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To the Acting Chief Executive Officer Women's and Children's Health Network Incorporated

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

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Women's and Children's Health Network Incorporated as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Chief Executive Officer and the Acting Chief Finance Officer.

Basis for opinion

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

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

Responsibilities of the Acting Chief Executive Officer for the financial report

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

Auditor's responsibilities for the audit of the financial report

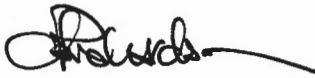
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting 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 Acting Chief Executive Officer about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

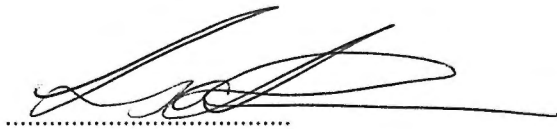
Auditor-General

20 September 2018

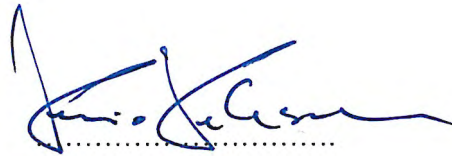
Certification of the financial statements

We certify that the:

- financial statements of the Women's and Children's 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 Women's and Children's Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Lisa Lynch
Acting Chief Executive Officer



Danny De Cesare
Acting Chief Finance Officer

Date 13/9/18.

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Staff benefits expenses	3	350,107	322,991
Supplies and services	4	106,854	107,346
Depreciation and amortisation expense	20,21	8,086	7,608
Grants and subsidies	5	45	146
Net loss from disposal of non-current and other assets	11	36	38
Other expenses	6	371	1,517
Total expenses		465,499	439,646
Income			
Revenues from fees and charges	7	32,254	35,649
Grants and contributions	8	9,343	7,216
Interest revenues	9	216	213
Resources received free of charge	10	2,266	919
Gain on revaluation of investment property	20	15	2,043
Other revenues/income	12	6,267	6,011
Total income		50,361	52,051
Net cost of providing services		415,138	387,595
Revenues from SA Government			
Revenues from SA Government	13	412,513	383,755
Total revenues from SA Government		412,513	383,755
Net result		(2,625)	(3,840)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus		116,542	-
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains or losses recognised directly in equity		87	49
Total other comprehensive income		116,629	49
Total comprehensive result		114,004	(3,791)

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

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	15	28,229	16,641
Receivables	16	7,953	8,905
Inventories	18	787	783
Total current assets		36,969	26,329
Non-current assets			
Receivables	16	1,745	965
Other financial assets	17	1,313	1,226
Property, plant and equipment	20	353,396	237,018
Investment property	20	16,912	16,897
Intangible assets	21	48	36
Total non-current assets		373,414	256,142
Total assets		410,383	282,471
Current liabilities			
Payables	23	12,761	11,306
Staff benefits	24	42,221	38,526
Provisions	25	2,142	2,411
Other liabilities	26	580	167
Total current liabilities		57,704	52,410
Non-current liabilities			
Payables	23	2,055	2,425
Staff benefits	24	60,656	56,775
Provisions	25	10,637	4,224
Total non-current liabilities		73,348	63,424
Total liabilities		131,052	115,834
Net assets		279,331	166,637
Equity			
Asset revaluation surplus		202,933	86,391
Other reserves		500	413
Retained earnings		75,898	79,833
Total equity		279,331	166,637

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	27
Contingent asset and liabilities	28

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Note	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2016		86,391	364	83,673	170,428
Net result for 2016-17		-	-	(3,840)	(3,840)
Gain/(loss) on revaluation of other financial assets		-	49	-	49
Total comprehensive result for 2016-17		-	49	(3,840)	(3,791)
Balance at 30 June 2017		86,391	413	79,833	166,637
Net result for 2017-18		-	-	(2,625)	(2,625)
Gain/(loss) on revaluation of land and buildings	20	116,542	-	-	116,542
Gain/(loss) on revaluation of other financial assets		-	87	-	87
Total comprehensive result for 2017-18		116,542	87	(2,625)	114,004
Transactions with SA Government as owner					
Net assets received from an administrative restructure	2	-	-	(1,310)	(1,310)
Balance at 30 June 2018		202,933	500	75,898	279,331

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

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash outflows			
Staff benefits payments		(336,974)	(323,820)
Payments for supplies and services		(66,528)	(74,298)
Payments of grants and subsidies		(49)	(148)
Other payments		(429)	(1,554)
Cash used in operations		(403,980)	(399,820)
Cash inflows			
Fees and charges		22,697	21,586
Grants and contributions		9,729	7,493
Interest received		216	213
GST recovered from ATO		4,330	5,344
Other receipts		6,190	5,794
Cash generated from operations		43,162	40,430
Cash flows from SA Government			
Receipts from SA Government		378,158	358,945
Cash generated from SA Government		378,158	358,945
Net cash provided by/(used in) operating activities		17,340	(445)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(6,459)	(6,378)
Cash used in investing activities		(6,459)	(6,378)
Net cash provided by/(used in) investing activities		(6,459)	(6,378)
Cash inflows			
Cash received from restructuring activities		707	-
Cash generated from financing activities		707	-
Net cash provided by/(used in) financing activities		707	-
Net increase/(decrease) in cash and cash equivalents		11,588	(6,823)
Cash and cash equivalents at the beginning of the period		16,641	23,464
Cash and cash equivalents at the end of the period	31	28,229	16,641
Non-cash transactions	31		

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

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1. Basis of financial statements

1.1 Reporting Entity

The Women's and Children's Health Network Incorporated (the Hospital) was established as an incorporated hospital under the *South Australian Health Commission Act 1976* on 1 July 2004 under the name Children, Youth and Women's Health Service Incorporated. This name was changed on 1 July 2011 to Women's and Children's Local Health Network Incorporated.

The financial statements and accompanying notes 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 not recognised as the Hospital's controlled income, expenses, assets and liabilities. As administered items are insignificant in relation to the Hospital's overall financial performance and position, they are disclosed in the schedules of administered items following the general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

1.2 Statement of compliance

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

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

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

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rates at the date the transaction occurs.

The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

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

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

1.4 Taxation

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

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

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

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

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1.5 Continuity of Operations

As at 30 June 2018, the Hospital had working capital deficiency of \$20.735 million (\$26.081 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

1.6 Equity

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

Other reserves includes investment revaluation reserve to record unrealised gains or losses on available for sale investments..

2. Objectives and activities

2.1 Objectives

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 women, youth and children across South Australia and is responsible to the Minister for Health and Wellbeing.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital, mental and community health services for children, youth and women across the State.

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

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

2.2 Administrative Restructure – Transferred in

2017-18

- In December 2017, the Chief Executives of CALHN, NALHN, SALHN and WCHN agreed that clinical services associated with an LHN be transferred from SA Pathology (a part of CALHN) to that respective LHN. This included 35 employees for WCHN and budget funding of \$28.064 million over five years. The activities and functions transferred include the governance and control of clinical services by SA Pathology staff. Laboratory services will continue to be managed via an SLA between SA Pathology and the respective LHN. The effective date of transfer was 1 February 2018. This resulted in net assets of -\$1.310 million transferred into the Hospital; \$0.707 million cash and \$2.017 million staff benefit liabilities.

2016-17

- There were no transfers in during this period.

Net assets assumed by the Hospital as a result of the administrative restructure were 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.

3. Staff benefits expenses

	2018 \$'000	2017 \$'000
Salaries and wages	274,287	261,554
Long Service Leave	11,894	5,157
Annual leave	25,597	24,394
Skills and Experience Retention Leave	1,445	1,396
Staff on-costs - superannuation*	28,522	26,061
Workers compensation**	7,691	3,570
Board and committee fees	52	53
Other staff related expenses	619	806
Total staff benefits expenses	350,107	322,991

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

**** 2018 workers compensation expenditure includes statutory workers compensation obligations under the *Return to Work Act 2014* (\$5.598 million) and the new workers compensation non-statutory liability introduced in 2017-18 via various enterprise bargaining agreements and awards (\$2.093 million). Refer to note 25 for further information.**

3.1 Key Management Personnel

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

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

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

Compensation	2018 \$'000	2017 \$'000
Salaries and other short term employee benefits	1,663	1,577
Post-employment benefits	199	225
Other long-term employment benefits	55	-
Total	1,917	1,802

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

3.2 Remuneration of staff

	2018 No.	2017 No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$147,000 - \$149,000*	na	8
\$149,001 - \$159,000	41	41
\$159,001 - \$169,000	27	25
\$169,001 - \$179,000	24	13
\$179,001 - \$189,000	12	8
\$189,001 - \$199,000	6	11
\$199,001 - \$209,000	13	8
\$209,001 - \$219,000	8	9
\$219,001 - \$229,000	6	5
\$229,001 - \$239,000	2	7
\$239,001 - \$249,000	4	4
\$249,001 - \$259,000	6	2
\$259,001 - \$269,000	8	8
\$269,001 - \$279,000	2	1
\$279,001 - \$289,000	4	9
\$289,001 - \$299,000	3	2
\$299,001 - \$309,000	4	7
\$309,001 - \$319,000	2	1
\$319,001 - \$329,000	5	3
\$329,001 - \$339,000	4	3
\$339,001 - \$349,000	4	3
\$349,001 - \$359,000	4	8
\$359,001 - \$369,000	1	1
\$369,001 - \$379,000	10	8
\$379,001 - \$389,000	4	4
\$389,001 - \$399,000	4	5
\$399,001 - \$409,000	6	6
\$409,001 - \$419,000	3	2
\$419,001 - \$429,000	7	3
\$429,001 - \$439,000	2	2
\$439,001 - \$449,000	2	2
\$449,001 - \$459,000	2	1
\$459,001 - \$469,000	3	7
\$469,001 - \$479,000	1	1
\$479,001 - \$489,000	2	4
\$489,001 - \$499,000	1	2
\$499,001 - \$509,000	6	1

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

	2018	2017
	No.	No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$509,001 - \$519,000	2	3
\$519,001 - \$529,000	2	3
\$529,001 - \$539,000	2	3
\$539,001 - \$549,000	2	3
\$549,001 - \$559,000	4	1
\$559,001 - \$569,000	1	-
\$569,001 - \$579,000	2	-
\$579,001 - \$589,000	1	-
\$589,001 - \$599,000	1	-
\$599,001 - \$609,000	1	1
Total number of staff	261	249

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

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

3.3 Remuneration of staff by classification

The total remuneration received by staff included above:

	2018		2017	
	No.	\$'000	No.	\$'000
Medical (excluding Nursing)	231	66,980	211	60,919
Executive	7	1,364	6	1,265
Nursing	15	2,356	24	3,772
Non-medical (i.e. administration)	8	1,298	8	1,306
Total	261	71,998	249	67,262

4. Supplies and services

	2018	2017
	\$'000	\$'000
Administration	548	650
Advertising	185	260
Communication	1,707	1,646
Computing	4,145	4,360
Consultants	-	23
Contractors	506	465
Contractors - agency staff	8,516	8,132
Drug supplies	8,180	8,987
Electricity, gas and fuel	4,202	3,139
Fee for service	3,127	2,983
Finance lease contingent rentals	1	13
Food supplies	2,210	2,230
Housekeeping	10,303	10,220
Insurance	5,482	5,510
Internal SA Health SLA payments	2,602	2,932
Legal	148	143
Medical, surgical and laboratory supplies	24,984	26,322
Minor equipment	1,315	1,443
Motor vehicle expenses	2,109	2,176
Occupancy rent and rates	4,800	4,590
Patient transport	1,697	1,738
Services from Shared Services SA	2,175	2,568
Postage	911	882
Printing and stationery	1,896	1,686
Rental expense on operating lease*	22	50
Repairs and maintenance	4,686	4,616
Security	1,325	1,164
Staff training and development	3,035	2,687
Staff travel expenses	2,424	2,348
Other supplies and services	3,613	3,383
Total supplies and services	106,854	107,346

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

*** Operating Leases**

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

Professional indemnity and general public insurance

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

Consultancies

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

	2018		2017	
	No.	\$'000	No.	\$'000
Below \$10,000	-	-	1	10
Above \$10,000	-	-	1	13
Total paid/payable to consultants engaged	-	-	2	23

5. Grants and subsidies

	2018	2017
	\$'000	\$'000
Funding to non-government organisations	45	144
Other	-	2
Total grants and subsidies	45	146

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

6. Other expenses

	2018	2017
	\$'000	\$'000
Bad and doubtful debts	(254)	937
Bank fees and charges	43	34
Other*	582	546
Total other expenses	371	1,517

* Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.163 million (\$0.152 million) No other services were provided by the Auditor-General's Department.

7. Revenues from fees and charges

	2018	2017
	\$'000	\$'000
Insurance recoveries	-	19
Patient and client fees	10,084	10,582
Private practice fees	2,759	2,403
Recoveries	13,027	16,282
Sale of goods - medical supplies	297	261
Other user charges and fees	6,087	6,102
Total revenues from fees and charges	32,254	35,649

8. Grants and contributions

	2018	2017
	\$'000	\$'000
Commonwealth grants and donations	989	683
SA Government capital contributions	-	45
Other SA Government grants and contributions	4,399	4,096
Private sector capital contributions	626	174
Private sector grants and contributions	3,329	2,218
Total grants and contributions	9,343	7,216

WOMEN'S AND CHILDREN'S HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

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

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

Restrictions on contributions received

Of the \$9.343 million (\$7.216 million) received in 2017-18 for grants and contributions, \$1.620 million (\$0.855 million) was provided for specific purposes, such as research and associated activities.

9. Interest revenues

	2018	2017
	\$'000	\$'000
Bank interest	-	1
Interest on Special Purpose Funds	216	212
Total interest revenues	216	213

10. Resources received free of charge

	2018	2017
	\$'000	\$'000
Land and buildings	-	919
Plant and equipment	102	-
Services	2,164	-
Total resources received free of charge	2,266	919

Resources received free of charge include property, plant and equipment and are recorded at their fair value. The Hospital receives payroll, accounts payable and accounts receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging.

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

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

	2018	2017
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal	-	-
Less net book value of assets disposed	(36)	(38)
Net gain/(loss) from disposal of plant and equipment	(36)	(38)

Total assets:

Total proceeds from disposal	-	-
Less total value of assets disposed	(36)	(38)
Total net gain/(loss) from disposal of non-current and other assets	(36)	(38)

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

12. Other revenues/income

	2018	2017
	\$'000	\$'000
Commissions revenue	78	56
Dividend revenue	78	74
Royalty income	524	662
Training revenue	322	172
Donations	508	985
Car parking revenue	2,833	2,885
Other	1,924	1,177
Total other revenues/income	6,267	6,011

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13. Revenues from SA Government

	2018	2017
	\$'000	\$'000
Recurrent funding	405,062	377,862
Capital funding	7,451	5,893
Total revenues from Department for Health and Wellbeing	412,513	383,755

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

14. Unexpended funding commitments

The Hospital is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Hospital on the premise that these funds are expended in a manner consistent with the terms of the program. The Hospital had outstanding funding commitments to the following programs:

	2018	2017
	\$'000	\$'000
National Health and Medical Research Council (NHMRC)	567	291
Total unexpended funding commitments	567	291

15. Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Cash at bank or on hand: non-government financial institutions	776	754
Deposits with Treasurer	27,425	15,866
Imprest account/cash on hand	28	21
Total cash	28,229	16,641

Cash is measured at nominal amounts.

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

Deposits with the Treasurer

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

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16. Receivables

		2018	2017
	Note	\$'000	\$'000
Current			
Patient/client fees: compensable		336	134
Patient/client fees: other		3,565	4,843
Debtors		3,229	3,522
Less: allowance for doubtful debts	16.1	(1,252)	(1,713)
Prepayments		459	493
Dividends		29	31
Grants		-	11
Workers compensation provision recoverable		794	1,171
Sundry receivables and accrued revenue		639	238
GST input tax recoverable		154	175
Total current receivables		7,953	8,905
Non-current			
Workers compensation provision recoverable		1,475	935
Debtors		270	30
Total non-current receivables		1,745	965
Total receivables		9,698	9,870

16.1 Movement in the allowance for doubtful debts

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

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	1,713	1,206
Amounts written off	(137)	(218)
Increase/(Decrease) in allowance recognised in profit or loss	(324)	725
Carrying amount at the end of the period	1,252	1,713

The Hospital has recognised a bad and doubtful debt expense of \$-0.254 million (\$0.937 million).

16.2 Interest rate and credit risk

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 32 for further information on risk management.

17. Other financial assets

	2018	2017
	\$'000	\$'000
Non-current		
Other investments	1,313	1,226
Total non-current investments	1,313	1,226
Total investments	1,313	1,226

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value. Other investments includes shares in other corporations, floating rate notes, listed securities and managed funds.

Refer to note 32 for further information on risk management.

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18. Inventories

	2018 \$'000	2017 \$'000
Inventory imprest stock	787	783
Total current inventories - held for distribution	787	783

Inventories held for distribution at no or nominal consideration and are measured at the lower of average weighted cost and replacement cost.

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

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

19.1 Acquisition and recognition of non-current assets

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. Where assets are acquired at no or nominal value as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

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

19.2 Depreciation and amortisation

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

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed on an annual basis. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

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

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

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

19.3 Revaluation

All non-current tangible assets are valued at fair value.

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

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

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

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

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

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

19.4 Impairment

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. The amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

There were no indications of impairment of property, plant and equipment, investment property or intangibles as at 30 June 2018.

19.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

19.6 Valuation of land and building

An independent valuation of land and buildings, including site improvements, was performed in March 2018 by a Certified Practising Valuer from AssetVal (JLT) Pty Ltd, as at 1 June 2018.

19.7 Valuation of plant and equipment

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

19.8 Valuation of investment property

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

As at 30 June 2018, an independent valuation was performed on the investment property at Unit 1, 27 Kermode Street North Adelaide, by AssetVal (JLT) Pty Ltd. Fair value has been determined by the income approach, where the net income is capitalised at an appropriate yield with recent experience in the local market and equivalent properties.

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20. Reconciliation of property, plant and equipment and investment properties

The following table shows the movement:

2017-18

	Land and buildings:			Plant and equipment:					
	Land	Buildings	Capital works in progress land and buildings	Leasehold improvements	Medical/ surgical/ dental/ biomedical	Other plant and equipment	Capital works in progress plant and equipment	Investment property	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	40,496	184,159	3,230	375	5,107	2,262	1,389	16,897	253,915
Additions	-	23	4,360	-	925	-	2,560	-	7,868
Assets received free of charge	-	-	-	-	102	-	-	-	102
Disposals	-	-	-	-	(21)	(15)	-	-	(36)
Transfers between asset classes	-	2,112	(2,112)	-	1,297	-	(1,330)	-	(33)
Subtotal:	40,496	186,294	5,478	375	7,410	2,247	2,619	16,897	261,816
Gains/(losses) for the period recognised in net result:									
Depreciation and amortisation	-	(5,874)	-	(61)	(1,835)	(295)	-	-	(8,065)
Revaluation increment / (decrement)	-	-	-	-	-	-	-	15	15
Subtotal:	-	(5,874)	-	(61)	(1,835)	(295)	-	15	(8,050)
Gains/(losses) for the period recognised in other comprehensive income:									
Revaluation increment / (decrement)	5,306	111,236	-	-	-	-	-	-	116,542
Subtotal:	5,306	111,236	-	-	-	-	-	-	116,542
Carrying amount at the end of the period	45,802	291,656	5,478	314	5,575	1,952	2,619	16,912	370,308
Gross carrying amount									
Gross carrying amount	45,802	292,276	5,478	2,775	19,445	4,273	2,619	16,912	389,580
Accumulated depreciation / amortisation	-	(620)	-	(2,461)	(13,870)	(2,321)	-	-	(19,272)
Carrying amount at the end of the period	45,802	291,656	5,478	314	5,575	1,952	2,619	16,912	370,308

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

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2016-17	Land and buildings:				Plant and equipment:				Investment property	Total
	Land \$'000	Buildings \$'000	Capital works in progress land and buildings \$'000	Leasehold improvements \$'000	Medical/surgical/dental/biomedical \$'000	Other plant and equipment \$'000	Capital works in progress plant and equipment \$'000			
Carrying amount at the beginning of the period	40,186	188,540	566	382	4,878	2,563	714	14,854		252,683
Additions	-	20	3,144	63	935	22	1,569	-		5,753
Assets received free of charge	310	609	-	-	-	-	-	-		919
Disposals	-	-	-	-	(4)	(34)	-	-		(38)
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	-	-	-		-
Transfers between asset classes	-	480	(480)	-	831	13	(844)	-		-
Other movements	-	-	-	-	192	-	(50)	-		142
Subtotal:	40,496	189,649	3,230	445	6,832	2,564	1,389	14,854		259,459
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(5,490)	-	(70)	(1,725)	(302)	-	-		(7,587)
Revaluation increment / (decrement)	-	-	-	-	-	-	-	2,043		2,043
Subtotal:	-	(5,490)	-	(70)	(1,725)	(302)	-	2,043		(5,544)
Carrying amount at the end of the period	40,496	184,159	3,230	375	5,107	2,262	1,389	16,897		253,915
Gross carrying amount										
Gross carrying amount	40,496	195,625	3,230	2,775	18,115	4,315	1,389	16,897		282,842
Accumulated depreciation / amortisation	-	(11,466)	-	(2,400)	(13,008)	(2,053)	-	-		(28,927)
Carrying amount at the end of the period	40,496	184,159	3,230	375	5,107	2,262	1,389	16,897		253,915

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

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21. Reconciliation of intangible assets

The following table shows the movement:

	2017-18		2016-17	
	Computer software \$'000	Total \$'000	Computer software \$'000	Total \$'000
Carrying amount at the beginning of the period	36	36	57	57
Amortisation	(21)	(21)	(21)	(21)
Transfers between asset classes	33	33	-	-
Carrying amount at the end of the period	48	48	36	36
Gross carrying amount				
Gross carrying amount	140	140	107	107
Accumulated amortisation	(92)	(92)	(71)	(71)
Carrying amount at the end of the period	48	48	36	36

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22. Fair value measurement

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

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

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

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

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

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

Refer to notes 19 and 22.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

22.1 Fair value hierarchy

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

Fair value measurements at 30 June 2018

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 20)			
Land	-	45,802	45,802
Buildings and improvements	-	291,656	291,656
Leasehold improvements	-	314	314
Plant and equipment	-	7,527	7,527
Investment property	16,912	-	16,912
Total recurring fair value measurements	16,912	345,299	362,211

Fair value measurements at 30 June 2017

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements (Note 20)			
Land	-	40,496	40,496
Buildings and improvements	-	184,159	184,159
Leasehold improvements	-	375	375
Plant and equipment	-	7,369	7,369
Investment property	16,897	-	16,897
Total recurring fair value measurements	16,897	232,399	249,296

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 19 and 22.2.

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

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22.2 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 valuations have been undertaken using a cost approach (depreciated replacement cost), an accepted valuation methodology under AASB 13. The extent of unobservable inputs and professional judgement required in valuing these assets is significant, and as such they are deemed to have been valued using Level 3 valuation inputs.

Unobservable inputs used to arrive at final valuation figures included:

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

Although there were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings (with the exception of investment property) have been classified as Level 3. Investment property has been valued using the income approach, based on capitalised net income at an appropriate yield, and is classified as Level 2.

The Hospital buildings have been valued on the basis of existing/current use with no consideration given to any future alternate use.

The 2018 valuation increased the value of buildings significantly compared with the 2015 valuation, largely due to the availability of improved construction data providing a refined and more representative construction rate per m² for valuation purposes.

23. Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors and accrued expenses	7,243	6,775
Paid Parental Leave Scheme	82	85
Staff on-costs*	4,696	3,662
Other payables	740	784
Total current payables	12,761	11,306
Non-current		
Staff on-costs*	2,055	2,425
Total non-current payables	2,055	2,425
Total payables	14,816	13,731

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

As a result of an actuarial assessment performed by the Mercer Consulting (Australia) Pty Ltd, the proportion of long service leave taken as leave has decreased from the 2017 rate of 48% to 35% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2017 rate of 9.62% to 9.89%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.650 million and employee benefits expense of \$0.650 million. The estimated impact on 2019 and 2020 is \$0.676 million and \$0.703 million respectively.

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

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

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

Interest rate and credit risk

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

Refer to Note 32 for further information.

24. Staff benefits

	2018	2017
	\$'000	\$'000
Current		
Annual leave	26,168	23,969
Long service leave	4,993	4,673
Accrued salaries and wages	8,103	6,894
Skills and experience retention leave	2,934	2,956
Other	23	34
Total current staff benefits	42,221	38,526
Non-current		
Long service leave	60,656	56,775
Total non-current staff benefits	60,656	56,775
Total staff benefits	102,877	95,301

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.

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

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability are payable later than 12 months, the liability will be measured at present value.

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

24.2 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 contains the calculation methodology for long service leave liability.

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The appropriate yield on long term Commonwealth Government bonds has increased from 2017 (2.39%) to 2018 (2.69%). This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

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The net financial effect of the changes in the bond yield in the current year is a decrease in the long service leave liability of \$2.057 million and employee benefits expense of \$0.072 million. This decrease has largely been offset by changes to the assumptions associated with the duration of the liability resulting in an overall net increase in the reported long service leave liability relative to 2017. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption being the long-term discount rate.

The long term salary inflation rate was left at 4% per annum. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

25. Provisions

		2018	2017
Current	Note	\$'000	\$'000
Workers compensation	25.1	2,142	2,411
Total current provisions		2,142	2,411
Non-current			
Workers compensation	25.1	10,637	4,224
Total non-current provisions		10,637	4,224
Total provisions		12,779	6,635

25.1 Workers Compensation

Workers compensation statutory provision

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers compensation non-statutory provision

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

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, for the first time, as at 30 June 2018 provided by a consulting actuary (PricewaterhouseCoopers) engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2018 the Hospital recognised a workers compensation non-statutory provision of \$2.093 million, as this provision was introduced in 2017-18 there are no comparatives available.

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Reconciliation of workers compensation (statutory and non-statutory)

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	6,635	5,316
Increase in provisions recognised	6,556	2,100
Reductions arising from payments/other sacrifices of future economic benefits	(412)	(781)
Carrying amount at the end of the period	12,779	6,635

26. Other liabilities

	2018	2017
	\$'000	\$'000
Current		
Unearned revenue	505	108
Other	75	59
Total current other liabilities	580	167
Total other liabilities	580	167

27. Unrecognised contractual commitments

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

27.1 Operating lease expenditure commitments

	2018	2017
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	3,285	3,121
Later than one year but not longer than five years	3,157	3,045
Later than five years	780	1,431
Total operating lease commitments	7,222	7,597
Representing:		
Cancellable operating leases	4,728	5,512
Non-cancellable operating leases	2,494	2,085
Total operating lease commitments	7,222	7,597

The Hospital has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee. The majority of the operating lease arrangements are for the use of properties.

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

27.2 Expenditure Commitments

27.2.1 Capital commitments

	2018	2017
	\$'000	\$'000
Within one year	15	-
Total capital commitments	15	-

The Hospital's capital commitments are for plant and equipment ordered but not received.

27.2.2 Other expenditure commitments

	2018	2017
	\$'000	\$'000
Within one year	1,187	5,856
Later than one year but not longer than five years	363	584
Total other expenditure commitments	1,550	6,440

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

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28. Contingent assets and liabilities

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

28.1 Contingent Assets

The Hospital is not aware of any contingent assets.

28.2 Contingent Liabilities

The Hospital is not aware of any contingent liabilities.

28.3 Guarantees

The Hospital has made no guarantees.

29. Related party transactions

The Hospital is controlled by the SA Government.

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

29.1 Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In addition, the Hospital received funding from the SA Government via the Department (note 13), and incurred expenditure via the Department for medical, surgical and laboratory supplies, inter-health staff recharging, insurance and computing (note 4 and 30). The Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$2.288 million (\$1.951 million). As at 30 June the value of unrecognised contractual expenditure commitments with DPTI was \$1.360 million.

Quantitative information about transactions and balances between the Hospital and other SA Government controlled entities is disclosed at note 30.

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

29.2 Transactions with Key Management Personnel and other related parties

Compensation of key management personnel is disclosed in note 3.

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

30. Transactions with SA Government

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

Note	SA Government		Non-SA Government		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSE						
3 Staff benefits expenses	766	875	349,341	322,116	350,107	322,991
4 Supplies and services	51,090	45,169	55,764	62,177	106,854	107,346
Administration	18	125	530	525	548	650
Advertising	65	126	120	134	185	260
Communication	242	220	1,465	1,426	1,707	1,646
Computing	3,936	4,028	209	332	4,145	4,360
Consultants	-	-	-	23	-	23
Contractors	443	425	63	40	506	465
Contractors - agency staff	5,368	5,934	3,148	2,198	8,516	8,132
Drug supplies	7,577	286	603	8,701	8,180	8,987
Electricity, gas and fuel	58	57	4,144	3,082	4,202	3,139
Fee for service	158	125	2,969	2,858	3,127	2,983
Finance lease contingent rentals	-	-	1	13	1	13

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Note	SA Government		Non-SA Government		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Food supplies	249	232	1,961	1,998	2,210	2,230
Housekeeping	440	455	9,863	9,765	10,303	10,220
Insurance	5,463	5,498	19	12	5,482	5,510
Internal SA Health SLA payments	2,602	2,932	-	-	2,602	2,932
Legal	132	111	16	32	148	143
Medical, surgical and laboratory supplies	15,725	16,432	9,259	9,890	24,984	26,322
Minor equipment	82	153	1,233	1,290	1,315	1,443
Motor vehicle expenses	1,891	1,915	218	261	2,109	2,176
Occupancy rent and rates	1,363	1,286	3,437	3,304	4,800	4,590
Patient transport	1,424	1,418	273	320	1,697	1,738
Services from Shared Services SA	2,175	2,568	-	-	2,175	2,568
Postage	12	12	899	870	911	882
Printing and stationery	141	124	1,755	1,562	1,896	1,686
Rental expense on operating lease	18	3	4	47	22	50
Repairs and maintenance	881	190	3,805	4,426	4,686	4,616
Security	44	55	1,281	1,109	1,325	1,164
Staff training and development	214	206	2,821	2,481	3,035	2,687
Staff travel expenses	5	3	2,419	2,345	2,424	2,348
Other supplies and services	364	250	3,249	3,133	3,613	3,383
Depreciation and amortisation expense	-	-	8,086	7,608	8,086	7,608
5 Grants and subsidies	-	2	45	144	45	146
Funding to non-government organisations	-	-	45	144	45	144
Other	-	2	-	-	-	2
11 Net loss from disposal of non-current and other assets	-	-	36	38	36	38
Less total value of assets disposed	-	-	36	38	36	38
6 Other expenses	159	195	212	1,322	371	1,517
Bad and doubtful debts	-	-	(254)	937	(254)	937
Bank fees and charges	-	-	43	34	43	34
Other	159	195	423	351	582	546
TOTAL EXPENSES	52,015	46,241	413,484	393,405	465,499	439,646
INCOME						
7 Revenues from fees and charges	11,327	14,254	20,927	21,395	32,254	35,649
Insurance recoveries	-	19	-	-	-	19
Patient and client fees	-	-	10,084	10,582	10,084	10,582
Private practice fees	-	-	2,759	2,403	2,759	2,403
Recoveries	11,177	13,928	1,850	2,354	13,027	16,282
Sale of goods - medical supplies	-	-	297	261	297	261
Other user charges and fees	150	307	5,937	5,795	6,087	6,102
8 Grants and contributions	4,399	4,141	4,944	3,075	9,343	7,216
Commonwealth grants and donations	-	-	989	683	989	683
SA Government capital contributions	-	45	-	-	-	45
Other SA Government grants and contributions	4,399	4,096	-	-	4,399	4,096
Private sector capital contributions	-	-	626	174	626	174
Private sector grants and contributions	-	-	3,329	2,218	3,329	2,218
9 Interest revenues	216	212	-	1	216	213
10 Resources received free of charge	2,164	919	102	-	2,266	919
Gain on revaluation of investment property	-	-	15	2,043	15	2,043
12 Other revenues/income	1,040	1,100	5,227	4,911	6,267	6,011
Commissions revenue	-	-	78	56	78	56
Dividend revenue	-	-	78	74	78	74
Royalty income	524	592	-	70	524	662
Training revenue	58	24	264	148	322	172
Donations	-	-	508	985	508	985
Car parking revenue	-	-	2,833	2,885	2,833	2,885
Other	458	484	1,466	693	1,924	1,177
13 Revenues from SA Government	412,513	383,755	-	-	412,513	383,755
TOTAL INCOME	431,659	404,381	31,215	31,425	462,874	435,806

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Note	SA Government		Non-SA Government		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
15 Cash and cash equivalents	27,425	15,866	804	775	28,229	16,641
16 Receivables	2,405	3,235	7,293	6,635	9,698	9,870
Patient/client fees: compensable	-	-	336	134	336	134
Patient/client fees: other	-	-	3,565	4,843	3,565	4,843
Debtors	155	1,148	3,344	2,404	3,499	3,552
Less: allowance for doubtful debts	-	-	(1,252)	(1,713)	(1,252)	(1,713)
Prepayments	(21)	(19)	480	512	459	493
Dividends	-	-	29	31	29	31
Grants	-	-	-	11	-	11
Workers compensation provision recoverable	2,269	2,106	-	-	2,269	2,106
Sundry receivables and accrued revenue	2	-	637	238	639	238
GST input tax recoverable	-	-	154	175	154	175
17 Other financial assets	-	-	1,313	1,226	1,313	1,226
Other investments	-	-	1,313	1,226	1,313	1,226
TOTAL FINANCIAL ASSETS	29,830	19,101	9,410	8,636	39,240	27,737

FINANCIAL LIABILITIES

23 Payables	1,527	1,344	13,289	12,387	14,816	13,731
Creditors and accrued expenses	1,527	1,344	5,716	5,431	7,243	6,775
Paid Parental Leave Scheme	-	-	82	85	82	85
Staff on-costs	-	-	6,751	6,087	6,751	6,087
Other payables	-	-	740	784	740	784
26 Other liabilities	395	(1)	185	168	580	167
Unearned revenue	398	-	107	108	505	108
Other	(3)	(1)	78	60	75	59
TOTAL FINANCIAL LIABILITIES	1,922	1,343	13,474	12,555	15,396	13,898

31. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period

	2018	2017
	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	28,229	16,641
Cash as per Statement of Financial Position	28,229	16,641

Balance as per Statement of Cash Flows	28,229	16,641
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Reconciliation of net cash provided by operating activities to net cost of providing services:

Net cash provided by (used in) operating activities	17,340	(445)
Department for Health and Wellbeing contributions for the provision of health services	(412,513)	(383,755)

Add/less non-cash items

Capital revenues	1,089	-
Depreciation and amortisation expense of non-current assets	(8,086)	(7,608)
Gain/(loss) on sale or disposal of non-current assets	(36)	(38)
Increments/(decrements) on revaluation of non-current assets	15	1,993
Resources received free of charge	102	919
Revaluation of investments	-	-

Movement in assets and liabilities

Increase/(decrease) in receivables	(172)	821
Increase/(decrease) in inventories	4	29
(Increase)/decrease in staff benefits	(5,559)	(2,074)
(Increase)/decrease in payables and provisions	(6,909)	2,439
(Increase)/decrease in other liabilities	(413)	124
Net cost of providing service	(415,138)	(387,595)

32. Financial instruments/financial risk management

32.1 Financial risk management

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

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

32.2 Liquidity Risk

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

Refer to Note 23 for further information.

32.3 Credit and market risk

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

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

Exposure to interest rate risk may arise through its 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.

32.4 Categorisation of financial instruments

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

The carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost are detailed below.

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 16 and 23).
- Available-for-sale financial assets are initially recognised and subsequently measured at fair value. Dividends or distributions on available-for-sale assets are recognised in the Statement of Comprehensive Income. Fair value gains and losses on available-for-sale assets are recorded in Other Comprehensive Income (except for impairment losses) until the asset is derecognised. On derecognition of an available-for-sale asset, the cumulative gain or loss that is recognised in Other Comprehensive Income for that asset is reclassified to profit or loss as a reclassification adjustment.

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Category of financial asset and financial liability	Notes	2018 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000
Financial assets			
Cash and equivalent			
Cash and cash equivalents	15,31	28,229	16,641
Loans and receivables			
Receivables ⁽¹⁾⁽²⁾	16	6,811	7,052
Available for sale financial assets			
Other financial assets	17	1,313	1,226
Total financial assets		36,353	24,919
Financial liabilities			
Financial liabilities at cost			
Payables ⁽¹⁾	23	7,818	7,394
Other liabilities	26	75	59
Total financial liabilities		7,893	7,453

- ⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
- ⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

33. Impact of Standards and Statements not yet implemented

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

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

33.1 AASB 9 *Financial Instruments*

AASB 9 applies to reporting periods commencing after 1 January 2018. The application date for the Hospital is 1 July 2018.

AASB 9 changes the requirements for classification, impairment and disclosures associated with the Hospital's financial assets. AASB 9 introduces different criteria for whether financial assets can be measured at amortised cost or fair value. The Hospital has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact on categorisation and valuation of the amounts reported in notes 16 and 17.

- there will be no change to either the classification or valuation of cash and cash equivalent items.
- trade receivables will be classified as 'Debt' and measured at amortised cost, similar to the current classification of 'loans and receivables'.
- quoted equity instruments held for trading will continue to be measured at fair value through profit and loss; and
- for quoted equity instruments not held for trading, the Hospital has elected to measure these at fair value through other comprehensive income.

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

Applying this approach, the Hospital has estimated the opening impairment provision on 1 July 2018 to be \$0.745 million, a decrease of \$0.507 million compared to the amount reported at 30 June 2018, resulting in net receivables of \$10.205 million on transition and will not restate comparatives on adopting AASB 9.

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

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

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

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

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

Potential impacts identified at this time are:

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

33.3 AASB 16 Leases

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

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

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

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

The Hospital has not yet quantified the exact impact on the Statement of Comprehensive Income and Statement of Financial Position as a result of applying AASB 16 to its right to use asset arrangements. However, the Hospital's current operating lease commitments note (see note 27) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest expense has not yet been estimated.

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

34. Events after balance date

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

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

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

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35. Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with the Accounting Policy Framework II *General Purpose Financial Statements* were:

Board/Committee name:	Government employee members*	Other members
Audit and Risk Committee	2	Connor G (Chair), Haslam R, McDougall E (appointed 14/12/2017), Sweet C, Wigg N Dr
Women's and Children's Health Network Advisory Council Incorporated	2	Buckerfield M, Buza Y (term end 30/06/2017), Cadzow M, Marshall H Prof (appointed 01/07/2017), May F (term end 30/06/2017), Tiddy J Dr (term end 30/06/2017), Wallace M (Chair), Wigg N Dr

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

	2018	2017
	No. of Members	No. of Members
\$0	7	6
\$1 - \$9,999	9	7
\$10,000 - \$19,999	1	1
Total	17	14

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$0.052 million (\$0.058 million).

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

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

WOMEN'S AND CHILDREN'S HEALTH NETWORK
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36. Schedules of administered items

36.1 Basis of preparation

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

36.2 Categories of administered items

Strata Corp represents the financial operations of the Car Park located at Unit 1, 27 Kermode Street North Adelaide which services the Hospital and surrounds. *Strata Corp* administers and manages the Car Park on behalf of the Unit holders (the Hospital, Women's and Children's Hospital Foundation, and the Residential Unit holders).

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

Other administered funds include the following:

- Nurses Education Fund

36.3 Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

36.4 Schedules

Schedule of Administered Expenses and Income

	Strata Corp		Private Practice		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses								
Employee benefit expenses	53	50	-	-	-	-	53	50
Supplies and services	36	37	-	-	114	25	150	62
Depreciation and amortisation expense	3	1	-	-	-	-	3	1
Other expenses	167	133	6,047	8,185	-	-	6,214	8,318
Total Administered expenses	259	221	6,047	8,185	114	25	6,420	8,431
Administered income								
Revenue from fees and charges	199	171	6,024	8,167	6	12	6,229	8,350
Other revenue	14	11	-	-	-	-	14	11
Total Administered income	213	182	6,024	8,167	6	12	6,243	8,361
Net result	(46)	(39)	(23)	(18)	(108)	(13)	(177)	(70)

WOMEN'S AND CHILDREN'S HEALTH NETWORK
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Schedule of Administered Assets and Liabilities

	Strata Corp		Private Practice		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current assets								
Cash and cash equivalents	45	69	630	725	-	-	675	794
Receivables	(15)	1	(47)	(8)	-	-	(62)	(7)
Total Administered current assets	30	70	583	717	-	-	613	787
Administered non-current assets								
Property, plant and equipment	38	41	-	-	-	-	38	41
Total Administered non-current assets	38	41	-	-	-	-	38	41
Total administered assets	68	111	583	717	-	-	651	828
Administered current liabilities								
Payables	17	14	-	3	-	-	17	17
Other current provisions/liabilities	-	-	2	2	-	-	2	2
Total Administered current liabilities	17	14	2	5	-	-	19	19
Total administered liabilities	17	14	2	5	-	-	19	19
Net administered assets	51	97	581	712	-	-	632	809

Schedule of Administered Changes in Equity

	Total 2018 \$'000	Total 2017 \$'000
Balance at the beginning of the reporting period	809	879
Restated Opening Balance	809	879
Net result	(177)	(70)
Total comprehensive result for the period	(177)	(70)
Balance at the end of the reporting period	632	809

WOMEN'S AND CHILDREN'S HEALTH NETWORK
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Schedule of Administered Cash Flows

	Total 2018 \$'000	Total 2017 \$'000
<u>Cash flows from operating activities</u>		
Cash inflows		
Fees and charges	6,284	8,357
Other revenue	14	11
Total Cash inflows	6,298	8,368
Cash outflows		
Staff benefit payments	53	50
Supplies and services	150	45
Other payments	6,214	8,274
Total Cash outflows	6,417	8,369
Net cash inflows/cash outflows from operating activities	(119)	(1)
<u>Cash flows from investing activities</u>		
Cash outflows		
Payments for property plant and equipment	-	42
Total Cash outflows	-	42
Net cash inflows/cash outflows from investing activities	-	(42)
Net increase/(decrease) in cash held	(119)	(43)
Cash at the beginning of the reporting period	794	837
Cash at the end of the reporting period	675	794