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## To the Governing Board Chair Northern Adelaide Local Health Network Incorporated

### Qualified opinion

I have audited the financial report of the Northern Adelaide Local Health Network Incorporated 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 Northern Adelaide Local Health Network Incorporated as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 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 Governing Board Chair, the Chief Executive Officer and the Chief Finance Officer.

### Basis for qualified opinion

#### *Procurement reporting disclosure*

The Northern Adelaide Local Health Network Incorporated was 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.

The requirement uses a framework established by the Treasurer's Instructions (Accounting Policy Statements) and definitions within Treasurer's Instruction 18 Procurement.

The Northern Adelaide Local Health Network Incorporated included that disclosure in note 8.1 to the financial report.

My review of the processes used by the Northern Adelaide 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 8.1.

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 the Northern Adelaide Local Health Network. 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 Governing Board for the financial report**

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 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 Governing 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 Northern Adelaide Local Health Network Incorporated 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 Northern Adelaide Local Health Network Incorporated's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- 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

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 Governing 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**

23 September 2024

**NORTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2024**

	Note	2024 \$'000	2023 \$'000
<b>Income</b>			
Revenues from SA Government	2	1,027,889	939,678
Fees and charges	3	54,578	41,469
Grants and contributions	4	4,000	3,982
Interest	11	416	238
Resources received free of charge	5	5,591	4,806
Other revenues/income	6	8,523	11,205
<b>Total income</b>		<b>1,100,997</b>	<b>1,001,378</b>
<b>Expenses</b>			
Staff related expenses	7	711,396	642,791
Supplies and services	8	357,042	330,895
Depreciation and amortisation	14,15	35,803	32,051
Grants and subsidies		483	243
Borrowing costs	18	1,172	1,073
Net loss from disposal of non-current and other assets	10	104	1,021
Impairment loss on receivables	12.1	1,910	(94)
Other expenses	9	1,936	1,625
<b>Total expenses</b>		<b>1,109,846</b>	<b>1,009,605</b>
<b>Net result</b>		<b>(8,849)</b>	<b>(8,227)</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		118,250	-
<b>Total other comprehensive income</b>		<b>118,250</b>	<b>-</b>
<b>Total comprehensive result</b>		<b>109,401</b>	<b>(8,227)</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.

**NORTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2024**

	Note	2024 \$'000	2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents	11	16,254	17,921
Receivables	12	15,327	15,114
Inventories	13	3,140	3,186
<b>Total current assets</b>		<b>34,721</b>	<b>36,221</b>
<b>Non-current assets</b>			
Receivables	12	3,705	2,679
Property, plant and equipment	14,15	647,827	507,152
Intangible assets	14.5	87	87
<b>Total non-current assets</b>		<b>651,619</b>	<b>509,918</b>
<b>Total assets</b>		<b>686,340</b>	<b>546,139</b>
<b>Current liabilities</b>			
Payables	17	29,375	28,044
Financial liabilities	18	3,790	3,746
Staff related liabilities	19	113,340	102,268
Provisions	20	4,140	3,607
Contract liabilities and other liabilities	21	58	418
<b>Total current liabilities</b>		<b>150,703</b>	<b>138,083</b>
<b>Non-current liabilities</b>			
Financial liabilities	18	43,379	44,034
Staff related liabilities	19	100,424	86,059
Provisions	20	12,694	8,224
<b>Total non-current liabilities</b>		<b>156,497</b>	<b>138,317</b>
<b>Total liabilities</b>		<b>307,200</b>	<b>276,400</b>
<b>Net assets</b>		<b>379,140</b>	<b>269,739</b>
<b>Equity</b>			
Retained earnings		248,242	257,091
Asset revaluation surplus		130,898	12,648
<b>Total equity</b>		<b>379,140</b>	<b>269,739</b>

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

**NORTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2024**

	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2022</b>	<b>13,104</b>	<b>264,862</b>	<b>277,966</b>
<b>Net result for 2022-23</b>	-	(8,227)	(8,227)
<b>Total comprehensive result for 2022-23</b>	-	(8,227)	(8,227)
Transfer between equity components	(456)	456	-
<b>Balance at 30 June 2023</b>	<b>12,648</b>	<b>257,091</b>	<b>269,739</b>
<b>Net result for 2023-24</b>	-	(8,849)	(8,849)
Gain on revaluation of land and buildings	118,250	-	118,250
<b>Total comprehensive result for 2023-24</b>	<b>118,250</b>	<b>(8,849)</b>	<b>109,401</b>
<b>Balance at 30 June 2024</b>	<b>130,898</b>	<b>248,242</b>	<b>379,140</b>

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

**NORTHERN ADELAIDE LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2024**

	Note	2024	2023
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Receipts from SA Government		853,643	815,230
Fees and charges		51,670	40,271
Grants and contributions		4,337	4,315
Interest received		416	238
GST recovered from ATO		19,419	18,831
Other receipts		816	598
<b>Cash generated from operations</b>		<b>930,301</b>	<b>879,483</b>
<b>Cash outflows</b>			
Staff benefits payments		(679,690)	(626,660)
Payments for supplies and services		(242,677)	(238,084)
Payments of grants and subsidies		(510)	(254)
Interest paid		(1,172)	(1,073)
Other payments		(1,086)	(1,808)
<b>Cash used in operations</b>		<b>(925,135)</b>	<b>(867,879)</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>5,166</b>	<b>11,604</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(2,756)	(4,852)
Purchase of intangible assets		-	(87)
<b>Cash used in investing activities</b>		<b>(2,756)</b>	<b>(4,939)</b>
<b>Net cash used in investing activities</b>		<b>(2,756)</b>	<b>(4,939)</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of lease liabilities		(4,077)	(3,570)
<b>Cash used in financing activities</b>		<b>(4,077)</b>	<b>(3,570)</b>
<b>Net cash used in financing activities</b>		<b>(4,077)</b>	<b>(3,570)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,667)</b>	<b>3,095</b>
Cash and cash equivalents at the beginning of the period		17,921	14,826
<b>Cash and cash equivalents at the end of the period</b>	11	<b>16,254</b>	<b>17,921</b>
Non-cash transactions	22		

The accompanying notes form part of these financial statements.



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

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## **1. About Northern Adelaide Local Health Network**

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

### *Administered items*

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in Trust funds at Note 24 and Administered items at Note 31. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital transactions.

### **1.1 Objectives and activities**

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

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

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

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

### **1.2 Basis of preparation**

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

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

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

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

Material accounting policie information is set out throughout the notes.

### **1.3 Taxation**

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

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

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

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

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

### **1.4 Continuity of Operations**

As at 30 June 2024, the Hospital had a working capital deficiency of \$115.982 million (\$101.862 million). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions. 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.

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

**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.

**2. Revenues from SA Government**

	2024 \$'000	2023 \$'000
Capital projects funding	54,780	31,002
Operational funding	973,109	908,676
<b>Total revenues from SA Government</b>	<b>1,027,889</b>	<b>939,678</b>

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**

	2024 \$'000	2023 \$'000
Car parking revenue	2,980	1,340
Fines, fees and penalties	56	90
Patient and client fees	39,885	29,956
Private practice fees	3,259	2,358
Fees for health services	3,212	2,795
Rent revenue	2,362	2,249
Residential and other aged care charges	120	75
Training revenue	26	15
Other user charges and fees	2,678	2,591
<b>Total fees and charges</b>	<b>54,578</b>	<b>41,469</b>

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

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

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	2024	2024	2023	2023
	Goods/Services transferred at a point in time	Goods/Services transferred over a period of time	Goods/Services transferred at a point in time	Goods/Services transferred over a period of time
Car parking revenue	739	2,241	722	618
Patient and client fees	37,462	-	28,238	-
Private practice fees	3,259	-	2,358	-
Fees for health services	3,156	-	2,762	-
Residential and other aged care charges	120	-	75	-
Training revenue	23	-	9	-
Other user charges and fees	2,523	-	2,051	-
<b>Total contracts with external customers</b>	<b>47,282</b>	<b>2,241</b>	<b>36,215</b>	<b>618</b>
Patient and client fees	2,423	-	1,718	-
Fees for health services	56	-	33	-
Training revenue	3	-	6	-
Other user charges and fees	155	-	540	-
<b>Total contracts with SA Government customers</b>	<b>2,637</b>	<b>-</b>	<b>2,297</b>	<b>-</b>
<b>Total contracts with customers</b>	<b>49,919</b>	<b>2,241</b>	<b>38,512</b>	<b>618</b>

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 21). Similarly, if the Hospital satisfies a performance obligation before it receives the consideration, the Hospital recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due (refer to note 12).

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

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

*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, anaesthetist, pathology, radiology services etc. Revenue from these services is recognised 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*

The Hospital allows 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. The Hospital 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.

**4. Grants and contributions**

	2024 \$'000	2023 \$'000
Commonwealth grants and donations	-	82
Other SA Government grants and contributions	194	267
Private sector grants and contributions	3,806	3,633
<b>Total grants and contributions</b>	<b>4,000</b>	<b>3,982</b>

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

Of the \$4.000 million (\$3.982 million) total grants and contributions, \$3.366 million (\$3.169 million) was provided for specific purposes, such as research and associated activities.

**5. Resources received free of charge**

	2024 \$'000	2023 \$'000
Buildings and improvements	-	31
Plant and equipment	175	-
Services	5,416	4,775
<b>Total resources received free of charge</b>	<b>5,591</b>	<b>4,806</b>

Contribution of services are recognised only when the fair value can be determined reliably and the services would be purchased if they had not been donated. The Hospital receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge valued at \$3.967 million (\$3.775 million) and ICT (information and communication technology) services from Department of the Premier and Cabinet valued at \$1.449 million (\$1.000 million).

In addition, although not recognised, the Hospital receives volunteer services from the Northern Healthcare Volunteer Association. There are several hundred volunteers who provide patient and employee support services to individuals using the Hospital's services. The services include but not limited to: childcare, respite care, transport, therapeutic activities, patient liaison, gift shop and café support.

**6. Other revenues/income**

	2024 \$'000	2023 \$'000
Health recoveries	7,670	10,564
Insurance recoveries	137	172
Other	716	469
<b>Total other revenues/income</b>	<b>8,523</b>	<b>11,205</b>

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

**7. Staff related expenses**

	2024	2023
	\$'000	\$'000
Salaries and wages	550,779	512,248
Long service leave	23,325	10,093
Annual leave	57,225	52,660
Skills and experience retention leave	2,287	1,933
Staff on-costs - superannuation*	66,097	58,311
Workers compensation	9,541	5,771
Board and committee fees	354	294
Other staff related expenses	1,788	1,481
<b>Total employee related expenses</b>	<b>711,396</b>	<b>642,791</b>

\* The superannuation employment on-cost charge represents the Hospital's contribution to superannuation plans in respect of current services of staff.

**7.1 Key Management Personnel**

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

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

- The Minister for Health and Wellbeing. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via 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 staff benefits	3,449	2,320
Post-employment benefits	803	662
Other long-term employment benefits	115	-
<b>Total</b>	<b>4,367</b>	<b>2,982</b>

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

**7.2 Remuneration of Board and Committees**

	2024	2023
	No. of	No. of
	Members	Members
\$0	32	28
\$1 - \$20,000	14	19
\$20,001 - \$40,000	6	3
\$40,001 - \$60,000	1	2
\$60,001 - \$80,000	1	1
<b>Total</b>	<b>54</b>	<b>53</b>

The total remuneration received or receivable by members was \$0.392 million (\$0.322 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and any related fringe benefits and related fringe benefits tax. In accordance with the *Department of the Premier and Cabinet Circular No. 016*, government employees did not receive any remuneration for board/committee duties during the financial year.

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

Refer to note 30 for members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APS 124.B.

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

**7.3 Employee remuneration**

	2024	2023
The number of staff whose remuneration received or receivable falls within the following bands:	No.	No.
\$160,001 - \$166,000*	n/a	44
\$166,001 - \$186,000	137	108
\$186,001 - \$206,000	74	65
\$206,001 - \$226,000	45	34
\$226,001 - \$246,000	23	25
\$246,001 - \$266,000	35	25
\$266,001 - \$286,000	19	15
\$286,001 - \$306,000	17	25
\$306,001 - \$326,000	21	12
\$326,001 - \$346,000	13	6
\$346,001 - \$366,000	9	11
\$366,001 - \$386,000	17	23
\$386,001 - \$406,000	9	19
\$406,001 - \$426,000	18	6
\$426,001 - \$446,000	10	13
\$446,001 - \$466,000	17	17
\$466,001 - \$486,000	10	17
\$486,001 - \$506,000	14	11
\$506,001 - \$526,000	7	3
\$526,001 - \$546,000	6	3
\$546,001 - \$566,000	7	7
\$566,001 - \$586,000	6	8
\$586,001 - \$606,000	5	6
\$606,001 - \$626,000	6	2
\$626,001 - \$646,000	3	-
\$646,001 - \$666,000	3	3
\$666,001 - \$686,000	2	2
\$686,001 - \$706,000	2	1
\$706,001 - \$726,000	2	-
\$726,001 - \$746,000	2	1
\$746,001 - \$766,000	3	2
\$766,001 - \$786,000	2	3
\$786,001 - \$806,000	-	2
\$806,001 - \$826,000	1	1
\$826,001 - \$846,000	1	1
<b>Total number of staff</b>	<b>546</b>	<b>521</b>

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2022-23.

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

**7.4 Employee remuneration by classification**

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

	2024		2023	
	No.	\$'000	No.	\$'000
Medical (excluding Nursing)	450	145,860	427	136,338
Executive	7	2,195	9	2,295
Nursing	86	15,502	82	14,370
Non-medical (i.e. administration)	3	528	3	514
<b>Total</b>	<b>546</b>	<b>164,085</b>	<b>521</b>	<b>153,517</b>

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**8. Supplies and services**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Administration	673	1,122
Advertising	226	341
Communication	2,704	2,368
Computing	15,251	10,746
Consultants	14	118
Contract of services	161	49
Contractors	1,930	1,304
Contractors - agency staff	33,694	28,862
Drug supplies	16,101	15,454
Electricity, gas and fuel	6,253	6,356
Fee for service	31,053	28,185
Food supplies	10,750	9,771
Housekeeping	30,005	28,473
Insurance	7,833	7,564
Internal SA Health SLA payments	9,029	8,754
Legal	113	152
Medical, surgical and laboratory supplies	104,896	99,577
Minor equipment	6,278	4,899
Motor vehicle expenses	733	507
Occupancy rent and rates	2,781	2,402
Patient transport	8,913	6,392
Postage	1,288	1,171
Printing and stationery	2,217	2,757
Repairs and maintenance	20,722	20,787
Security	17,371	18,922
Services from Shared Services SA	3,978	3,775
Training and development	8,079	7,681
Travel expenses	3,702	2,895
Other supplies and services	10,294	9,511
<b>Total supplies and services</b>	<b>357,042</b>	<b>330,895</b>

**8.1 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:

	<b>2024</b>	<b>Proportion</b>
	<b>\$,000</b>	<b>%</b>
Total expenditure with South Australian businesses	142,524	69%
Total expenditure with non-South Australian businesses	64,079	31%
<b>Total expenditure in relation to contracts above \$55,000</b>	<b>206,603</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 TI18.

TI18 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 TI18 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.

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**9. Other expenses**

	2024	2023
	\$'000	\$'000
Debts written off	185	977
Bank fees and charges	39	33
Other*	1,712	615
<b>Total other expenses</b>	<b>1,936</b>	<b>1,625</b>

\* Includes audit fees paid/payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* of \$0.309 million (\$0.301 million). No other services were provided by the Audit Office of South Australia.

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

	2024	2023
	\$'000	\$'000
<b>Land and buildings:</b>		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	-	(651)
<b>Net gain/(loss) from disposal of land and buildings</b>	<b>-</b>	<b>(651)</b>
<b>Plant and equipment:</b>		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(104)	(370)
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(104)</b>	<b>(370)</b>
<b>Total assets:</b>		
Total proceeds from disposal	-	-
Less total carrying amount of assets disposed	(104)	(1,021)
<b>Total net gain/(loss) from disposal of non-current and other assets</b>	<b>(104)</b>	<b>(1,021)</b>

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

**11. Cash and cash equivalents**

	2024	2023
	\$'000	\$'000
Cash at bank or on hand	824	931
Deposits with Treasurer: general operating	4,552	7,286
Deposits with Treasurer: special purpose funds	10,878	9,704
<b>Total cash and cash equivalents in the Statement of Financial Position</b>	<b>16,254</b>	<b>17,921</b>
<b>Total cash and cash equivalents in the Statement of Cash Flows</b>	<b>16,254</b>	<b>17,921</b>

Cash is measured at nominal amounts. The Government has a policy to align agency cash balances with the appropriation and expenditure authority.

The Hospital receives specific purpose funds from various sources including government, private sector and individuals. These amounts are controlled by the Hospital, and are used to help achieve the Hospital's objectives, notwithstanding that specific uses can be determined by the grantor or donor.

The Hospital earned interest on the special purpose funds deposit account of \$0.416 million (\$0.238 million).

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**12. Receivables**

	Note	2024 \$'000	2023 \$'000
<b>Current</b>			
Patient/client fees: compensable		1,275	696
Patient/client fees: other		12,433	9,797
Debtors		1,543	1,823
Less: allowance for impairment loss on receivables	12.1	(4,311)	(2,401)
Prepayments		1,090	934
Workers compensation provision recoverable		937	1,233
Sundry receivables and accrued revenue		1,976	2,094
GST input tax recoverable		384	938
<b>Total current receivables</b>		<b>15,327</b>	<b>15,114</b>
<b>Non-current</b>			
Debtors		328	145
Workers compensation provision recoverable		3,377	2,534
<b>Total non-current receivables</b>		<b>3,705</b>	<b>2,679</b>
<b>Total receivables</b>		<b>19,032</b>	<b>17,793</b>

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

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

**12.1 Impairment of receivables**

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

Movement in the allowance for impairment loss on receivables:

	2024 \$'000	2023 \$'000
<b>Carrying amount at the beginning of the period</b>	<b>2,401</b>	<b>2,495</b>
Increase/(Decrease) in allowance recognised in profit or loss	1,910	(94)
<b>Carrying amount at the end of the period</b>	<b>4,311</b>	<b>2,401</b>

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

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

**13. Inventories**

Inventories of \$3.140 million (\$3.186 million) are held for distribution at no or nominal consideration and are measured at the lower of cost and replacement cost.

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



## **14. Property, plant and equipment and intangible assets**

### **14.1 Acquisition and recognition of non-current assets**

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

The Hospital capitalises owned property, plant and equipment at 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 greater than \$5.000 million for infrastructure assets and \$1.000 million for other assets.

### **14.2 Depreciation and amortisation of non-current assets**

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

Depreciation/amortisation is calculated on a straight line basis. Property, plant and equipment are depreciated 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	Lease term
Accommodation and leasehold improvements	Lease term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2 - 25
• Computing equipment	3 - 5
• Other plant and equipment	2 - 25
Right-of-use plant and equipment	2 - 3
Intangibles	1 - 5

### **14.3 Revaluation**

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

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

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

### **14.4 Impairment**

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value and therefore these assets have not been tested for impairment. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

There were no indications of impairment for property, plant and equipment or intangibles as at reporting date.

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**14.5 Intangible assets**

The carrying amount of intangible assets (software) at beginning of the reporting period was \$0.087 million (\$0.191 million), additions of nil (\$0.087 million), transfer out of work in progress to plant and equipment was nil (\$0.191 million) resulting in a carrying amount at the end of the reporting period of \$0.087 million (\$0.087 million).

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation period and the amortisation method for intangible assets with finite useful lives is reviewed on an annual basis.

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

**14.6 Land and buildings**

An independent valuation of owned land and buildings, including site improvements, was performed from March to June 2024 by Certified Practising Valuers from Marsh Pty Ltd as at 1 June 2024, within the regular valuation cycle.

Fair value of unrestricted land was determined using the market approach by way of direct comparison. The valuation was based on an analysis of sales evidence and comparisons with the subject land, taking into account matters such as whether an active market can be established and there are no unreasonable restrictions as to use and/or sale, area, location and other general site characteristics. For land classified as restricted in use, fair value was determined by applying an adjustment to reflect the restriction.

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

**14.7 Plant and equipment**

The value of plant and equipment has not been revalued, this is in accordance with APS116.D, as the carrying value is deemed to approximate fair value. These assets are classified in Level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

**14.8 Leased, property, plant and equipment**

Right-of-use assets leased by the Hospital as lessee are measured at cost and there were no indications of impairment. Additions to the right-of-use assets during the period were \$1.167 million of motor vehicles (\$0.287 million including property and motor vehicles). 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 lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 18. Expenses related to right-of-use assets including depreciation and interest expense are disclosed at note 15 and 18. Cash flows related to right-of-use assets are disclosed at note 22.

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

The following table shows the movement:

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	Accommod- ation 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	
Carrying amount at the beginning of the period	41,815	391,646	44,902	12,448	1,680	9,560	2,224	472	2,405	507,152
Additions	7	-	586	53,050	-	1,073	-	581	561	55,858
Assets received free of charge	-	-	-	-	-	175	-	-	-	175
Disposals	-	-	-	-	-	(35)	(69)	-	-	(104)
Transfers between asset classes	-	8,000	-	(7,824)	38	1,800	-	-	(2,014)	-
Remeasurement	-	-	2,299	-	-	-	-	-	-	2,299
<b>Subtotal:</b>	<b>41,822</b>	<b>399,646</b>	<b>47,787</b>	<b>57,674</b>	<b>1,718</b>	<b>12,573</b>	<b>2,155</b>	<b>1,053</b>	<b>952</b>	<b>565,380</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(26,990)	(3,859)	-	(533)	(3,753)	(309)	(359)	-	(35,803)
<b>Subtotal:</b>	<b>-</b>	<b>(26,990)</b>	<b>(3,859)</b>	<b>-</b>	<b>(533)</b>	<b>(3,753)</b>	<b>(309)</b>	<b>(359)</b>	<b>-</b>	<b>(35,803)</b>
<b>Gains/(losses) for the period recognised in other comprehensive income:</b>										
Revaluation increment / (decrement)	15,867	102,383	-	-	-	-	-	-	-	118,250
<b>Subtotal:</b>	<b>15,867</b>	<b>102,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,250</b>
<b>Carrying amount at the end of the period</b>	<b>57,689</b>	<b>475,039</b>	<b>43,928</b>	<b>57,674</b>	<b>1,185</b>	<b>8,820</b>	<b>1,846</b>	<b>694</b>	<b>952</b>	<b>647,827</b>
<b>Gross carrying amount</b>										
Gross carrying amount	57,689	478,946	62,046	57,674	7,585	44,405	6,399	1,209	952	716,905
Accumulated depreciation / amortisation	-	(3,907)	(18,118)	-	(6,400)	(35,585)	(4,553)	(515)	-	(69,078)
<b>Carrying amount at the end of the period</b>	<b>57,689</b>	<b>475,039</b>	<b>43,928</b>	<b>57,674</b>	<b>1,185</b>	<b>8,820</b>	<b>1,846</b>	<b>694</b>	<b>952</b>	<b>647,827</b>

All property, plant and equipment (excluding capital works in progress which is not classified), is classified as level 3 in the fair value hierarchy, except for \$46.540 million in land and \$9.720 million buildings which is classified as level 2 – refer note 16. Refer to note 14.8 for details about the right-of-use assets, and note 18 for details about the lease liability for right-of-use assets.

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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	Accommod- ation 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>34,000</b>	<b>404,163</b>	<b>46,377</b>	<b>4,033</b>	<b>2,289</b>	<b>9,377</b>	<b>1,774</b>	<b>541</b>	<b>3,840</b>	<b>506,394</b>
Additions	7,815	-	-	19,672	-	1,014	85	287	2,354	31,227
Assets received free of charge	-	-	-	31	-	-	-	-	-	31
Disposals	-	(651)	-	-	-	(351)	(19)	-	-	(1,021)
Transfers between asset classes	-	11,289	-	(11,288)	-	3,228	751	-	(3,789)	191
Remeasurement	-	-	2,381	-	-	-	-	-	-	2,381
<b>Subtotal:</b>	<b>41,815</b>	<b>414,801</b>	<b>48,758</b>	<b>12,448</b>	<b>2,289</b>	<b>13,268</b>	<b>2,591</b>	<b>828</b>	<b>2,405</b>	<b>539,203</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(23,155)	(3,856)	-	(609)	(3,708)	(367)	(356)	-	(32,051)
<b>Subtotal:</b>	<b>-</b>	<b>(23,155)</b>	<b>(3,856)</b>	<b>-</b>	<b>(609)</b>	<b>(3,708)</b>	<b>(367)</b>	<b>(356)</b>	<b>-</b>	<b>(32,051)</b>
<b>Carrying amount at the end of the period</b>	<b>41,815</b>	<b>391,646</b>	<b>44,902</b>	<b>12,448</b>	<b>1,680</b>	<b>9,560</b>	<b>2,224</b>	<b>472</b>	<b>2,405</b>	<b>507,152</b>
<b>Gross carrying amount</b>										
Gross carrying amount	41,815	515,245	59,161	12,448	7,548	42,607	6,949	1,113	2,405	689,291
Accumulated depreciation / amortisation	-	(123,599)	(14,259)	-	(5,868)	(33,047)	(4,725)	(641)	-	(182,139)
<b>Carrying amount at the end of the period</b>	<b>41,815</b>	<b>391,646</b>	<b>44,902</b>	<b>12,448</b>	<b>1,680</b>	<b>9,560</b>	<b>2,224</b>	<b>472</b>	<b>2,405</b>	<b>507,152</b>

All property, plant and equipment (excluding capital works in progress which is not classified) is classified as level 3 in the fair value hierarchy, except for \$1.150 million land which is classified as level 2.

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

Refer to notes 14 and 16.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

### 16.1 Fair value hierarchy

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

#### Fair value measurements at 30 June 2024

	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements (Note 15)</b>			
Land	46,540	11,149	57,689
Buildings and improvements	9,720	465,319	475,039
Leasehold improvements	-	1,185	1,185
Plant and equipment	-	10,666	10,666
<b>Total recurring fair value measurements</b>	<b>56,260</b>	<b>488,319</b>	<b>544,579</b>

#### Fair value measurements at 30 June 2023

	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements (Note 15)</b>			
Land	1,150	40,665	41,815
Buildings and improvements	-	391,646	391,646
Leasehold improvements	-	1,680	1,680
Plant and equipment	-	11,784	11,784
<b>Total recurring fair value measurements</b>	<b>1,150</b>	<b>445,775</b>	<b>446,925</b>

The Hospital's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at notes 14 and 16.2.

The hospital had no valuations categorised into level 1. There are no non-recurring fair value measurements.

### 16.2 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. To the extent that land has had any restrictions on use and been adjusted with a discount factor these assets are classified as level 3. All other land has been classified as level 2.

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

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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, historical construction costs, functional utility users, industry construction guides, specialised knowledge and estimated acquisition/transfer costs;
- Characteristics of the asset, including condition, location, any restrictions on sale or use and the need for ongoing provision of Government services;
- Effective life, being the expected life of the asset assuming general maintenance is undertaken to enable functionality but no upgrades are incorporated which extend the technical life or functional capacity of the asset; and
- Depreciation methodology, noting that AASB 13 dictates that regardless of the depreciation methodology adopted, the exit price should remain unchanged.

**17. Payables**

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Creditors and accrued expenses	28,311	26,963
Paid Parental Leave Scheme	198	152
Other payables	866	929
<b>Total current payables</b>	<b>29,375</b>	<b>28,044</b>
<b>Total payables</b>	<b>29,375</b>	<b>28,044</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 28 for information on risk management.

**18. Financial liabilities**

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Lease liabilities	3,790	3,746
<b>Total current financial liabilities</b>	<b>3,790</b>	<b>3,746</b>
<b>Non-current</b>		
Lease liabilities	43,379	44,034
<b>Total non-current financial liabilities</b>	<b>43,379</b>	<b>44,034</b>
<b>Total financial liabilities</b>	<b>47,169</b>	<b>47,780</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 Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

The borrowing costs associated with leasing activities is \$1.172 million (\$1.073 million).

Refer to note 28 for information on risk management.

**18.1 Leasing activities**

The Hospital has a number of lease agreements, lease terms vary from 1 to 20 years.

Major lease activities include the use of:

- Properties – the Hospital has four property leases in place:
  - 44-46 John Rice Avenue, Elizabeth Vale (multi-deck car park)
  - 7-9 Park Terrace, Salisbury (office space)
  - Elizabeth GP Plus, Elizabeth Way, Elizabeth (GP Clinic)
  - Playford Health Hub, John Rice Avenue, Elizabeth Vale
- 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 specific time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

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General 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.

The Hospital has not committed to any lease arrangements that have not commenced.

Refer note 15 for details about the right-of-use assets (including depreciation).

**18.2 Concessional lease arrangements**

The Hospital has no concessional lease arrangements.

**18.3 Maturity analysis**

A maturity analysis of lease liabilities based on undiscounted gross cash flows:

	2024	2023
	\$'000	\$'000
<b>Lease Liabilities</b>		
Within one year	4,857	4,799
Later than one year but not longer than five years	16,965	17,294
Later than five years	33,772	34,485
<b>Total lease liabilities (undiscounted)</b>	<b>55,594</b>	<b>56,578</b>

**19. Staff related liabilities**

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	20,556	16,433
Annual leave	67,638	62,386
Long service leave	8,837	7,456
Skills and experience retention leave	4,016	3,624
Staff on-costs	12,291	12,366
Other	2	3
<b>Total current staff related liabilities</b>	<b>113,340</b>	<b>102,268</b>
<b>Non-current</b>		
Long service leave	96,114	82,485
Staff on-costs	4,310	3,574
<b>Total non-current staff related liabilities</b>	<b>100,424</b>	<b>86,059</b>
<b>Total staff related liabilities</b>	<b>213,764</b>	<b>188,327</b>

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

**19.1 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 are expected to be payable within 12 months and are 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 staff related liabilities and staff related expenses of \$0.279 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.

**19.2 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 expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on staff data over SA Government entities and the health sector across government.

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The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth bonds has increased from 2023 (4.00%) to 2024 (4.25%). The actuarial assessment performed by DTF increased the salary inflation rate from 2.50% to 3.50% for long service leave resulting in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$5.354 million, staff on-costs of \$0.234 million and staff related expense of \$5.588 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

**19.3 Staff on-costs**

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2023 rate (11.1%) to 11.5% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff related expenses of \$0.404 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

**20. Provisions**

The Hospital's provision relates to workers compensation only.

*Reconciliation of workers compensation (statutory and additional compensation)*

	2024	2023
	\$'000	\$'000
<b>Carrying amount at the beginning of the period</b>	<b>11,831</b>	<b>10,870</b>
Payments	(3,798)	(4,093)
Remeasurement	4,170	1,503
Additions	4,631	3,551
<b>Carrying amount at the end of the period</b>	<b>16,834</b>	<b>11,831</b>

**20.1 Workers Compensation**

The Hospital as an exempt employer is responsible for the payment of workers compensation claims and the implementation and funding of preventative programs. A liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

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

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

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



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**21. Contract liabilities and other liabilities**

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Contract liabilities	-	372
Unclaimed monies	-	2
Unearned revenue	45	16
Other	13	28
<b>Total current contract liabilities and other liabilities</b>	<b>58</b>	<b>418</b>
<b>Total contract liabilities and other liabilities</b>	<b>58</b>	<b>418</b>

**22. Cash flow reconciliation**

	2024	2023
	\$'000	\$'000
<b>Reconciliation of net cash provided by operating activities to net result:</b>		
Net cash provided by (used in) operating activities	5,166	11,604
<b>Add/less non-cash items</b>		
Capital revenues	49,092	23,704
Depreciation and amortisation expense of non-current assets	(35,803)	(32,051)
Gain/(loss) on sale or disposal of non-current assets	(104)	(1,021)
Resources received free of charge	175	31
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	1,239	3,504
Increase/(decrease) in inventories	(46)	-
(Increase)/decrease in staff benefits	(25,437)	(9,414)
(Increase)/decrease in payables and provisions	(3,491)	(4,464)
(Increase)/decrease in other liabilities	360	(120)
<b>Net result</b>	<b>(8,849)</b>	<b>(8,227)</b>

Total cash outflows for leases is \$5.248 million (\$4.643 million).

**23. Unrecognised contractual commitments**

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

	2024	2023
	\$'000	\$'000
<b>Contractual commitments to acquire property, plant and equipment</b>		
Within one year	878	81
<b>Total capital contractual commitments</b>	<b>878</b>	<b>81</b>

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

	2024	2023
	\$'000	\$'000
<b>Other contractual commitments</b>		
Within one year	41,230	36,472
Later than one year but not longer than five years	67,087	24,263
Later than five years	1,876	987
<b>Total other contractual commitments</b>	<b>110,193</b>	<b>61,722</b>

The Hospital's other contractual commitments are for agreements for goods and services ordered but not received.

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## 24. Trust funds

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

	2024	2023
	\$'000	\$'000
Carrying amount at the beginning of period	636	464
Client trust receipts	831	620
Client trust payments	(692)	(448)
<b>Carrying amount at the end of the period</b>	<b>775</b>	<b>636</b>

## 25. Contingent assets and liabilities

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

## 26. Events after balance date

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

## 27. 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 is not material.

No Australian Accounting Standards have been early adopted by the Hospital for the reporting period ended 30 June 2024.

## 28. Financial instruments/financial risk management

### 28.1 Financial risk management

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

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

#### Liquidity Risk

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

Refer to notes 1.4, 17 and 18 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 11 and 12 for further information.

#### Market Risk

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

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

**28.2 Categorisation of financial instruments**

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

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

A financial asset is measured at amortised cost if:

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

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 12 and 17).

Category of financial asset and financial liability	Notes	2024 Carrying amount/ Fair value \$'000	2023 Carrying amount/ Fair value \$'000
<b>Financial assets</b>			
Cash and equivalent			
Cash and cash equivalents	11,22	16,254	17,921
Amortised cost			
Receivables	12	12,848	11,985
<b>Total financial assets</b>		<b>29,102</b>	<b>29,906</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Payables	17	28,868	27,591
Lease liabilities	18	47,169	47,780
Other liabilities	21	13	28
<b>Total financial liabilities</b>		<b>76,050</b>	<b>75,399</b>

Statutory receivables and payables are excluded from these tables because they are not financial assets and financial liabilities. In government, certain rights to receive or obligations to pay cash may not be contractual but have their source in legislation. The disclosure requirements of AASB7 Financial Instruments do not apply to statutory receivables and payables.

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

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss 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 with 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.

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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:

Days past due	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
Current	0.2 - 1.3%	4,197	42	0.2 - 1.5%	2,969	36
<30 days	0.4 - 2.0%	1,743	22	0.5 - 2.3%	1,760	26
31-60 days	1.1 - 4.9%	1,023	26	1.3 - 5.3%	922	28
61-90 days	2.0 - 7.3%	586	24	2.4 - 7.6%	1,069	52
91-120 days	3.1 - 9.0%	610	38	3.8 - 9.1%	886	64
121-180 days	5.9 - 12.2%	891	82	7.3 - 12.4%	1,132	122
181-360 days	19.0 - 44.3%	2,678	1,167	18.9 - 44.4%	1,419	600
361-540 days	40.0 - 86.3%	1,432	1,214	39.9 - 86.5%	421	345
>540 days	45.3 - 100.0%	1,778	1,696	45.2 - 100.0%	1,187	1,128
<b>Total</b>		<b>14,938</b>	<b>4,311</b>		<b>11,765</b>	<b>2,401</b>

## 29. Significant transactions with government related entities

The Hospital is controlled by SA Government.

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

Significant transactions with the SA Government are identifiable throughout this financial report. The Hospital received funding from the SA Government via the Department (note 2), and incurred expenditure via the Department for medical, surgical and laboratory supplies, insurance and computing (note 8). The Hospital incurred significant capital expenditure with DIT of \$42.336 million (\$11.334 million).

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**30. Board and committee members**

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

<b>Board/Committee name:</b>	<b>Government employee members</b>	<b>Other members</b>
Northern Adelaide Local Health Network Governing Board	-	Searle J (Chair), Burgess A, Culley A, Forwood M, Lampard F, Patetsos M, Roesler C, Swan D
Northern Adelaide Local Health Network Clinical Governance Committee	-	Patetsos M (Chair), Dennis C, Roesler C, Burgess A, Lynch I
Northern Adelaide Local Health Network Consumer Advisory Board	-	White A (Chair), Dahal K, Mossop J, Putsey P, Spargo J
Northern Adelaide Local Health Network Consumer Community	4	Baker K, Balagengadaran C, Bonato K, Cately P, Chester M, Coleman L, Dahal K, Damgaard H, Dimitropolous T, Foong J, Gadd R, Grinter M, Hassan R, Irvine S, MacFarlan C, Maiorana B, Mossop J, Putsey P, Radic S, Radoslovich H, Raina M, Rowa J, Simpson T, Spargo J, Streiber N, Swietek W, Wegener M, White A, Whittle S
Northern Adelaide Local Health Network Risk Management & Audit Committee	-	Patetsos M (Chair), Connor G, Forwood M
Northern Adelaide Local Health Network and Department for Health and Wellbeing Aboriginal Consumer Reference Group	-	Wanganeen K (Chair), Stengle A, Wanganeen E, Chisholm K, Sinclair N, Weetra R, Varcoe E, Lamont J, O'Brien M, Turner B

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

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**31. Schedules of administered funds**

The Hospital administers the following funds:

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

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from fees and charges	13,569	10,997
Other revenue	39	43
Supplies and services	(8)	(17)
Other expenses	(13,292)	(11,465)
<b>Net result</b>	<b>308</b>	<b>(442)</b>
Cash and cash equivalents	1,713	1,430
Receivables	861	834
<b>Net assets</b>	<b>2,574</b>	<b>2,264</b>
<b>Cash at 1 July</b>	<b>1,430</b>	<b>1,575</b>
Cash inflows	13,583	10,940
Cash outflows	(13,300)	(11,085)
<b>Cash at the end of the period</b>	<b>1,713</b>	<b>1,430</b>

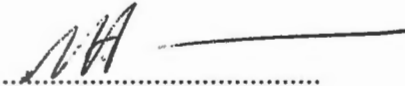
## Certification of the financial statements

We certify that the:

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



.....  
Karen Puvogel  
Chief Executive Officer



.....  
Natalia Hubczenko  
Chief Finance Officer



.....  
Prof Judy Searle  
Governing Board Chair

Date ..... 11/9/2024 .....