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## To the Board Chair Limestone Coast Local Health Network Incorporated

### Qualified opinion

I have audited the financial report of the Limestone Coast Local Health Network Incorporated and the consolidated entity comprising the Limestone Coast Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2024.

In my opinion, except for the possible effects of the matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the Limestone Coast Local Health Network Incorporated and its controlled entities as at 30 June 2024, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Board Chair, the Chief Executive Officer and the Acting Chief Finance Officer.

### Basis for qualified opinion

#### *Procurement reporting disclosure*

The Limestone Coast Local Health Network Incorporated were required by the Treasurer's Instructions (Accounting Policy Statements) to include a disclosure reporting the value of procurement with South Australian and non-South Australian businesses for 2023-24. This requirement uses a framework established by the Treasurer's Instructions (Accounting Policy Statements) and definitions within Treasurer's Instruction 18 *Procurement*.

The Limestone Coast Local Health Network Incorporated included that disclosure in note 9.1 to the financial report.

My review of the processes used by the Limestone Coast Local Health Network Incorporated identified that it did not have an effective process to meet the requirements of the framework which has been established for procurement reporting under the Treasurer's Instructions.

As such, I am not able to obtain sufficient appropriate audit evidence for the amounts disclosed in note 9.1.

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

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

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

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions 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.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's and consolidated entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Limestone Coast Local Health Network Incorporated and its controlled entities for the financial year ended 30 June 2024.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Limestone Coast Local Health Network Incorporated's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial report. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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



Andrew Blaskett  
**Auditor-General**

24 September 2024

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended 30 June 2024**

	Note	Consolidated		Parent	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Income</b>					
Revenues from SA Government	2	181,636	165,300	181,636	165,300
Fees and charges	3	18,427	15,775	18,427	15,775
Grants and contributions	4	31,923	26,381	32,324	26,690
Interest		1,167	519	1,113	497
Resources received free of charge	5	10,450	1,668	4,003	1,668
Other revenues/income	7	1,162	2,650	1,064	2,503
<b>Total income</b>		<b>244,765</b>	<b>212,293</b>	<b>238,567</b>	<b>212,433</b>
<b>Expenses</b>					
Staff related expenses	8	131,378	121,535	131,378	121,535
Supplies and services	9	94,317	82,641	94,315	82,642
Depreciation and amortisation	17,18	6,804	6,978	5,142	5,396
Grants and subsidies	10	375	1,500	375	1,500
Borrowing costs	11	679	717	679	717
Net loss from disposal of non-current and other assets	6	9	22	9	22
Impairment loss on receivables	14.1	198	(258)	198	(258)
Other expenses	12	2,716	241	2,788	1,372
<b>Total expenses</b>		<b>236,476</b>	<b>213,376</b>	<b>234,884</b>	<b>212,926</b>
<b>Net result</b>		<b>8,289</b>	<b>(1,083)</b>	<b>3,683</b>	<b>(493)</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in property, plant and equipment asset revaluation surplus		20,582	-	8,811	-
<b>Total other comprehensive income</b>		<b>20,582</b>	<b>-</b>	<b>8,811</b>	<b>-</b>
<b>Total comprehensive result</b>		<b>28,871</b>	<b>(1,083)</b>	<b>12,494</b>	<b>(493)</b>

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2024**

	Note	Consolidated		Parent	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Current assets</b>					
Cash and cash equivalents	13	14,468	11,553	14,106	11,076
Receivables	14	6,057	4,787	6,073	4,776
Other financial assets	15	23,414	18,293	22,290	17,062
Inventories	16	1,045	1,001	1,045	1,001
<b>Total current assets</b>		<b>44,984</b>	<b>35,634</b>	<b>43,514</b>	<b>33,915</b>
<b>Non-current assets</b>					
Receivables	14	1,028	845	1,028	845
Other financial assets	15	1	-	1	-
Property, plant and equipment	17,18	145,376	119,116	101,606	91,974
Intangible assets	17,19	106	203	106	203
<b>Total non-current assets</b>		<b>146,511</b>	<b>120,164</b>	<b>102,741</b>	<b>93,022</b>
<b>Total assets</b>		<b>191,495</b>	<b>155,798</b>	<b>146,255</b>	<b>126,937</b>
<b>Current liabilities</b>					
Payables	21	6,013	4,783	6,011	4,783
Financial liabilities	22	3,879	3,691	3,879	3,691
Staff related liabilities	23	19,755	18,063	19,755	18,063
Provisions	24	1,110	1,116	1,110	1,116
Contract liabilities and other liabilities	25	19,446	14,549	19,446	14,549
<b>Total current liabilities</b>		<b>50,203</b>	<b>42,202</b>	<b>50,201</b>	<b>42,202</b>
<b>Non-current liabilities</b>					
Financial liabilities	22	30,226	33,674	30,226	33,674
Staff related liabilities	23	16,234	14,604	16,234	14,604
Provisions	24	3,207	2,564	3,207	2,564
<b>Total non-current liabilities</b>		<b>49,667</b>	<b>50,842</b>	<b>49,667</b>	<b>50,842</b>
<b>Total liabilities</b>		<b>99,870</b>	<b>93,044</b>	<b>99,868</b>	<b>93,044</b>
<b>Net assets</b>		<b>91,625</b>	<b>62,754</b>	<b>46,387</b>	<b>33,893</b>
<b>Equity</b>					
Retained earnings		63,113	54,824	37,576	33,893
Asset revaluation surplus		28,512	7,930	8,811	-
<b>Total equity</b>		<b>91,625</b>	<b>62,754</b>	<b>46,387</b>	<b>33,893</b>

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 30 June 2024**

**CONSOLIDATED**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2022</b>	7,930	55,907	63,837
<b>Net result for 2022-23</b>	-	(1,083)	(1,083)
<b>Total comprehensive result for 2022-23</b>	-	(1,083)	(1,083)
<b>Balance at 30 June 2023</b>	7,930	54,824	62,754
<b>Net result for 2023-24</b>	-	8,289	8,289
Gain/(loss) on revaluation of land and buildings	18 20,582	-	20,582
<b>Total comprehensive result for 2023-24</b>	20,582	8,289	28,871
<b>Balance at 30 June 2024</b>	28,512	63,113	91,625

**PARENT**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2022</b>	-	34,386	34,386
<b>Net result for 2022-23</b>	-	(493)	(493)
<b>Total comprehensive result for 2022-23</b>	-	(493)	(493)
<b>Balance at 30 June 2023</b>	-	33,893	33,893
<b>Net result for 2023-24</b>	-	3,683	3,683
Gain/(loss) on revaluation of land and buildings	18 8,811	-	8,811
<b>Total comprehensive result for 2023-24</b>	8,811	3,683	12,494
<b>Balance at 30 June 2024</b>	8,811	37,576	46,387

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the period ended 30 June 2024**

	Note	Consolidated		Parent	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>					
<b>Cash inflows</b>					
Receipts from SA Government		153,659	144,514	153,659	144,514
Fees and charges		17,397	14,209	17,360	14,209
Grants and contributions		32,136	26,554	32,537	26,863
Interest received		657	269	656	269
Residential aged care bonds received		8,668	5,000	8,668	5,000
GST recovered from ATO		6,260	5,543	6,260	5,543
Other receipts		277	312	179	165
<b>Cash generated from operations</b>		<b>219,054</b>	<b>196,401</b>	<b>219,319</b>	<b>196,563</b>
<b>Cash outflows</b>					
Staff benefits payments		(127,370)	(119,113)	(127,370)	(119,113)
Payments for supplies and services		(70,833)	(64,330)	(70,833)	(64,331)
Payments of grants and subsidies		(413)	(1,650)	(413)	(1,650)
Interest paid		(679)	(717)	(679)	(717)
Residential aged care bonds refunded		(3,958)	(4,670)	(3,958)	(4,670)
Other payments		(2,797)	(335)	(2,797)	(335)
<b>Cash used in operations</b>		<b>(206,050)</b>	<b>(190,815)</b>	<b>(206,050)</b>	<b>(190,816)</b>
<b>Net cash provided by operating activities</b>	26	<b>13,004</b>	<b>5,586</b>	<b>13,269</b>	<b>5,747</b>
<b>Cash flows from investing activities</b>					
<b>Cash inflows</b>					
Proceeds from sale/maturities of investments		700	1,225	400	900
<b>Cash generated from investing activities</b>		<b>700</b>	<b>1,225</b>	<b>400</b>	<b>900</b>
<b>Cash outflows</b>					
Purchase of property, plant and equipment		(1,377)	(1,333)	(1,377)	(1,333)
Purchase of investments		(5,645)	(525)	(5,495)	-
<b>Cash used in investing activities</b>		<b>(7,022)</b>	<b>(1,858)</b>	<b>(6,872)</b>	<b>(1,333)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(6,322)</b>	<b>(633)</b>	<b>(6,472)</b>	<b>(433)</b>
<b>Cash outflows</b>					
Repayment of lease liabilities		(3,767)	(3,213)	(3,767)	(3,213)
<b>Cash used in financing activities</b>		<b>(3,767)</b>	<b>(3,213)</b>	<b>(3,767)</b>	<b>(3,213)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(3,767)</b>	<b>(3,213)</b>	<b>(3,767)</b>	<b>(3,213)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,915</b>	<b>1,740</b>	<b>3,030</b>	<b>2,101</b>
Cash and cash equivalents at the beginning of the period		11,553	9,813	11,076	8,975
<b>Cash and cash equivalents at the end of the period</b>	13	<b>14,468</b>	<b>11,553</b>	<b>14,106</b>	<b>11,076</b>

The accompanying notes form part of these financial statements.



**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2024**

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## **1. About Limestone Coast Local Health Network**

Limestone Coast Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated health service established under the *Health Care (Local Health Networks) Proclamation 2019* which was an amendment to the *Health Care Act 2008 (the Act)*. The Hospital commenced service delivery on 1 July 2019 following the dissolution of Country Health SA Local Health Network (CHSALHN). Relevant assets, rights and liabilities were transferred from CHSALHN to the Hospital. The financial statements and accompanying notes include all controlled activities of the Hospital.

### **Parent Entity**

The Parent Entity consists of the following:

- Bordertown Memorial Hospital
- Bordertown Charla Lodge
- Integrated Mental Health Inpatient Unit
- Kingston Soldiers Memorial Hospital Multi-Purpose Service
- Limestone Coast Country Health Connect
- Mental Health Intensive Community Program
- Millicent and Districts Hospital and Health Service
- Millicent Sheoak Lodge
- Mount Gambier and Districts Health Service
- Naracoorte Health Service
- Naracoorte Moreton Bay House
- Penola War Memorial Hospital Multi-Purpose Service
- Keith and District Healthcare

### **Consolidated Entity**

The consolidated entity includes the Parent entity, the Incorporated Health Advisory Councils (HACs) and the Incorporated HAC Gift Fund Trusts (GFTs) as listed in note 34.

The HACs were established under the Act to provide a more coordinated, strategic and integrated health care system to meet the health needs of South Australians. HACs are consultative bodies that advise and make recommendations to the Chief Executive of the Department for Health and Wellbeing (the Department) and the Chief Executive Officer of the Hospital on issues related to specific groups or regions. HACs hold assets, manage bequests and provide advice on local health service needs and priorities.

The consolidated financial statements have been prepared in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at note 34.

#### **1.1 Objectives and activities**

The Hospital is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention and achieving equitable health outcomes for the Limestone Coast region.

The Hospital is part of the SA Health portfolio providing health services for the Limestone Coast region. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the Limestone Coast region.

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

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2024**

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**1.2 Basis of preparation**

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

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer’s Instructions and accounting policy statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

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

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

Material accounting policies are set out throughout the notes.

Prior year comparative values will follow current year values in brackets throughout the notes.

**1.3 Taxation**

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

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

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

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

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

**1.4 Continuity of operations**

As at 30 June 2024, the Hospital had working capital deficiency of \$5.219 million (\$6.568 million). The SA Government is committed and has consistently demonstrated a commitment to ongoing funding of the Hospital to enable it to perform its functions. This ongoing commitment is ultimately outlined in the annually produced and published State Budget Papers which presents the SA Government's current and estimated future economic performance, including forward estimates of revenue, expenses and performance by agency.

**1.5 Equity**

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

**1.6 Changes to reporting entity**

The transition of the Keith & Districts Private Hospital to form part of the Limestone Coast Local Health Network took place on 23 September 2023. The assets of \$8.611 million and liabilities of \$2.391 million were transition to Limestone Coast Local Health Network. The Keith and District Health Advisory Council Incorporated has been formed and the establishment of the associated Gift Fund Trust in process. For further details refer to note 5 and 12.

**2. Revenues from SA Government**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Capital projects funding	5,061	2,019	5,061	2,019
Operational funding	176,575	163,281	176,575	163,281
<b>Total revenues from SA Government</b>	<b>181,636</b>	<b>165,300</b>	<b>181,636</b>	<b>165,300</b>

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2024**

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

**3. Fees and charges**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Patient and client fees	10,158	8,906	10,158	8,906
Private practice fees	669	457	669	457
Fees for health services	1,740	1,469	1,740	1,469
Residential and other aged care charges	5,472	4,493	5,472	4,493
Sale of goods - medical supplies	43	81	43	81
Other user charges and fees	345	369	345	369
<b>Total fees and charges</b>	<b>18,427</b>	<b>15,775</b>	<b>18,427</b>	<b>15,775</b>

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

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 25).

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

*Patient and Client Fees*

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

*Private practice fees*

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

*Residential and other aged care charges*

Long stay nursing home fees include daily care fee and daily accommodation fees. Residents pay fortnightly in arrears for services rendered and accommodation supplied. Residents are invoiced fortnightly in arrears as services and accommodations are provided. Any amounts remaining unpaid or unbilled at the end of the reporting period are treated as an accounts receivable.

*Fees for health services*

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

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2024**

**4. Grants and contributions**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	17,481	16,030	17,481	16,030
Commonwealth aged care subsidies	14,103	9,792	14,103	9,792
Other SA Government grants and contributions	-	320	401	629
Private sector grants and contributions	339	239	339	239
<b>Total grants and contributions</b>	<b>31,923</b>	<b>26,381</b>	<b>32,324</b>	<b>26,690</b>

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

All grants and contributions were provided for specific purposes such as aged care, community health services and other related health services and were recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities*.

**5. Resources received free of charge**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Plant and equipment	304	-	303	-
Land and buildings	6,446	-	-	-
Inventory	8	-	8	-
Services	1,839	1,668	1,839	1,668
Other*	1,853	-	1,853	-
<b>Total resources received free of charge</b>	<b>10,450</b>	<b>1,668</b>	<b>4,003</b>	<b>1,668</b>

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. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$1.439 million (\$1.392 million) and Information and Communication Technologies (ICT) services from Department of the Premier and Cabinet (DPC) valued at \$0.400 million (\$0.276 million).

In addition, although not recognised, Limestone Coast Local Health Network receives volunteer services from around 275 volunteers across the Limestone Coast whom provide patient and staff support services to individuals using the Hospitals services, and also support clients and staff for Country Health Connect and Mental Health directorates. The volunteer services include but are not limited to: patient guides, social support groups, home delivered meals, allied health services, and administrative assistance and patient visitations in the acute ward settings.

In 2023-24 the Keith and District Hospital Inc transitioned to the Hospital, recognising a total of \$8.611 million of contributed assets. \$6.446 million of Land and buildings were recognised in Keith and District Health Advisory Council Inc, and the remaining \$2.165 million of Plant and Equipment, Inventory and Cash in the Parent. Refer also Note 12 Other expenses.

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

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<b>Land and buildings</b>				
Less carrying amount of assets disposed	1	-	1	-
<b>Net gain/(loss) from disposal of land and buildings</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>

Plant and equipment:

Proceeds from disposal	-	-	-	-
Less carrying amount of assets disposed	(10)	(22)	(10)	(22)
<b>Net gain/(loss) from disposal of land and buildings</b>	<b>(10)</b>	<b>(22)</b>	<b>(10)</b>	<b>(22)</b>

**Total assets:**

Total proceeds from disposal	-	-	-	-
Less total carrying amount of assets disposed	(9)	(22)	(9)	(22)
<b>Total net gain/(loss) from disposal of assets</b>	<b>(9)</b>	<b>(22)</b>	<b>(9)</b>	<b>(22)</b>

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

**7. Other revenues/income**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Donations	164	216	67	81
Health recoveries	812	2,287	812	2,287
Insurance recoveries	12	38	12	38
Other	174	109	173	97
<b>Total other revenues/income</b>	<b>1,162</b>	<b>2,650</b>	<b>1,064</b>	<b>2,503</b>

**8. Staff related expenses**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	103,919	97,182	103,919	97,182
Long service leave	3,287	2,214	3,287	2,214
Annual leave	9,753	8,953	9,753	8,953
Skills and experience retention leave	411	381	411	381
Staff on-costs - superannuation*	12,433	11,066	12,433	11,066
Workers compensation	1,157	1,606	1,157	1,606
Board and committee fees	258	215	258	215
Other staff related expenses	160	(82)	160	(82)
<b>Total staff benefits expenses</b>	<b>131,378</b>	<b>121,535</b>	<b>131,378</b>	<b>121,535</b>

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

**8.1 Key Management Personnel**

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

The compensation detailed below excludes salaries and other benefits:

- The Minister for Health 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 DTF) under section 6 of the *Parliamentary Remuneration Act 1990*; and
- The Chief Executive of the Department. The Chief Executive of the Department is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses.

	2024	2023
	\$'000	\$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	2,525	2,300
Post-employment benefits	248	365
Other long-term employment benefits	39	21
<b>Total</b>	<b>2,812</b>	<b>2,686</b>

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

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**8.2 Remuneration of Boards and Committees**

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

	2024 No. of Members	2023 No. of Members
\$0	-	-
\$1 - \$20,000	4	4
\$20,001 - \$40,000	6	5
\$40,001 - \$60,000	1	1
<b>Total</b>	<b>11</b>	<b>10</b>

The total remuneration received or receivable by members was \$0.274 million (\$0.238 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax paid. 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 so exempted by the Minister.

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

Refer to note 35 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

**8.3 Staff Remuneration**

The number of staff whose remuneration received or receivable fall within the following bands:

	Consolidated		Parent	
	2024	2023	2024	2023
	Number	Number	Number	Number
\$160,001 - \$166,000*	n/a	6	n/a	6
\$166,001 - \$186,000	18	8	18	8
\$186,001 - \$206,000	5	6	5	6
\$206,001 - \$226,000	1	-	1	-
\$226,001 - \$246,000	-	1	-	1
\$246,001 - \$266,000	-	2	-	2
\$266,001 - \$286,000	1	2	1	2
\$286,001 - \$306,000	1	-	1	-
\$326,001 - \$346,000	1	2	1	2
\$346,001 - \$366,000	2	2	2	2
\$366,001 - \$386,000	1	1	1	1
\$386,001 - \$406,000	1	-	1	-
\$406,001 - \$426,000	2	2	2	2
\$426,001 - \$446,000	1	1	1	1
\$446,001 - \$466,000	2	-	2	-
\$466,001 - \$486,000	2	-	2	-
\$486,001 - \$506,000	2	2	2	2
\$506,001 - \$526,000	1	1	1	1
\$526,001 - \$546,000	2	3	2	3
\$546,001 - \$566,000	1	-	1	-
\$566,001 - \$586,000	-	1	-	1
\$586,001 - \$606,000	-	1	-	1
\$606,001 - \$626,000	1	1	1	1
\$626,001 - \$646,000	1	-	1	-
\$666,001 - \$686,000	-	1	-	1
\$686,001 - \$706,000	1	-	1	-
\$706,001 - \$726,000	1	-	1	-
<b>Total number of staff</b>	<b>48</b>	<b>43</b>	<b>48</b>	<b>43</b>

The table includes all staff whose normal 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, fringe benefits and any related fringe benefits tax.

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\*The \$160,001 to \$166,000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2022-23.

**8.4 Staff remuneration by classification**

The total remuneration received by staff included above:

	Consolidated				Parent			
	2024		2023		2024		2023	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Executive	-	-	1	259	-	-	1	259
Medical (excluding Nursing)	31	12,666	26	10,386	31	12,666	26	10,386
Non-medical (i.e. administration)	3	510	2	330	3	510	2	330
Nursing	14	2,486	14	2,454	14	2,486	14	2,454
<b>Total</b>	<b>48</b>	<b>15,662</b>	<b>43</b>	<b>13,429</b>	<b>48</b>	<b>15,662</b>	<b>43</b>	<b>13,429</b>

**9. Supplies and services**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Administration	210	123	210	123
Advertising	101	30	101	30
Communication	851	637	851	637
Computing	2,772	2,471	2,772	2,471
Consultants	217	529	217	529
Contract of services	1,559	477	1,559	477
Contractors	368	298	368	298
Contractors - agency staff	8,225	4,714	8,225	4,714
Drug supplies	2,793	2,766	2,793	2,766
Electricity, gas and fuel	1,716	1,658	1,716	1,658
Fee for service*	28,164	24,216	28,164	24,216
Food supplies	2,570	2,252	2,570	2,252
Housekeeping	1,570	1,454	1,570	1,454
Insurance	1,690	1,691	1,690	1,691
Internal SA Health SLA payments	6,310	6,750	6,310	6,750
Legal	22	20	22	20
Medical, surgical and laboratory supplies	17,707	17,335	17,707	17,335
Minor equipment	1,478	1,366	1,478	1,366
Motor vehicle expenses	467	463	467	463
Occupancy rent and rates	453	212	453	212
Patient transport	1,906	1,465	1,906	1,465
Postage	301	317	301	317
Printing and stationery	486	542	486	542
Repairs and maintenance	5,504	4,413	5,504	4,413
Security	1,157	1,162	1,157	1,162
Services from Shared Services SA	1,492	1,424	1,492	1,424
Short term lease expense	845	762	845	762
Training and development	1,086	848	1,086	848
Travel expenses	518	532	518	532
Other supplies and services	1,779	1,714	1,777	1,715
<b>Total supplies and services</b>	<b>94,317</b>	<b>82,641</b>	<b>94,315</b>	<b>82,642</b>

\* Fee for Service primarily relates to medical services provided by doctors not employed by the Hospital.

The Hospital recognises lease payments associated with short term leases (12 months or less) as an expense on a straight line basis over the lease term. Lease commitments for short term leases is similar to short term lease expenses disclosed.

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**9.1 Expenditure – SA business and non-SA business**

The following table includes all expenditure in relation to arrangements above \$55,000 (GST inclusive) resulting from a procurement as defined in *Treasurer's Instructions 18 – Procurement* (TI18). Arrangements between public authorities and other governments are not included:

	Consolidated		Parent	
	2024 \$'000	Proportion SA and non-SA businesses	2024 \$'000	Proportion SA and non-SA businesses
Total expenditure with South Australian businesses	36,350	48%	36,350	48%
Total expenditure with non-South Australian businesses	39,899	52%	39,899	52%
<b>Total expenditure in relation to contracts above \$55,000</b>	<b>76,249</b>	<b>100%</b>	<b>76,249</b>	<b>100%</b>

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to the Hospital, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

TI 18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

**10. Grants and subsidies**

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Funding to non-government organisations	375	1,500	375	1,500
<b>Total grants and subsidies</b>	<b>375</b>	<b>1,500</b>	<b>375</b>	<b>1,500</b>

The Hospital provided \$0.375 million (\$1.500 million) in funding to non-government organisations to assist in maintaining vital health services in the Limestone Coast region.

**11. Borrowing costs**

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the profit and loss was \$0.679 million (\$0.717 million). Refer to note 22 for more information on financial liabilities.

**12. Other expenses**

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Debts written off	139	72	139	72
Bank fees and charges	5	4	5	4
Donated assets expense	-	-	72	1,131
Other*	181	165	181	165
Assumption of Liability – Keith and District Hospital**	2,391	-	2,391	-
<b>Total other expenses</b>	<b>2,716</b>	<b>241</b>	<b>2,788</b>	<b>1,372</b>

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

\* Includes Audit fees paid/ payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act* of \$0.106 million (\$0.106 million). No other services were provided by the Audit Office of South Australia. Payments to Galpins Accountants Auditors and Business Consultants were \$0.030 million (\$0.026 million) for HAC and aged care audit services.



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\*\*In 2023-24 the Keith and District Hospital Inc transitioned to the Hospital, recognising a total of \$2.391 million of other expenses. This relates to assumption of liabilities for aged care refundable accommodation deposits and employee entitlements. Refer also Note 5 Resources received free of charge.

**13. Cash and cash equivalents**

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	3,427	3,599	3,065	3,122
Deposits with Treasurer: general operating	10,182	7,551	10,182	7,551
Deposits with Treasurer: special purpose funds	859	403	859	403
<b>Total cash and cash equivalents in the Statement of Financial Position</b>	<b>14,468</b>	<b>11,553</b>	<b>14,106</b>	<b>11,076</b>
<b>Total cash and cash equivalents in the Statement of Cash Flows</b>	<b>14,468</b>	<b>11,553</b>	<b>14,106</b>	<b>11,076</b>

Cash is measured at nominal amounts. The Hospital operates through the Department's general operating account held with the Treasurer and does not earn interest on this account. Interest is earned on HAC and GFT bank accounts and accounts holding aged care funds, including refundable deposits. Of the \$14.468 million (\$11.553 million) held, \$2.650 million (\$2.534 million) relates to aged care refundable deposits.

**14. Receivables**

	Note	Consolidated		Parent	
		2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000
<b>Current</b>					
Patient/client fees: compensable		621	415	621	415
Patient/client fees: aged care		614	449	614	449
Patient/client fees: other		1,431	1,267	1,431	1,267
Debtors		1,339	1,082	1,340	1,082
Less: allowance for impairment loss on receivables	14.1	(1,047)	(849)	(1,047)	(849)
Prepayments		201	177	201	177
Interest		551	218	530	207
Workers compensation provision recoverable		251	379	251	379
Sundry receivables and accrued revenue		1,774	1,460	1,810	1,460
GST input tax recoverable		322	189	322	189
<b>Total current receivables</b>		<b>6,057</b>	<b>4,787</b>	<b>6,073</b>	<b>4,776</b>
<b>Non-current</b>					
Debtors		124	45	124	45
Workers compensation provision recoverable		904	800	904	800
<b>Total non-current receivables</b>		<b>1,028</b>	<b>845</b>	<b>1,028</b>	<b>845</b>
<b>Total receivables</b>		<b>7,085</b>	<b>5,632</b>	<b>7,101</b>	<b>5,621</b>

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

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

**14.1 Impairment of receivables**

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

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Movement in the impairment loss on receivables:

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>849</b>	<b>1,107</b>	<b>849</b>	<b>1,107</b>
Increase/(Decrease) in allowance recognised in profit or loss	198	(258)	198	(258)
<b>Carrying amount at the end of the period</b>	<b>1,047</b>	<b>849</b>	<b>1,047</b>	<b>849</b>

Impairment losses related to receivables arising from contracts with customers that are external to the SA Government Refer to note 32 for details regarding credit risk and the methodology for determining impairment.

### 15. Other financial assets

The consolidated and parent entity, hold term deposits of \$23.414 million (\$18.293 million) and \$22.290 million (\$17.062 million) respectively. Of these deposits \$15.397 million (\$10.303 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised cost. There is no impairment on term deposits.

### 16. Inventories

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Drug supplies	200	193	200	193
Medical, surgical and laboratory supplies	665	639	665	639
Food and hotel supplies	128	127	128	127
Engineering supplies	16	19	16	19
Other	36	23	36	23
<b>Total current inventories - held for distribution</b>	<b>1,045</b>	<b>1,001</b>	<b>1,045</b>	<b>1,001</b>

All inventories are 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.

### 17. Property, plant and equipment, investment property and intangible assets

#### 17.1 Acquisition and recognition

Property, plant and equipment owned are initially recorded on a cost basis, and subsequently measured at fair value. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. 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 owned property, plant and equipment with a value equal to or in excess of \$10,000. Assets recorded as works in progress represent projects physically incomplete as at the reporting date. Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

#### 17.2 Depreciation and amortisation

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

Depreciation and amortisation is calculated on a straight line basis.

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Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	15-60
Right-of-use-buildings	2-25
Leasehold improvements	Lease term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2-20
Computing equipment	3-5
Vehicles	2-20
• Other plant and equipment	3-30
Right-of-use-plant and equipment	2-3
Intangibles	5-30

### 17.3 Revaluation

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

The scope of the valuation of PPE included all: land, buildings, site improvements, site infrastructure and Plant and Equipment with an acquisition greater than \$1.5 million and useful life greater than three (3) years. Revaluations are undertaken on a regular cycle. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair-value. If at any time management considers that the carrying amount of an asset greater than \$1.5 million materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

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

### 17.4 Impairment

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. Fair value is assessed each year. There were no indications of impairment for property, plant and equipment or intangibles as at 30 June 2024.

### 17.5 Intangible Assets

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

The acquisition of, or internal development of, software is capitalized only when the expenditure meets the definition criteria and the recognition criteria, 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.

### 17.6 Land and building

Consistent with Treasurer's Instructions, a public authority must at least every 6 years obtain a valuation appraisal from a qualified valuer, an independent valuation of land and buildings owned by the Hospital was performed between March and June 2024, by a certified practising valuer from Marsh Advisory Pacific, as at 1 June 2024.

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

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

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**17.7 Plant and equipment**

The value of plant and equipment has not been revalued and in accordance with APS 116D as the carrying value is deemed to approximate fair value.

**17.8 Leased property, plant and equipment**

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost and there were no indications of impairment. Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and disclosed in note 9.

Major lease activities include the use of:

- Properties – buildings are mainly leased from the private sector for office space or accommodation for clients, locums and students. Generally property leases are non-cancellable with many having the right of renewal. Rent is payable in arrears, with increases generally linked to CPI increases. Prior to renewal, most lease arrangements undergo a formal rent review linked to market appraisals or independent valuers.
- Health Facilities – Mount Gambier Hospital lease commenced in June 1997, initially for 25 years, with an option to renew for 10 years. The underlease was renewed until 29 June 2032, with the rental increasing by 3.5% each financial year.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometers, whichever occurs first.

The Hospital has not committed to any lease arrangements that have not commenced. The Hospital has entered into two sub-lease arrangements outside of SA Health, which have continued to be recognised as operating leases.

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 22. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 18 and 11. Cash outflows related to right-of-use assets are disclosed at note 26.

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**18. Reconciliation of property, plant and equipment**

The following table shows the movement:

**Consolidated**

2023-24

	Land and buildings:				Plant and equipment:					Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommodation and Leasehold improve-ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	
<b>Carrying amount at the beginning of the period</b>	<b>4,154</b>	<b>52,095</b>	<b>40,960</b>	<b>2,279</b>	<b>16,882</b>	<b>935</b>	<b>754</b>	<b>514</b>	<b>543</b>	<b>119,116</b>
Additions	-	-	1	4,991	-	(17)	-	506	403	5,884
Assets received free of charge	215	6,231	-	-	-	-	63	-	-	6,509
Disposals	-	-	-	1	-	-	(10)	-	-	(9)
Transfers between asset classes	-	1,679	-	(1,659)	-	467	29	-	(516)	-
<b>Subtotal:</b>	<b>4,369</b>	<b>60,005</b>	<b>40,961</b>	<b>5,612</b>	<b>16,882</b>	<b>1,385</b>	<b>836</b>	<b>1,020</b>	<b>430</b>	<b>131,500</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(3,302)	(1,849)	-	(522)	(516)	(166)	(351)	-	(6,706)
<b>Subtotal:</b>	<b>-</b>	<b>(3,302)</b>	<b>(1,849)</b>	<b>-</b>	<b>(522)</b>	<b>(516)</b>	<b>(166)</b>	<b>(351)</b>	<b>-</b>	<b>(6,706)</b>
<b>Gains/(losses) for the period recognised in other comprehensive income:</b>										
Revaluation increment / (decrement)	3,271	17,311	-	-	-	-	-	-	-	20,582
<b>Subtotal:</b>	<b>3,271</b>	<b>17,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,582</b>
<b>Carrying amount at the end of the period*</b>	<b>7,640</b>	<b>74,014</b>	<b>39,112</b>	<b>5,612</b>	<b>16,360</b>	<b>869</b>	<b>670</b>	<b>669</b>	<b>430</b>	<b>145,376</b>
<b>Gross carrying amount</b>										
Gross carrying amount	7,640	74,324	48,072	5,612	18,842	3,817	1,450	1,290	430	161,477
Accumulated depreciation / amortisation	-	(310)	(8,960)	-	(2,482)	(2,948)	(780)	(621)	-	(16,101)
<b>Carrying amount at the end of the period</b>	<b>7,640</b>	<b>74,014</b>	<b>39,112</b>	<b>5,612</b>	<b>16,360</b>	<b>869</b>	<b>670</b>	<b>669</b>	<b>430</b>	<b>145,376</b>

\* All property, plant and equipment are classified in the level 2 and level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 22 for details about the lease liability for right-of-use assets.

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**Consolidated**

2022-23

	Land and buildings:				Plant and equipment:						Total \$'000
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accommodation and Leasehold improve-ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of- use plant and equipment \$'000	Capital works in progress plant and equipment \$'000		
<b>Carrying amount at the beginning of the period</b>	<b>4,154</b>	<b>54,293</b>	<b>42,825</b>	<b>2,531</b>	<b>16,975</b>	<b>1,192</b>	<b>844</b>	<b>444</b>	<b>355</b>	<b>123,613</b>	
Additions	-	-	1	1,465	-	80	54	394	401	2,395	
Disposals	-	-	-	-	-	(1)	(2)	-	(19)	(22)	
Transfers between asset classes	-	1,339	-	(1,717)	378	171	23	-	(194)	-	
<b>Subtotal:</b>	<b>4,154</b>	<b>55,632</b>	<b>42,826</b>	<b>2,279</b>	<b>17,353</b>	<b>1,442</b>	<b>919</b>	<b>838</b>	<b>543</b>	<b>125,986</b>	
<b>Gains/(losses) for the period recognised in net result:</b>											
Depreciation and amortisation	-	(3,537)	(1,866)	-	(471)	(507)	(165)	(324)	-	(6,870)	
<b>Subtotal:</b>	<b>-</b>	<b>(3,537)</b>	<b>(1,866)</b>	<b>-</b>	<b>(471)</b>	<b>(507)</b>	<b>(165)</b>	<b>(324)</b>	<b>-</b>	<b>(6,870)</b>	
<b>Carrying amount at the end of the period*</b>	<b>4,154</b>	<b>52,095</b>	<b>40,960</b>	<b>2,279</b>	<b>16,882</b>	<b>935</b>	<b>754</b>	<b>514</b>	<b>543</b>	<b>119,116</b>	
<b>Gross carrying amount</b>											
Gross carrying amount	4,154	65,853	48,072	2,279	18,842	3,436	1,372	1,098	543	145,649	
Accumulated depreciation / amortisation	-	(13,758)	(7,112)	-	(1,960)	(2,501)	(618)	(584)	-	(26,533)	
<b>Carrying amount at the end of the period</b>	<b>4,154</b>	<b>52,095</b>	<b>40,960</b>	<b>2,279</b>	<b>16,882</b>	<b>935</b>	<b>754</b>	<b>514</b>	<b>543</b>	<b>119,116</b>	

\*All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 22 for details about the lease liability for right-of-use assets.

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**Parent**

**2023-24**

	<b>Land and buildings:</b>				<b>Plant and equipment:</b>						<b>Total \$'000</b>
	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Right-of- use buildings \$'000</b>	<b>Capital works in progress land and buildings \$'000</b>	<b>Accommodation and Leasehold improve-ments \$'000</b>	<b>Medical/ surgical/ dental/ biomedical \$'000</b>	<b>Other plant and equipment \$'000</b>	<b>Right-of- use plant and equipment \$'000</b>	<b>Capital works in progress plant and equipment \$'000</b>		
<b>Carrying amount at the beginning of the period</b>	<b>2,517</b>	<b>26,589</b>	<b>40,960</b>	<b>2,280</b>	<b>16,882</b>	<b>935</b>	<b>754</b>	<b>514</b>	<b>543</b>	<b>91,974</b>	
Additions	-	-	1	4,991	-	(17)	-	506	403	<b>5,884</b>	
Assets received free of charge	-	-	-	-	-	-	63	-	-	<b>63</b>	
Disposals	-	-	-	1	-	-	(10)	-	-	<b>(9)</b>	
Donated assets disposal	-	-	-	(23)	-	-	-	-	(49)	<b>(72)</b>	
Transfers between asset classes	-	821	-	(850)	-	467	29	-	(467)	<b>-</b>	
<b>Subtotal:</b>	<b>2,517</b>	<b>27,410</b>	<b>40,961</b>	<b>6,399</b>	<b>16,882</b>	<b>1,385</b>	<b>836</b>	<b>1,020</b>	<b>430</b>	<b>97,840</b>	
<b>Gains/(losses) for the period recognised in net result:</b>											
Depreciation and amortisation	-	(1,641)	(1,849)	-	(522)	(516)	(166)	(351)	-	<b>(5,045)</b>	
<b>Subtotal:</b>	<b>-</b>	<b>(1,641)</b>	<b>(1,849)</b>	<b>-</b>	<b>(522)</b>	<b>(516)</b>	<b>(166)</b>	<b>(351)</b>	<b>-</b>	<b>(5,045)</b>	
<b>Gains/(losses) for the period recognised in other comprehensive income:</b>											
Revaluation increment / (decrement)	1,793	7,018	-	-	-	-	-	-	-	<b>8,811</b>	
<b>Subtotal:</b>	<b>1,793</b>	<b>7,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,811</b>	
<b>Carrying amount at the end of the period*</b>	<b>4,310</b>	<b>32,787</b>	<b>39,112</b>	<b>6,399</b>	<b>16,360</b>	<b>869</b>	<b>670</b>	<b>669</b>	<b>430</b>	<b>101,606</b>	
<b>Gross carrying amount</b>											
Gross carrying amount	4,310	32,910	48,072	6,399	18,842	3,817	1,450	1,290	430	<b>117,520</b>	
Accumulated depreciation / amortisation	-	(123)	(8,960)	-	(2,482)	(2,948)	(780)	(621)	-	<b>(15,914)</b>	
<b>Carrying amount at the end of the period</b>	<b>4,310</b>	<b>32,787</b>	<b>39,112</b>	<b>6,399</b>	<b>16,360</b>	<b>869</b>	<b>670</b>	<b>669</b>	<b>430</b>	<b>101,606</b>	

\* All property, plant and equipment are classified in the level 2 and level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 22 for details about the lease liability for right-of-use assets.

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**Parent**

**2022-23**

	<b>Land and buildings:</b>				<b>Plant and equipment:</b>					<b>Total \$'000</b>
	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Right-of- use buildings \$'000</b>	<b>Capital works in progress land and buildings \$'000</b>	<b>Accommodation and Leasehold improve-ments \$'000</b>	<b>Medical/ surgical/ dental/ biomedical \$'000</b>	<b>Other plant and equipment \$'000</b>	<b>Right-of- use plant and equipment \$'000</b>	<b>Capital works in progress plant and equipment \$'000</b>	
<b>Carrying amount at the beginning of the period</b>	<b>2,517</b>	<b>28,336</b>	<b>42,825</b>	<b>2,532</b>	<b>16,975</b>	<b>1,192</b>	<b>844</b>	<b>444</b>	<b>355</b>	<b>96,020</b>
Additions	-	-	1	1,465	-	80	54	394	401	2,395
Disposals	-	-	-	-	-	(1)	(2)	-	(19)	(22)
Donated assets disposal	-	-	-	(1,131)	-	-	-	-	-	(1,131)
Transfers between asset classes	-	208	-	(586)	378	171	23	-	(194)	-
<b>Subtotal:</b>	<b>2,517</b>	<b>28,544</b>	<b>42,826</b>	<b>2,280</b>	<b>17,353</b>	<b>1,442</b>	<b>919</b>	<b>838</b>	<b>543</b>	<b>97,262</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(1,955)	(1,866)	-	(471)	(507)	(165)	(324)	-	(5,288)
<b>Subtotal:</b>	<b>-</b>	<b>(1,955)</b>	<b>(1,866)</b>	<b>-</b>	<b>(471)</b>	<b>(507)</b>	<b>(165)</b>	<b>(324)</b>	<b>-</b>	<b>(5,288)</b>
<b>Carrying amount at the end of the period*</b>	<b>2,517</b>	<b>26,589</b>	<b>40,960</b>	<b>2,280</b>	<b>16,882</b>	<b>935</b>	<b>754</b>	<b>514</b>	<b>543</b>	<b>91,974</b>
<b>Gross carrying amount</b>										
Gross carrying amount	2,517	33,071	48,072	2,280	18,842	3,436	1,372	1,098	543	111,231
Accumulated depreciation / amortisation	-	(6,482)	(7,112)	-	(1,960)	(2,501)	(618)	(584)	-	(19,257)
<b>Carrying amount at the end of the period</b>	<b>2,517</b>	<b>26,589</b>	<b>40,960</b>	<b>2,280</b>	<b>16,882</b>	<b>935</b>	<b>754</b>	<b>514</b>	<b>543</b>	<b>91,974</b>

\* All property, plant and equipment are classified in the level 3 fair value hierarchy except for capital works in progress (not classified). Refer to note 22 for details about the lease liability for right-of-use assets.



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**19. Reconciliation of intangible assets**

The following table shows the movement:

	2023-24			2022-23		
	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000
<b>Consolidated</b>						
<b>Carrying amount at the beginning of the period</b>	<b>203</b>	<b>-</b>	<b>203</b>	<b>244</b>	<b>67</b>	<b>311</b>
Amortisation	(97)	-	(97)	(108)	-	(108)
Transfers between asset classes	-	-	-	67	(67)	-
<b>Carrying amount at the end of the period*</b>	<b>106</b>	<b>-</b>	<b>106</b>	<b>203</b>	<b>-</b>	<b>203</b>
<b>Gross carrying amount</b>						
Gross carrying amount	485	-	485	485	-	485
Accumulated amortisation	(379)	-	(379)	(282)	-	(282)
<b>Carrying amount at the end of the period</b>	<b>106</b>	<b>-</b>	<b>106</b>	<b>203</b>	<b>-</b>	<b>203</b>
<b>Parent</b>						
<b>Carrying amount at the beginning of the period</b>	<b>203</b>	<b>-</b>	<b>203</b>	<b>244</b>	<b>67</b>	<b>311</b>
Amortisation	(97)	-	(97)	(108)	-	(108)
Transfers between asset classes	-	-	-	67	(67)	-
<b>Carrying amount at the end of the period*</b>	<b>106</b>	<b>-</b>	<b>106</b>	<b>203</b>	<b>-</b>	<b>203</b>
<b>Gross carrying amount</b>						
Gross carrying amount	485	-	485	485	-	485
Accumulated amortisation	(379)	-	(379)	(282)	-	(282)
<b>Carrying amount at the end of the period</b>	<b>106</b>	<b>-</b>	<b>106</b>	<b>203</b>	<b>-</b>	<b>203</b>

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
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**20. Fair value measurement**

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

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

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use. The scope of the valuation of PPE included all: land, buildings, site improvements, site infrastructure and plant and Equipment with an acquisition greater than \$1.5 million and useful life greater than three (3) years.

Refer to notes 17 and 20.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

**20.1 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 at level 3 which are all recurring.

**Fair value measurements at 30 June 2024**

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b> (Note 17)						
Land	6,520	230	6,750	3,420	-	3,420
Buildings and improvements	730	74,173	74,903	730	32,948	33,678
<b>Total recurring fair value measurements</b>	<b>7,250</b>	<b>74,403</b>	<b>81,653</b>	<b>4,150</b>	<b>32,948</b>	<b>37,098</b>

**Fair value measurements at 30 June 2023**

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b> (Note 17)						
Land	-	4,154	4,154	-	2,517	2,517
Buildings and improvements	-	52,095	52,095	-	26,589	26,589
<b>Total recurring fair value measurements</b>	<b>-</b>	<b>56,249</b>	<b>56,249</b>	<b>-</b>	<b>29,106</b>	<b>29,106</b>

There are no non-recurring fair value measurements.

The Hospital's policy is to recognize 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 20 and 20.2.

During 2023 and 2024, the Hospital had no valuations categorised into Level 1.

**20.2 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.

Due to the predominantly specialised nature of health service assets, the majority of buildings 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.

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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, recent construction costs, 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.

## 21. Payables

	Consolidated		Parent	
	2024	2023	2024	2023
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Creditors and accrued expenses	5,884	4,675	5,882	4,675
Paid Parental Leave Scheme	34	39	34	39
Other payables	95	69	95	69
<b>Total current payables</b>	<b>6,013</b>	<b>4,783</b>	<b>6,011</b>	<b>4,783</b>

Payables are measured at nominal amounts. Creditors and accruals are recognised for all amounts owed and unpaid. Contractual payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to their short term nature.

Refer to note 30 for information on risk management.

## 22. Financial liabilities

	Consolidated		Parent	
	2024	2023	2024	2023
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities	3,879	3,691	3,879	3,691
<b>Total current financial liabilities</b>	<b>3,879</b>	<b>3,691</b>	<b>3,879</b>	<b>3,691</b>
<b>Non-current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities	30,226	33,674	30,226	33,674
<b>Total non-current financial liabilities</b>	<b>30,226</b>	<b>33,674</b>	<b>30,226</b>	<b>33,674</b>
<b>Total financial liabilities</b>	<b>34,105</b>	<b>37,365</b>	<b>34,105</b>	<b>37,365</b>

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

Refer to note 30 for information on risk management.

Refer note 18 for details about the right-of-use assets (including depreciation) and note 11 for financing costs associated with these leasing activities.

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**22.1 Maturity analysis**

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

	Consolidated		Parent	
	2024	2023	2024	2023
<b>Lease Liabilities</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Within one year	4,488	4,351	4,488	4,351
Later than one year but not longer than five years	17,714	17,199	17,714	17,199
Later than five years	14,628	19,178	14,628	19,178
<b>Total lease liabilities (undiscounted)</b>	<b>36,830</b>	<b>40,728</b>	<b>36,830</b>	<b>40,728</b>

**23. Staff related liabilities**

	Consolidated		Parent	
	2024	2023	2024	2023
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accrued salaries and wages	4,325	3,970	4,325	3,970
Annual leave	11,298	10,512	11,298	10,512
Long service leave	1,428	1,265	1,428	1,265
Skills and experience retention leave	627	604	627	604
Staff on-costs	2,077	1,711	2,077	1,711
<b>Total current staff related liabilities</b>	<b>19,755</b>	<b>18,063</b>	<b>19,755</b>	<b>18,063</b>
<b>Non-current</b>				
Long service leave	15,537	13,998	15,537	13,998
Staff on-costs	697	606	697	606
<b>Total non-current staff related liabilities</b>	<b>16,234</b>	<b>14,604</b>	<b>16,234</b>	<b>14,604</b>
<b>Total staff related liabilities</b>	<b>35,989</b>	<b>32,667</b>	<b>35,989</b>	<b>32,667</b>

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

**23.1 Salaries and wages, annual leave, skills and experience retention leave and sick leave**

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

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

As a result of the actuarial assessment performed by DTF, the salary inflation rate has increased from the 2023 rate (2.0%) to 2.4% for annual leave and skills and experience retention leave liability. As a result, there is an increase in the employee staff related liability and employee related expenses of \$ 0.047 million.

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

**23.2 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.

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

The long-term Commonwealth Government bonds is the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2023 (4.0%) to 4.25%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF increased the salary inflation rate from 2.50% to 3.50% for long service leave liability resulting in an increase in the reported long service leave liability.

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The net financial effect of the changes to actuarial assumptions is an increase in the long service leave liability of \$0.781 million, payables (staff on-costs) of \$0.034 million and staff related expense of \$0.815 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

The split for long service leave between current and non-current is based on the best estimate of the amount to be within 12 months based on leave taken in prior years.

**23.3 Staff on-costs**

Staff on-costs include Return to Work SA levies and superannuation contributions and are settled when the respective staff related liabilities that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to staff. Estimates as to the proportion of long service leave estimate to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognized as a consequence of long service leave liabilities.

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 Department of Treasury and Finance, the proportion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2023 rate (11.1% ) to 11.5% to reflect the increase of super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost of \$ 0.074 million and staff related expense of \$ 0.902 million. The impact on future periods is impracticable to estimate.

**24. Provisions**

Provisions represent workers compensation.

*Reconciliation of workers compensation (statutory and non-statutory)*

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	3,680	3,261	3,680	3,261
Payments	(423)	(871)	(423)	(871)
Remeasurement	(178)	158	(178)	158
Additions	1,238	1,132	1,238	1,132
<b>Carrying amount at the end of the period</b>	<b>4,317</b>	<b>3,680</b>	<b>4,317</b>	<b>3,680</b>

*Workers compensation provision (statutory and additional compensation schemes)*

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.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes). The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2024 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions. In addition to these uncertainties, the additional compensation provision is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

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**25. Contract liabilities and other liabilities**

	Consolidated		Parent	
	2024	2023	2024	2023
Current	\$'000	\$'000	\$'000	\$'000
Contract liabilities	1,380	1,711	1,380	1,711
Residential aged care bonds	18,047	12,838	18,047	12,838
Other	19	-	19	-
<b>Total contract liabilities and other liabilities</b>	<b>19,446</b>	<b>14,549</b>	<b>19,446</b>	<b>14,549</b>

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

A contract liability is recognised for revenue relating to home care packages, training programs and other health programs received in advance and is realised as agreed milestones have been achieved. All performance obligations from these existing contracts (deferred service income) will be satisfied during the next reporting period and accordingly all amounts will be recognised as revenue.

**26. Cash flow reconciliation**

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

Reconciliation of net cash provided by operating activities to net result:	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Net cash provided by (used in) operating activities	13,004	5,586	13,269	5,747
<b>Add/less non-cash items</b>				
Asset donated free of charge	-	-	(72)	(1,131)
Capital revenues	3,873	672	3,873	672
Depreciation and amortisation expense of non-current assets	(6,804)	(6,978)	(5,142)	(5,396)
Gain/(loss) on sale or disposal of non-current assets	(9)	(22)	(9)	(22)
Interest credited directly to investments	177	62	134	52
Resources received free of charge	6,509	-	63	-
<b>Movement in assets/liabilities</b>				
Increase/(decrease) in inventories	44	43	44	43
Increase/(decrease) in receivables	1,453	1,183	1,480	1,171
(Increase)/decrease in other liabilities	(4,897)	866	(4,897)	866
(Increase)/decrease in payables and provisions	(1,739)	(778)	(1,738)	(778)
(Increase)/decrease in staff benefits	(3,322)	(1,717)	(3,322)	(1,717)
<b>Net result</b>	<b>8,289</b>	<b>(1,083)</b>	<b>3,683</b>	<b>(493)</b>

Total cash outflows for leases is \$4.400 million (\$3.930 million).

**27. Unrecognised contractual commitments**

Expenditure commitments	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Within one year	928	1,454	928	1,454
Later than one year but not longer than five years	111	79	111	79
<b>Total expenditure commitments</b>	<b>1,039</b>	<b>1,533</b>	<b>1,039</b>	<b>1,533</b>

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The Hospital expenditure commitments are for agreements for goods and services ordered but not received and are disclosed as nominal amounts. The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2024 has not been quantified.

**28. Trust funds**

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

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<b>Carry amount at the beginning of period</b>	27	37	27	37
Client trust receipts	38	-	38	-
Client trust payments	(44)	(10)	(44)	(10)
<b>Carrying amount at the end of the period</b>	<b>21</b>	<b>27</b>	<b>21</b>	<b>27</b>

**29. Impact of Standards not yet implemented**

The Hospital has assessed the impact of the new and changed Australian Accounting Standards and Interpretations not yet effective.

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* will apply from 1 July 2024. There is complexity and significant level of judgement required in applying AASB 13 and the new amending standard. The Department on behalf of the Hospital engaged a valuer to assist in determining the impact, which was not material.

No Australian Accounting Standards have been early adopted by the Hospital for the reporting period ended 30 June 2024. The Hospital does not expect any other standards issued but not yet effective to have a material impact on the financial statements.

**30. Financial instruments/financial risk management**

**30.1 Financial risk management**

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

Liquidity Risk

The Hospital is funded principally by the SA Government. The Hospital works with the SA Government 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 1.4, 21 and 22 for further information.

Credit risk

The Hospital has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Hospital has minimal concentration of credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Hospital.

Refer to notes 13, 14 and 15 for further information.

Market risk

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

**30.2 Categorisation of financial instruments**

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

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Financial assets and financial liabilities are measured at amortised cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Audit Office of South Australia audit fees etc.) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables at amortised costs are \$5.254 million (\$4.035 million) and \$5.847 million (\$4.612 million) respectively.

**30.3 Credit risk exposure and impairment of financial assets**

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

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

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

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

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

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

**Consolidated**

	30 June 2024			30 June 2023		
	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000	Expected credit loss rate(s) %	Gross carrying amount \$'000	Expected credit losses \$'000
<b>Days past due</b>						
Current	0.2-2.7%	1,387	24	0.3-3.6%	882	20
<30 days	0.6-5.4%	464	13	0.8-5.1%	717	19
31-60 days	2.5-11.9%	443	24	3.5-11.5%	159	9
61-90 days	3.8-14.0%	150	16	5.0-13.0%	112	9
91-120 days	4.7-18.4%	117	13	5.8-17.7%	164	22
121-180 days	6.1-23.8%	93	16	7.5-24.4%	165	28
181-360 days	17.7-46.8%	251	97	17.9-48.1%	181	61
361-540 days	40.0-83.3%	204	110	40.0-67.1%	120	64
>540 days	46.2-93.4%	844	734	46.2-77.5%	735	617
<b>Total</b>		<b>3,953</b>	<b>1,047</b>		<b>3,235</b>	<b>849</b>

**31. Significant transactions with government related entities**

The Hospital is controlled by the SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report.



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The Hospital received funding from the SA Government via the Department (refer to note 2), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (refer to note 9). The Department transferred capital works in progress of \$3.306 million (\$1.564 million) to the Hospital.

**32. Interests in other entities**

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

**Controlled Entities**

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

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

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

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

The Hospital also has effective control over, and a 100% interest in, the net assets of the associated GFTs. The GFT's were established by virtue of a deed executed between the Department for Health and Wellbeing and the individual HAC

<b>Health Advisory Council</b>		
<b>Incorporated HACs and GFTs</b>		
Bordertown and District Health Advisory Council Inc	Kingston/Robe Health Advisory Council Inc	Millicent and Districts Health Advisory Council Inc
Mount Gambier and Districts Health Advisory Council Inc	Naracoorte Area Health Advisory Council Inc	Penola and Districts Health Advisory Council Inc
Keith and District Health Advisory Council Inc		
Bordertown and District Health Advisory Council Inc Gift Fund Trust	Kingston/Robe Health Advisory Council Inc Gift Fund Trust	Millicent and Districts Health Advisory Council Inc Gift Fund Trust
Mount Gambier and Districts Health Advisory Council Inc Gift Fund Trust	Naracoorte Area Health Advisory Council Inc Gift Fund Trust	Penola and Districts Health Advisory Council Inc Gift Fund Trust

**LIMESTONE COAST LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2024**

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**33. Board and committee members**

Members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS124.B were:

<b>Board/Committee name:</b>	<b>Government employee members</b>	<b>Other members</b>
Limestone Coast Local Health Network Governing Board	-	King G (Chair, resigned 30/06/24), Cook L, Irving J, Saies A, Bishop L, Rappensberg G, James P, McKenzie C
Limestone Coast Local Health Network Audit and Risk Management Committee*	-	Bishop L (Chair), Kortum D*(resigned 28/05/24), Bishop L, Irving J, Saies A
Limestone Coast Local Health Network Engagement Strategy Oversight Committee*	-	Cook L (Chair), Gerds R*, Rappensberg G, James P, Miller A, Morrison H, France P, Edwards K, Harris K, Baker E, McIntosh M
Limestone Coast Local Health Network Clinical Governance Committee		Saies A (Chair), Rappensberg G, James P, Poland E, Abhary S, De Wit M, Harris K, Morrison H, Beach P, Edwards K
Limestone Coast Local Health Network Finance and Performance Committee		Irving J (Chair), Cook L, Bishop L, King G, Poland E, Harris P, Abhary S, De Wit M

\*only independent members are entitled to receive remuneration for being a member on this committee

Refer to note 8.2 for remuneration of board and committee members

**Certification of the financial statements  
Limestone Coast Local Health Network**

We certify that the:

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



.....  
Dr. Andrew Saies  
Board Chair



.....  
Emma Poland  
Chief Executive Officer



.....  
Fiona Pfeiffer  
Acting Chief Finance Officer

Date 11 September 2024  
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