, an hourly fee is payable based on the time consumed. Tickets are purchased via the paystation or the car parking officer on site. 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.

6. Grants and contributions

	2020 $'000	2019 $'000
Commonwealth grants and donations	184	190
Other SA Government grants and contributions	588	178
Private sector capital contributions	366	306
Private sector grants and contributions	3,126	3,167
Total grants and contributions	**4,264**	**3,841**

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

Of the $4.264 million ($3.841 million) received in 2019-20 for grants and contributions, $2.055 million ($2.155 million) was provided for specific purposes, such as research and associated activities.

7. Resources received free of charge

	2020 $'000	2019 $'000
Services	3,484	2,882
Total resources received free of charge	**3,484**	**2,882**

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, following Cabinet's approval to cease intra-government charging. Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

In addition, although not recognised, the Hospital receives volunteer services from the Lyell McEwin Volunteers Association and the Modbury Hospital Foundation. There are around 600 volunteers who provide patient and staff support services to individual using the Hospital's services. The services include but not limited to: childcare, respite care, transport, therapeutic activities, patient liaison, gift shop and café support.

8. Other revenues/income

	2020 $'000	2019 $'000
Donations	6	-
Other	599	537
Total other revenues/income	**605**	**537**

9. Revenues from SA Government

	2020 $'000	2019 $'000
Capital funding	37,261	13,504
Recurrent funding	752,110	652,420
Total revenues from Department for Health and Wellbeing	**789,371**	**665,924**

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

10. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank or on hand	849	865
Deposits with Treasurer: general operating	13,263	1,876
Deposits with Treasurer: special purpose funds	8,813	8,266
Total cash and cash equvalents	**22,925**	**11,007**

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

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

The Hospital only earns interest on the special deposit account. It earned $0.051 million in 2020 ($0.116 million in 2019).

11. Receivables

	2020	2019
Current	**$'000**	**$'000**
Patient/client fees: compensable	685	534
Patient/client fees: other	4,799	5,426
Debtors	1,978	1,246
Less: allowance for impairment loss on receivables	(1,270)	(1,109)
Prepayments	807	493
Workers compensation provision recoverable	855	793
Sundry receivables and accrued revenue	823	938
GST input tax recoverable	147	263
Total current receivables	**8,824**	**8,584**
Non-current		
Debtors	41	22
Workers compensation provision recoverable	1,426	1,435
Total non-current receivables	**1,467**	**1,457**
Total receivables	**10,291**	**10,041**

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.

11.1 Impairment of receivables

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

Movement in the allowance for impairment loss on receivables:

	2020	2019
	$'000	**$'000**
Carrying amount at the beginning of the period	**1,109**	**822**
Increase/(Decrease) in allowance recognised in profit or loss	161	287
Carrying amount at the end of the period	**1,270**	**1,109**

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government.

Refer to note 28 for details regarding credit risk and the methodology for determining impairment.

12. Inventories

The inventories held by the Hospital are imprest in nature and are assessed at 30 June every year. The balance for 2020 was $2.639 million ($1.972 million). Inventories are held for distribution at no or normal consideration and are measured at the lower of cost and replacement cost. The amount of 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.

13. Property, plant and equipment and intangible assets

13.1 Acquisition and recognition of non-current assets

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

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

13.2 Depreciation and amortisation of non-current assets

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/amortisation is calculated on a straight line basis. Property, plant and equipment and intangibles are depreciated over the estimated useful life as follows:

Class of asset	**Useful life (years)**
Buildings and improvements	40 - 80
Right of use buildings	Lease Term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment	3 - 5
• Other plant and equipment	3 – 25
Right of use plant and equipment	Lease Term
Intangibles	5-10

13.3 Revaluation

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

Revaluation of non-current assets or a group of assets is only performed when the owned assets fair value at the time of acquisition is greater than $1 million, and the estimated useful life exceeds three years. If at any time management considers that the carrying amount of an asset greater than $1 million materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

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

13.4 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 and therefore these assets have not been tested for impairment. 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 of property, plant and equipment as at 30 June 2020.

13.5 Intangible assets

The carrying amount of intangible assets (software) as at 1 July 2019 was $0.045 million ($0.072 million), amortisation during the financial year was $0.021 million ($0.027 million) resulting in a carrying amount as at 30 June 2020 of $0.024 million ($0.045 million).

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 is reviewed on an annual basis.

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

13.6 Land and buildings

Leased land and buildings previously classified as operating leases have been included in the Statement of Financial Position for the first time in 2019-20.

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

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.

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

13.7 Plant and equipment

Leased plant and equipment previously classified as operating leases have been included in the Statement of Financial Position for the first time in 2019-20.

The Hospital's plant and equipment assets with a fair value greater than $1 million or had an estimated useful life of greater than three years, were revalued using the fair value methodology, as at 1 June 2018, based on independent valuations performed by Simon O'Leary, AAPI, C.P.V, Australian Valuation Solutions Pty Ltd. The value of other plant and equipment is deemed to approximate fair value. These assets are classified in Level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

13.8 Right-of-use assets

Right-of-use assets are recorded at cost and there are no indications of impairment. Additions to the right-of-use assets during 2019-20 were $0.313 million.

14. Reconciliation of property,plant and equipment

The following table shows the movement :

2019-20	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 improve-ments $'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	**43,000**	**351,271**	**51,449**	**8,337**	**4,410**	**9,962**	**1,308**	**780**	**704**	**471,221**
Additions	-	-	42	34,718	-	1,953	130	271	936	**38,050**
Disposals	-	-	-	-	-	(3)	-	-	-	**(3)**
Transfers between asset classes	-	5,687	-	(5,693)	-	818	44	-	(856)	-
Subtotal:	**43,000**	**356,958**	**51,491**	**37,362**	**4,410**	**12,730**	**1,482**	**1,051**	**784**	**509,268**
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(26,435)	(3,786)	-	(707)	(3,251)	(258)	(485)	-	**(34,922)**
Subtotal:	**-**	**(26,435)**	**(3,786)**	**-**	**(707)**	**(3,251)**	**(258)**	**(485)**	**-**	**(34,922)**
Carrying amount at the end of the period	**43,000**	**330,523**	**47,705**	**37,362**	**3,703**	**9,479**	**1,224**	**566**	**784**	**474,346**
Gross carrying amount										
Gross carrying amount	43,000	385,699	51,491	37,362	7,547	34,309	6,044	1,006	784	**567,242**
Accumulated depreciation / amortisation	-	(55,176)	(3,786)	-	(3,844)	(24,830)	(4,820)	(440)	-	**(92,896)**
Carrying amount at the end of the period	**43,000**	**330,523**	**47,705**	**37,362**	**3,703**	**9,479**	**1,224**	**566**	**784**	**474,346**

All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 1.8 for details about the right-of-use assets, and note 17 for details about the lease liability for right-of-use assets.

2018-19	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	**43,000**	**374,192**	**-**	**1,683**	**5,071**	**10,772**	**1,238**	**-**	**41**	**435,997**
Additions	-	-	-	9,985	-	2,187	310	-	695	**13,177**
Disposals	-	-	-	-	-	(34)	-	-	-	**(34)**
Transfers between asset classes	-	3,109	-	(3,331)	-	254	-	-	(32)	-
Subtotal:	**43,000**	**377,301**	**-**	**8,337**	**5,071**	**13,179**	**1,548**	**-**	**704**	**449,140**
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(26,030)	-	-	(661)	(3,217)	(240)	-	-	**(30,148)**
Subtotal:	**-**	**(26,030)**	**-**	**-**	**(661)**	**(3,217)**	**(240)**	**-**	**-**	**(30,148)**
Carrying amount at the end of the period	**43,000**	**351,271**	**-**	**8,337**	**4,410**	**9,962**	**1,308**	**-**	**704**	**418,992**
Gross carrying amount										
Gross carrying amount	43,000	380,012	-	8,337	7,547	32,099	5,870	-	704	**477,569**
Accumulated depreciation / amortisation	-	(28,741)	-	-	(3,137)	(22,137)	(4,562)	-	-	**(58,577)**
Carrying amount at the end of the period	**43,000**	**351,271**	**-**	**8,337**	**4,410**	**9,962**	**1,308**	**-**	**704**	**418,992**

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

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

Refer to notes 13.6 and 15.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

15.1 Fair value hierarchy

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

Fair value measurements at 30 June 2020

	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements			
Land	-	43,000	43,000
Buildings and improvements	-	330,523	330,523
Leasehold improvements	-	3,703	3,703
Plant and equipment	-	10,703	10,703
Total recurring fair value measurements	**-**	**387,929**	**387,929**

Fair value measurements at 30 June 2019

	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements			
Land	-	43,000	43,000
Buildings and improvements	-	351,271	351,271
Leasehold improvements	-	4,410	4,410
Plant and equipment	-	11,270	11,270
Total recurring fair value measurements	**-**	**409,951**	**409,951**

There are no non-recurring fair value measurements.

The Hospital’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive Level 2 and 3 fair values are at note 13.

During 2020 and 2019, the Hospital had no valuations categorised into Level 1; there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels in 2019-20.

15.2 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. 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.

16. Payables

	2020 $'000	2019 $'000
Current		
Creditors and accrued expenses	11,759	10,650
Paid Parental Leave Scheme	126	50
Staff on-costs*	7,111	6,125
Other payables	848	1,846
Total current payables	**19,844**	**18,671**
Non-current		
Staff on-costs*	3,662	2,717
Total non-current payables	**3,662**	**2,717**
Total payables	**23,506**	**21,388**

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 their short term nature.

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has increased from the 2019 rate (29%) to 38% and the average factor for the calculation of employer superannuation on-costs has remained at 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost and staff benefits expense of $1.040 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 28 for information on risk management.

17. Financial liabilities

	2020 $'000	2019 $'000
Current		
Lease liabilities	3,426	-
Total current financial liabilities	**3,426**	**-**
Non-current		
Lease liabilities	45,463	-
Total non-current financial liabilities	**45,463**	**-**
Total financial liabilities	**48,889**	**-**

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year. Borrowing costs associated with lease liability payments was $1.126 million.

Refer to note 28 for information on risk management.

17.1 Leasing activities

The Hospital has a number of lease agreements, lease terms vary from 1 to 20 years.
Major lease activities include the use of:

- Properties –. The Hospital has five property leases in place:
  - 7-9 Park Terrace Salisbury (office space)
  - 30 Gawler Street Salisbury (office space)
  - 116 Reservoir Road Modbury (office space)
  - 5 Mark Road Elizabeth Vale (car park)
  - Elizabeth GP Plus, Elizabeth Way, Elizabeth (GP Clinic)

  Generally property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.

- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

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

Refer note 13 for details about the right of use assets (including depreciation).

17.2 Concessional lease arrangements

The Hospital has no concessional lease arrangements.

17.3 Maturity analysis

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

	2020	2019
Lease Liabilities	**$'000**	**$'000**
1 to 3 years	12,529	-
3 to 5 years	7,214	-
5 to 10 years	14,786	-
More than 10 years	25,024	-
Total lease liabilities (undiscounted)	**59,553**	**-**

18. Staff benefits

	2020	2019
Current	**$'000**	**$'000**
Accrued salaries and wages	19,136	13,215
Annual leave	47,703	43,935
Long service leave	8,612	8,397
Skills and experience retention leave	3,128	2,995
Other	14	7
Total current staff benefits	**78,593**	**68,549**
Non-current		
Long service leave	95,155	90,983
Total non-current staff benefits	**95,155**	**90,983**
Total staff benefits	**173,748**	**159,532**

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.

Refer to note 1.5 for details of staff transferred to the Hospital.

18.1 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.

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.

18.2 Long service leave

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from the 2019 rate (1.25%) to 0.75%. This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of $1.274 million, payables (employee on-costs) of $0.049 million and staff benefits expense of $1.323 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption being the long-term discount rate.

The actuarial assessment performed by the DTF reduced the salary inflation rate from 4.00% to 2.50% for long service leave and decreased the salary inflation rate from 2.20% to 2.00% for annual leave and skills, experience and retention leave liability. The net financial effect of the change in the salary inflation rate in the current financial year is a decrease in the annual leave liability of $0.093 million, skills and experience retention leave liability of $0.006 million, payables (employee on-costs) of $0.010 million and staff benefits expense of $0.100 million.

19. Provisions

The Hospital's provision relates to workers compensation only**.**

Reconciliation of workers compensation(statutory and non-statutory)

	2020	2019
	$'000	$'000
Carrying amount at the beginning of the period	**4,936**	**5,642**
Increase / (Decrease) in provisions recognised	1,529	(84)
Reductions arising from payments/other sacrifices of future economic benefits	(440)	(622)
Carrying amount at the end of the period	**6,025**	**4,936**

19.1 Workers Compensation

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment . The provision is for the estimated cost of ongoing payments to staff as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers compensation non-statutory provision
Additional insurance/compensation arrangements for certain work related injuries have been introduced for most public sector employees through various enterprise bargaining agreements and industrial awards. This insurance/compensation is intended to provide continuing benefits to non-seriously injured workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme.

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2020, the Hospital recognised a workers compensation non-statutory provision of $0.278 million ($0.320 million).

20.Contract liabilities and other liabilities

	2020	2019
Current	**$'000**	**$'000**
Unearned revenue	55	181
Other	-	6
Total current contract liabilities and other liabilities	**55**	**187**

21. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	**2020 $'000**	**2019 $'000**
Cash and cash equivalents disclosed in the Statement of Financial Position	22,925	11,007
Cash as per Statement of Financial Position	**22,925**	**11,007**
Balance as per Statement of Cash Flows	**22,925**	**11,007**
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by (used in) operating activities	22,272	(12,397)
Add/less non-cash items		
Capital revenues	32,017	7,454
Depreciation and amortisation expense of non-current assets	(34,943)	(30,175)
Gain/(loss) on sale or disposal of non-current assets	(3)	(34)
Net effect of the adoption of new Accounting Standard	-	46
Movement in assets and liabilities		
Increase/(decrease) in receivables	250	524
Increase/(decrease) in inventories	667	21
(Increase)/decrease in staff benefits	(13,825)	(31,617)
(Increase)/decrease in payables and provisions	(4,162)	2,993
(Increase)/decrease in other liabilities	132	(94)
Net result	**2,405**	**(63,279)**

Total cash outflows to leases is $4.779 million.

22. Unrecognised contractual commitments

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

Capital commitments	**2020 $'000**	**2019 $'000**
Within one year	550	-
Total capital commitments	**550**	**-**

Expenditure commitments	**2020 $'000**	**2019 $'000**
Within one year	29,275	25,664
Later than one year but not longer than five years	79,625	84,711
Later than five years	-	15,625
Total expenditure commitments	**108,900**	**126,000**

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

23. Operating lease expenditure commitments

	2020 $'000	**2019 $'000**
Within one year	-	4,688
Later than one year but not longer than five years	-	15,878
Later than five years	-	42,632
Total operating lease commitments	**-**	**63,198**
Representing:		
Non-cancellable operating leases	-	63,198
Total operating lease commitments	**-**	**63,198**

Operating lease expenditure commitments are provided for comparative purposes only as AASB 16 *Leases* does not distinguish between operating and finance leases for the lessee.

24.Trust funds

The Hospital holds money in trust on behalf of consumers that reside in LHN facilities whilst the consumer is receiving residential mental health services, residential drug and alcohol rehabilitation services, or residential aged care services. As the Hospital only performs 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.

	2020	2019
	$'000	$'000
Carrying amount at the beginning of period	**223**	**233**
Client trust receipts	771	115
Client trust payments	(649)	(125)
Carrying amount at the end of the period	**345**	**223**

25.Contingent assets and liabilities

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

26.Events after balance date

Prior to 30 June, members of the Australian Nurses and Midwifery Federation supported a new public sector Nursing and Midwifery (SA Public Sector) Enterprise Agreement (EA), and accordingly an application for a new EA was submitted to the South Australian Employment Tribunal (SAET) (also prior to 30 June). The SAET approved the application on 16 July 2020. Amongst other matters, the new EA provides for a 2% increase in salary and wages (and certain allowances) from 1 January 2020. The financial statements have been adjusted for this event as the condition that triggered the liability existed at or before 30 June.

27.Impact of Standards not yet implemented

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

Amending Standards AASB 2018-6 and AASB 2018-7 will apply from 1 July 2020 and AASB 2014-10, AASB 2015-10, AASB 2017-5 will apply from 1 July 2022. Although applicable to the Hospital these amending standards are not expected to have an impact on the Hospital's financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect changes to the definition of a business, definition of materiality, and the additional clarification of requirements for a sale or contribution of assets between an investor and its associate or joint venture.

28.Financial instruments/financial risk management

28.1 Financial risk management

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

Liquidity Risk
The Hospital is funded principally by the SA Government via the Department. The Hospital works with DTF to determine the cash flows associated with the Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. Refer to note 1.4 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 10 and 11 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.

28.2 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 financial assets and liabilities were categorised as: 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.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 11 and 16).

Category of financial asset and financial liability .	Notes	2020 Carrying amount/ Fair value $'000	2019 Carrying amount/ Fair value $'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	10,21	22,925	11,007
Amortised cost			
Receivables (1)(2)	11	7,009	7,027
Total financial assets		**29,934**	**18,034**
Financial liabilities			
Financial liabilities at amortised cost			
Payables (1)	16	12,318	12,214
Lease liabilities	17	48,889	-
Other liabilities	20	-	6
Total financial liabilities		**61,207**	**12,220**

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

(2) Receivables amount disclosed excludes prepayments.

28.3 Credit risk exposure and impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss (ECL) using the simplified approach in AASB 9. From 1 July 2020, loss allowances for contract assets are measured at an amount equal to an expected credit loss method using 12 a month method.

A provision matrix is used to measure the ECL of receivables from non-government debtors. The ECL of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties. Impairment losses are presented as net impairment losses within net result.

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

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

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

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

	30 June 2020			30 June 2019		
	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	0.3-3.4%	2,000	35	1.5-4.8%	2,064	36
<30 days	0.8-5.1%	1,160	27	2.2-7.6%	1,810	43
31-60 days	2.8-8.6%	479	17	4.3-10.9%	470	24
61-90 days	4.6-10.2%	238	19	8.2-12.3%	317	27
91-120 days	6.6-11.6%	143	15	12.4-14.1%	279	34
121-180 days	10.1-16.4%	457	74	16.8-17.8%	244	43
181-360 days	16.4-41%	540	204	31.9-35.5%	845	298
361-540 days	36.8-81.3%	468	364	70%	263	184
>540 days	42.1-98.8%	552	543	89.9-100%	457	420
Total		**6,037**	**1,298**		**6,749**	**1,109**

29. Significant transactions with government related entities

The Hospital is controlled by SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 9), and incurred expenditure via the Department for medical, surgical and laboratory supplies, insurance and computing (note 3). The Department transferred capital works in progress of $32.017 million ($7.446 million) to the Hospital. The Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for property repairs and maintenance of $12.780 million ($11.748 million) (note 3) and capital works of $1.625 million ($1.002 million). As at 30 June, the outstanding balance payable to DPTI was $1.309 million ($1.470 million) (note 16).

30. 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 124B were:

Board/Committee name:	Government employee members	Other members
Northern Adelaide Local Health Network Consumer Advisory Council	3	White A (Chair), Mossop J ,Whatley G, Green L, Clark Reynolds N, Patching A, Lowden H, Davies I, Putsey P
Northern Adelaide Local Health Network Governing Council	1	Hains S (Chair), Durrant M, Isemonger J, Lampard F, Smith J, Wilson B, Moffatt N, Vinci G, Frost M
Northern Adelaide Local Health Network Governing Board	-	Blight R (Chair), Burgess A, Roesler C, Patetsos M, Forwood M, South L, Lampard F, Moore R
Northern Adelaide Local Health Network and Department of Health and Wellbeing Aboriginal Consumer Reference Group	-	Wanganeen K (Chair), Stengle A, Forbes A, Graham C, Thyer C, Wanganeen E, Chisholm K, Webb L, Sinclair N, Tonkin B, Weetra R
Northern Adelaide Local Health Network Risk Management & Audit Committee to the Board	-	Connor G (Chair), Patetsos M, Forwood M, Moore R

Refer to note 2.2 for remuneration of board and committee members.

31. Administered items

The Hospital administers the following funds:

- Private Practice Funds, representing funds billed on behalf of salaried medical officers and subsequently distributed to the LHN and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement; and
- Nurses Education Funds, representing the balance of payroll deductions from nursing staff held for education purposes.

	2020	2019
	$'000	$'000
Fees and charges	9,571	10,065
Other expenses	(8,804)	(9,605)
Net result	**767**	**460**
Cash and cash equivalents	1,111	722
Receivables	1,933	1,563
Net Assets	**3,044**	**2,285**
Cash at 1 July	**722**	**851**
Cash inflows	9,190	9,476
Cash outflows	(8,801)	(9,605)
Cash at 30 June	**1,111**	**722**