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# Flinders and Upper North Local Health Network **2020-21 Annual Report**

Flinders and Upper North Local Health Network  
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2020-2021 ANNUAL REPORT for the Department of Health and Wellbeing – Flinders and Upper North Local Health Network

To:

Hon Stephen Wade MLC

Minister for Health and Wellbeing

Health, Ageing, Mental Health and Substance Abuse

This annual report will be presented to Parliament to meet the statutory reporting requirements of *Health Care Act 2008*, *Health Care (Governance) Amendment Act 2021* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the Flinders and Upper North Local Health Network by:

Craig Packard

Chief Executive Officer

Flinders and Upper North Local Health Network

Date: 24 September 2021

Signature



Mark Whitfield

Chair Governing Board

Flinders and Upper North Local Health Network

Date: 24 September 2021

Signature:



## From the Chief Executive



It is with great pleasure I present the 2020-21 Annual Report for the Flinders and Upper North Local Health Network (FUNLHN). The year has been enormously challenging but extremely rewarding in many ways. Not only rewarding to meet the impacts of the global COVID-19 pandemic, but particularly that we have achieved this while also continuing to develop our local health network capacity. Whilst we are only in our second year as an independent health entity, our dedicated staff have worked tirelessly to build a health service that provides the best possible care for our consumers.

This year we have focused on reviewing, developing and planning the services, structures and staffing we need to ensure the best possible services to our communities. One of the highlights was to establish a preferred model for our Emergency Departments and Inpatient (ED/IP) medical services and have this supported by the FUNLHN Board to progress. This is a significant achievement to have a commitment to implement a new salaried rural generalist medical workforce, and progress from the current predominately locum doctor model, which is often unstable, particularly over the last 12 months with interstate and international travel restrictions making it difficult to engage locums. We now move to the recruitment phase of securing the Medical Heads of Units and the new ED/IP Medical Consultants.

We are also excited that this year we have explored innovative ways to develop new services into the region. This includes the introduction of a Midwifery Group Practice service at Whyalla, Nurse Practitioners in the Whyalla and Port Augusta Emergency Departments (ED), dedicated Mental Health Nurses in the Whyalla and Port Augusta ED, plus a number of new corporate positions that strengthens our LHN's self-sufficiency.

The introduction of on-site security services at Whyalla and Port Augusta Hospitals has also been a considerable achievement for the LHN and I personally thank the Governing Board for their commitment to ensure the safety of our staff and consumers in our services. The implementation of these 24 hour, seven day security officers is a unique commitment in regional hospitals.

This year we conducted two major accreditation surveys, of which I am very proud of our results. The first was to meet the accreditation requirements of the National Safety Quality Health Service Standards. This was a tremendous result with nil not-met's against all the quality standards. The second was the accreditation survey against the National Disability Insurance Scheme (NDIS) Standards. I am also proud to acknowledge that we met all the required quality standards of the NDIS. Our staff across all our sites and services have done an amazing job to ensure the ongoing high quality of our services to all consumers.

The requirement and commitment to the safety of our communities against the COVID-19 pandemic has again be a large focus for our service. This has included the continued screening and testing requirements and in addition, the need to deliver the vaccination program across the LHN. These additional services have placed pressure on our staffing resources and the ability to recruit staff has been very difficult, given the current level of health staffing needs across the nation. However, we have been able to manage these new requirements and deliver the vaccinations to the eligible cohorts across our wider LHN.

We were very pleased to have the Minister for Health and Wellbeing, Honourable Stephen Wade MLC, formally release the Rural Allied Health and Scientific Health Workforce Plan at

Whyalla this year. The plan recognises the importance of the regional allied and scientific health workforce to regional and rural communities and acknowledges the complexity and diversity of the allied and scientific health workforce and the settings in which they work.

This year we have been planning with the state government the future of the Leigh Creek Township and transition from a mining town to an open township. The township transition will include the building of a new purpose built Health Clinic at Leigh Creek, which we anticipate will be constructed by early 2023.

Aged Care services, both our residential services at Quorn and Hawker and our community home based services delivered through Country Health Connect, have been a growing and important part of our service planning over the last 12 months, but will also increase into the coming year. This includes meeting the requirements of the released report from the Aged Care Royal Commission and to meet the growing needs of an ageing community. FUNLHN has been participating at a state-wide level in developing a SA Health Aged Care Strategy however, the coming year will require us to define this planning and business case in our own LHN.

The increasing requirements to meet the aged care service needs will be a challenge for us over the coming years, given the staffing difficulties already being experienced across the nursing, medical and aged care sector. I am excited that this provides new opportunities to further explore innovation and use of technology in the delivery of health services in regional and remote areas.

We were extremely pleased this year to develop and release our FUNLHN branding which will allow us to identify our services to the community. I am excited with the final design and the promotional tools associated with our new branding and thank everyone involved with the consultation and development of the FUNLHN branding, which I feel depicts our region beautifully.

Thank you to the FUNLHN Governing Board for their support and commitment to myself and our Leadership Team in the operational management of health service. We have an extremely dedicated leadership team and staff across all our services. Once again, the coming year will bring challenges, but I have full confidence in our ability to meet these challenges. Lastly, I thank Bevan Francis who has been the inaugural FUNLHN Board Chair, for his support and commitment to the establishment of the FUNLHN. I wish Bevan all the best for the future. His support to me has been much appreciated. I look forward to working with the Board and new Board Chair, Mark Whitfield, into the future.



Craig Packard

**Chief Executive Officer**

Flinders and Upper North Local Health Network

## From the Governing Board Chair



I start this foreword with a disclosure – I have not been the Chair for the whole year and will acknowledge the outstanding leadership of the former, now retired, Chair – Bevan Francis. As the inaugural Chair of the FUNLHN Governing Board, Bevan had the task of bringing together a diverse group of individuals and moulding into a cohesive team – a task that he completed with great aplomb, especially with some of us coming from outside of the health system. His lasting legacy is a cohesive and focussed Board.

During the past year we have achieved some significant milestones including the development of:

- The Consumer and Community Engagement Strategic Framework
- The Strategic Plan 2021 – 2026
- The Clinical Engagement Strategy
- Appointment of the Senior Leadership Team
- Achievement of NDIS and ACHS accreditation
- Strong financial performance

All achieved in a COVID-19 restricted context.

I acknowledge the tireless work of our staff, who established processes to reduce COVID-19 risk in our health settings, and rapid response protocols in the event that we needed to respond to local outbreaks. More recently staff have also been working in vaccination and testing clinics. The Board are blessed to have such good people working with us and we extend our sincere thanks to them all.

Through the past year, the Board have needed to adapt to the many challenges that COVID-19 put before us and I am pleased to be able to say that we managed to rise to each of them. This foreword is the most appropriate place to acknowledge the skills and commitment of Board Members.

John Lynch, Geri Malone, Karyn Reid, Suzy Graham and Garnett Brady have worked tirelessly, attending meetings across the FUNLHN footprint as well as virtually. I acknowledge their great work and value their focus, commitment and skills.

The future still holds some significant challenges for us including recruitment of a skilled workforce – especially clinical, responding to aging infrastructure and equipment, overcoming the tyranny of distance in delivering services, responding to the outcome of the Aged Care Royal Commission and continuing to advocate for increase and improved access to services in the regions

This Annual Report chronicles, in detail, significant achievements during the past year. I thank everyone involved in our success and commend this Annual Report to you.

A handwritten signature in blue ink, appearing to read 'Mark Whitfield'.

Mark Whitfield

**Governing Board Chair**

Flinders and Upper North Local Health Network

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## Overview: about the agency

### Our strategic focus

<b>Our Purpose</b>	The Flinders and Upper North Local Health Network delivers culturally safe and high-quality health care services in collaboration with our consumers, enhanced through research and innovation to improve health outcomes for our communities.
<b>Our Vision</b>	Excellence in healthcare for everyone, every day, all the time.
<b>Our Values</b>	Integrity Respect Compassion Engage Courage
<b>Our functions, objectives and deliverables</b>	<p>Flinders and Upper North Local Health Network provides a range of public acute, residential aged care, community health and mental health services to country-based South Australians.</p> <p>Flinders and Upper North Local Health Network's objectives and deliverables are:</p> <p><b><u>Sustainability:</u></b> In Services   Workforce   Financial            We access resources to build an organisation, that incorporates the best of the present and embraces innovation.</p> <p><b><u>Finance:</u></b> We manage a viable and sustainable funding base that is flexible and responsive to deliver safe quality services that enhances the wellbeing of our consumers and the development of our people.</p> <p><b><u>Consumer Focus:</u></b> We enhance the safety and quality of our services by partnering with consumers in their own care. Our services meet the needs of our communities because we provide opportunities for consumers to partner in the design and evaluation of our services.</p> <p><b><u>Aboriginal Health:</u></b> We build trust, positive and effective partnerships to enable Aboriginal and/or Torres Strait Islander peoples in the Flinders and Upper North Local Health Network to enjoy the same health outcomes and life expectancy as all other Australians.</p> <p><b><u>People:</u></b> We acknowledge, grow and invest in our people to achieve best service delivery outcomes.</p>



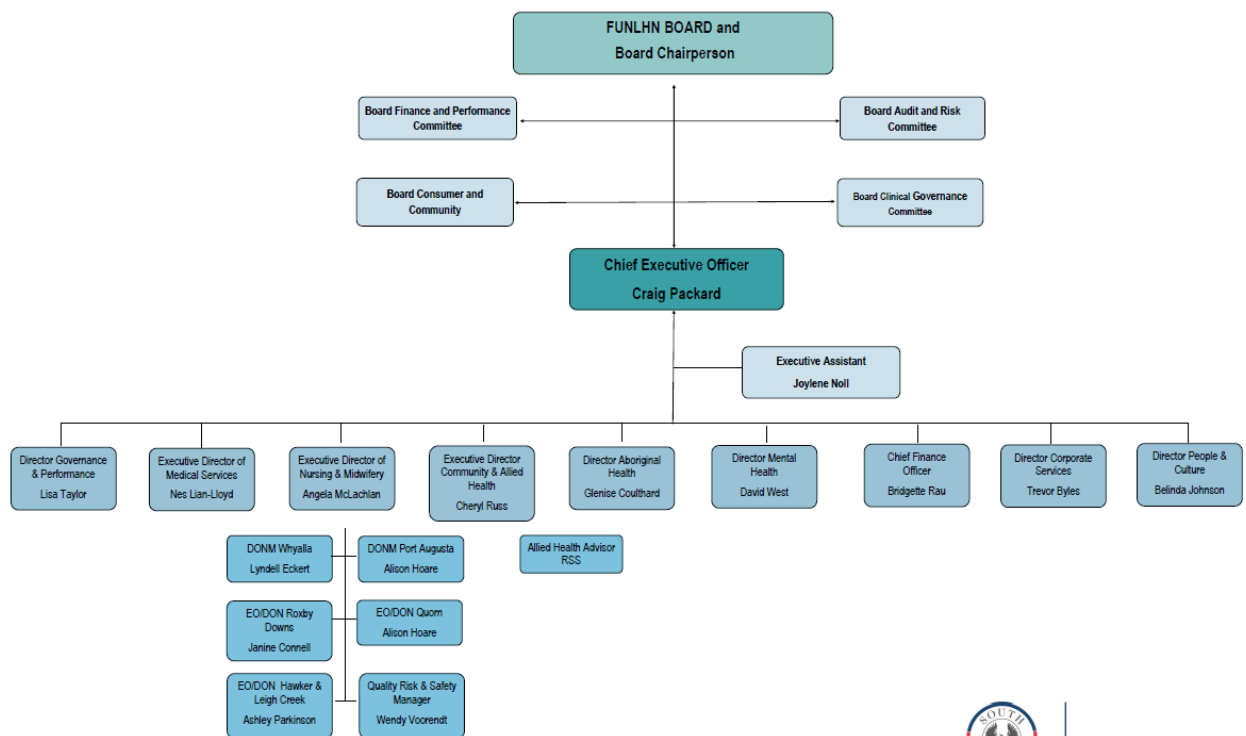
**Equity:** We deliver access to care, for every person, in every community, to meet their unique needs.

**Quality and Safety:** Every employee in the Flinders and Upper North Local Health Network is committed to the delivery of safe health care through the provision of systems, processes and resources to ensure that our people can provide a high standard of safe quality care to all.

**Innovation:** We empower our people to embrace new technology, work practices and ideas by fostering curiosity and creativity to meet the evolving needs of our community.

## Our organisational structure

### Flinders & Upper North Local Health Network LEADERSHIP Structure



FUNLHN BOARD Leadership Structure September 2021

## Changes to the agency

During 2020-21 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

## Our Minister

The Hon Stephen Wade MLC MP is the Minister for Health and Wellbeing in South Australia. The Minister oversees the Health, Wellbeing, Mental health, Ageing well, Substance abuse and Suicide Prevention.



## Our Executive Team



***Craig Packard, Chief Executive Officer***, is accountable to the Governing Board for the provision, management and administration of health services and achieving the overall performance of the public health system for the Flinders and Upper North Local Health Network.



***Angela McLachlan, Executive Director Nursing and Midwifery***, responsible for the delivery of Nursing and Midwifery professional services across the Local Health Network. Angela also leads the Quality, Risk and Safety Team and is Chair of the Operational Clinical Governance Committee.



***Dr Nes Lian-Lloyd, Executive Director Medical Services***, responsible for ensuring clinical governance for the delivery of safe, high quality medical care. Oversight and coordination of medical staff and medical service contracts in the Local Health Network, including oversight of recruitment and orientation of new Medical Officers.



***Cheryl Russ, Executive Director Community and Allied Health***, responsible for the efficient and effective management of the Community Health Services resulting in the provision of a range of community and hospital based health services responsive to the identified needs of the Flinders and Upper North Local Health Network.



***Trevor Byles, Director Corporate Services***, responsible for managing, developing, coordinating and monitoring significant very high-level quality and critical, corporate and business services that support the effective operation of health units across the Local Health Network.



***Belinda Johnson, Director People and Culture***, responsible for leading and managing the delivery of best practice human resources services within a business partnering framework, implementing proactive workforce strategies and interventions within services across the Local Health Network in order to drive continuous improvement, performance and accountability of workforce goals and objectives.



***Lisa Taylor AAICD, Director Governance and Performance***, responsible for leading the provision of high quality and timely support to the Chief Executive Officer and executive support to the Board of management to support a focus on performance and effectiveness.



***Glenise Coulthard AM, Director Aboriginal Health*** is responsible to the Flinders and Upper North Local Health Network Chief Executive Officer in initiating, planning, implementing, coordinating and delivering Aboriginal Health programs across the region and providing high-level strategic leadership in expanding concepts and programs throughout.



***Bridgette Rau, Chief Finance Officer***, responsible for leading the provision of comprehensive financial services across the region by contributing to the leadership, performance and financial strategic direction of the Flinders and Upper North Local Health Network.



***David West, Director of Mental Health Services***, responsible for the delivery of mental health services within the Local Health Network, and complex mental health reform projects in line with state-wide directions in collaboration with the Rural and Remote Mental Health Service.

## **Our Governing Board**



### **Mark Whitfield, Chairperson of the Governing Board.**

Mark Whitfield is currently Presiding Member Eyre Peninsula Landscape Board, Director NRM Regions Australia Ltd and formerly Chair of the Whyalla Special Education Centre. Until recently, Mark was Executive Manager of the Spencer Gulf Rural Health School. He has previously worked in other roles in regional development, health and education in Whyalla and on Eyre Peninsula and in the Far North of the State and in local government.

He has also previously held Board roles as Chairman Lifeline Country to Coast SA Inc., Chairman D'faces of Youth Arts Inc. and President Riding for the Disabled Whyalla, and Executive Member Riding for the Disabled SA. Mark is a member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management. Mark has lived in Whyalla since 2001. He has a strong record of volunteering on a variety of community organisation Boards.

**Garnett Brady PSM, Director of the Governing Board.**



Garnett Brady is an Adnyamathanha/Yankunytjatjara man from Port Augusta with significant experience in health and community services across the region. Most recently he was founder/owner and manager of Flinders Crest Services Incorporated, a labour hire business employing Aboriginal people through labour hire arrangements with contractors on the BHP Olympic Dam mine site at Roxby Downs, finishing in the role in 2015.

Garnett had previously been employed as Community Manager Bungala Aboriginal Corporation at Ernabella and Fregon Communities in the APY Lands, Manager Aboriginal Health Unit, Port Augusta Hospital and Far Northern Regional Health Services, Social Worker, Department of Family and Community Services and CEO Pika Wiya Health Service.

He has also previously served on the Boards of Pika Wiya Health Service and the Port Augusta Hospital Inc. Garnett brings significant experience in Aboriginal Health to the Governing Board.



**John Lynch OAM, Director of the Governing Board.**

John Lynch served with the Royal Flying Doctor Service (RFDS) for 32 years and was the Chief Executive Officer of RFDS Central Operations, finishing in December 2018. John initially joined the RFDS at its Broken Hill Base as an Accountant in 1986. He was appointed Chief Finance Officer of RFDS Central Operations serving SA and NT in 1991 and assumed the position of Chief Executive Officer in December 2000 and served in this role for 18 years.

John possesses outstanding business acumen and financial management skills and oversaw unprecedented growth and financial security of the organisation. John holds a Bachelor of Health Science Management, is a Fellow of the National Institute of Public Accountants, an Associate Fellow of the Australian College of Health Service Executives and a Member of the Australian Institute of Company Directors.

John brings finance and governance experience along with rural and remote primary health care practice experience to the Governing Board.





**Suzy Graham, Director of the Governing Board.**

Suzy Graham holds Bachelor degrees in Arts and Laws, and has worked as a lawyer since 1999. Since 2005 Suzy has been self-employed, initially with her practice Adelaide Family Law in Adelaide, before relocating and establishing Spencer Gulf Law in Port Augusta in 2007. Within her legal practice, Suzy provides advice and representation in criminal matters, family law, wills and estates, conveyancing, commercial transactions, youth justice, child protection and advises in a range of other areas.

Suzy is an active member of the Port Augusta community, volunteering across a number of associations. Suzy is an Executive Board Member of Business Port Augusta, Committee member, Country Practitioners' Committee, Law Society of SA and Business Representative on the committee of the Australian Arid Lands Botanic Garden.

Suzy has well established relationships with a number of government and non-government entities within the Flinders and Upper North Local Health Network. Suzy brings legal expertise, business experience and broad local community knowledge to the Governing Board. Suzy is board member, Audit and Risk Committee of the Governing Board.



**Karyn Reid, Director of the Governing Board.**

Karyn Reid is currently a private consultant undertaking complex community consultation and mixed method evaluations to a range of health, community and local government organisations.

Previously a General Registered Nurse working across multiple clinical fields, she has held the positions of Community Health Manager, Port Augusta Hospital and Regional Health Service Inc., and CEO of the Coober Pedy Hospital. She has also been employed as the Director of Nursing of a 50 bed Residential Aged Care facility, Project Facilitator and Evaluator for multiple community Alcohol Management Plans, Consultant CEO Flinders and Far North Division of General Practice Inc, and Consultant Manager, Community Mental Health Team, Port Augusta Hospital and Regional Health Service Inc,

Karyn has a keen interest in health consumer participation and experience as a consumer and community advocate. She was Presiding Member, Port Augusta, Roxby Downs and Woomera Health Advisory Council, for five years until May 2019; and the country consumer representative for the Country Health SA Clinical Governance Committee for two years until May 2019.

She has held professional memberships of the South Australian Directors of Nursing Association, the Australian Nurses Federation, the Infection Control Association of SA and the Sterilizing Technology Association of SA.

Karyn brings health practitioner and rural health management experience to the Governing Board. She is currently the Chair, Consumer and Community Engagement Committee of the Board; and board member, Clinical Governance Committee of the Board.



**Geri Malone, Director of the Governing Board.**

Geri Malone has had a career with a very strong focus on rural and remote health ranging from clinical roles, management, education and professional development to policy and advocacy.

Her expertise lies in the remote and rural health context. Key areas include but are not limited to workforce issues, recruitment and retention, professional development needs, support of the workforce to meet professional standards to deliver health services in the unique models of care, and development and implementation of robust Clinical Governance frameworks to ensure safe quality services, models of service delivery that meet that needs of communities.

Geri has policy and advocacy experience at national level, experience on numerous advisory and working groups, and extensive experience in stakeholder engagement and building collaborative relationships. She is currently a Board member of Resthaven Inc, and Royal Flying Doctor Service Central Operations and has previously been a Board member and Chair of the National Rural Health Alliance and a Board member of the National Rural Women's Coalition and CRANApplus. Geri is a Registered Nurse and Midwife, with a Graduate Certificate in Remote Health Practice and a Masters of Public Health. Geri is also a Graduate of the Australian Institute of Company Directors. She brings rural and remote health service delivery and clinical governance experience to the Governing Board.

**Legislation administered by the agency**

*Nil.*

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

Department for Health and Wellbeing

Barossa Hills Fleurieu Local Health Network Inc.

Central Adelaide Local Health Network Inc.

Commission on Excellence and Innovation in Health

Eyre and Far North Local Health Network Inc.

Hawker District Memorial Health Advisory Council

Leigh Creek Health Advisory Council

Limestone Coast Local Health Network Inc.

Northern Adelaide Local Health Network Inc.

Office for Aging Well

Port Augusta, Roxby Downs, Woomera Health Advisory Council

Quorn Health Services Health Advisory Council

Riverland Mallee Coorong Local Health Network Inc.

South Australian Ambulance Service

Southern Adelaide Local Health Network Inc.

Wellbeing SA

Whyalla Hospital and Health Services Health Advisory Council

Women's and Children's Health Network Inc.

Yorke and Northern Local Health Network Inc.



## The agency's performance

### Performance at a glance

In 2020-21 the Flinders and Upper North Local Health Network achieved good results in key performance areas including:

- Meeting targets for all emergency department 'seen on time' triage categories.
- Meeting targets for emergency department patients who left at their own risk.
- Meeting targets for elective surgery timely admissions.
- Meeting targets for Mental Health services including acute length of stay, post-discharge community follow up, restraint and seclusion events.
- Achieving results above targets for positive responses to key consumer experience questions.
- 97.5 % of complaints acknowledged within two working days and 94% responded to within 35 working days.
- Meeting targets for safety and quality performance indicators hospital acquired complication rates, hand hygiene compliance rate and potentially preventable admissions.
- Meeting targets for all Mental Health key performance indicators.
- Successful accreditation achieved against the National Safety and Quality Health Service Standards for all health services within the Flinders and Upper North Local Health Network until August 2024.
- Successful accreditation achieved against the National Disability Insurance Scheme Practice Standards until October 2022.
- Delivering services tailored specifically to the needs of local Aboriginal and Torres Strait Islander communities such as the Aboriginal Family Birthing Program, Aboriginal Patient Pathways Officer and Aboriginal Liaison Officer.
- Continuing to deliver community, in home and residential services within the Country Health Connect Brand. Increasing the number clients provided with a service in areas such as the National Disability Insurance Scheme and Home Care Packages.

### Agency response to COVID-19

The Flinders and Upper North Local Health Network has continued to ensure that the Local Health Network has a robust local COVID-19 Clinical Response Plan. This year the focus has been ensuring COVID-19 testing continues to be readily accessible and establishing a vaccination across the LHN.

Vaccination Centres for both Astra Zeneca and Pfizer vaccine have been established in Port Augusta and Whyalla, regular outreach clinics have been established in Roxby Downs, Hawker and Leigh Creek.

Aged Care staff and residents were prioritised in the early phases of the roll out, with vaccination now currently available to everyone over 16 years of age in the Flinders and Upper North Local Health Network catchment area.

As at the 30 June 2021, 7500 doses of COVID-19 vaccinations had been delivered across the network. In line with state projections, Flinders and Upper North Local Health Network is on track to reach 80% vaccination rate by early 2022.

### Agency contribution to whole of Government objectives

Overall, The Flinders and Upper North Local Health Network performed well against the majority of the whole of Government objectives, acknowledging areas of improvement required for the 2020-21 Financial Year.

Key objective	Agency's contribution
More Jobs	<p>The commencement of the Rural Health Workforce Strategy was a critical achievement, contributing investment towards:</p> <p>Improving services for long-term, high-quality maternity care.</p> <p>Providing further specialised training for allied health professionals.</p> <p>Providing additional training and career opportunities for Aboriginal and Torres Strait Islander health practitioners.</p> <p>Providing medical workforce support grants, supporting recruitment and retention of GPs in rural communities.</p> <p>Expanding training opportunities for community support workers.</p> <p>Providing mental health education for suicide prevention and patient management.</p> <p>Supporting rural community nursing workforce to manage more complex clients in rural areas.</p> <p>Providing rural dental workshops, promoting a rural career for dental professionals.</p> <p>Expanding the digital telehealth network.</p> <p>Providing simulation and training equipment.</p> <p>Creating sustainable models for allied health student support in collaboration with university partners.</p>

	<p>Developing and implementing contemporary Allied Health Assistant Framework and Workforce Model of care.</p> <p>Collaborating with the education sector to encourage graduates to work in rural communities and continue career opportunities by further education.</p>
Lower Costs	<p>Costs for consumers were reduced through delivering programs such as:</p> <p>The Patient Assistance Transport Scheme.</p> <p>Timely elective surgery in rural communities.</p> <p>Increasing access to telehealth services.</p> <p>Home-based chronic disease monitoring.</p>
Better Services	<p>Significant service outcomes achieved included the following:</p> <ul style="list-style-type: none"> <li>• All our Health units are supported by the South Australian Virtual Emergency Service (SAVES), ensuring rural GPs and nurses have access to remote medical support overnight when required.</li> <li>• Our Health Units have access to high-quality specialist advice via the Digital Telehealth Network, including through the MedSTAR emergency medical retrieval service.</li> <li>• State-wide tele-rehabilitation services are delivered to people in their own homes via an iPad or computer.</li> <li>• Clients with chronic conditions were supported through the My Health Point of Care Innovative Technologies Trial (PoCiTT) home monitoring program.</li> <li>• The Aged Care Assessment Program ensured that older people could gain timely access to residential aged care, home care packages and transitional care packages.</li> </ul>

## Agency specific objectives and performance

Agency objectives	Indicators	Performance
Improving access to health services in our community	Community nursing and allied health service activity	34,019 community nursing and allied health occasions of service were provided to 5,816 individual clients.
	Avoidable hospital activity	539 clients with chronic conditions received increased community-based support, resulting in avoiding 459 hospital admissions, 10 emergency department presentations 240 occupied bed days.
	Potentially preventable admissions	There were 6.9%potentially preventable admissions, a reduction from 7.4% in 2019-20.
	National Disability Insurance Scheme (NDIS) program activity	177 total active clients at 30 June 2021, including 97 adults and 80 children.
Hospital Services	Emergency departments seen on time	Targets met across all triage levels.
	Elective surgery timely admissions	Targets met across category 2-3, category 1 was 99.8%.
	Tele-rehabilitation consults	367 Tele-rehabilitation consults were held in inpatient and ambulatory settings across the Digital Telehealth Network or other therapeutic applications.
	Acute inpatient activity	11,149 same day and 7,998 overnight patients were admitted. 459 babies were delivered.

Continuous Improvement of quality and safety	Safety assessment code (SAC) 1 and 2 incidents	<p>There were 14 SAC 1 and 2 incidents. An increase of 2 from the previous year.</p> <p>Overall, SAC 1 and 2 incidents accounts for 0.88% of all reported incidents.</p> <p>100% of SAC 1 and 2 incidents were openly disclosed.</p>
	Hospital acquired complications	0.7%. There were 44 separations with a hospital acquired complication. The funding impact was \$54,741.
Aboriginal Health	Aboriginal Health – Left emergency department at own risk (target <3%)	2.1%, an increase of 0.9% from the previous year.
	Aboriginal Health – left against medical advice (inpatient)	9.48% of overnight Aboriginal admissions left against medical advice.
	<ul style="list-style-type: none"> <li>Aboriginal Family Birthing Program (AFBP)</li> </ul>	<ul style="list-style-type: none"> <li>There were 88 Aboriginal births supported by the AFBP across Port Augusta and Whyalla.</li> </ul>
	<ul style="list-style-type: none"> <li>Aboriginal workforce</li> </ul>	<ul style="list-style-type: none"> <li>4.3% at June 2021.</li> </ul>
Improving Mental Health Outcomes	<ul style="list-style-type: none"> <li>Restraint incidents per 1,000 bed days</li> </ul>	<ul style="list-style-type: none"> <li>1.8 per 1,000 bed days.</li> </ul>
	<ul style="list-style-type: none"> <li>Seclusion incidents per 1,000 bed days</li> </ul>	<ul style="list-style-type: none"> <li>0.0 per 1,000 bed days.</li> </ul>
	<ul style="list-style-type: none"> <li>Acute Length of Stay</li> </ul>	<ul style="list-style-type: none"> <li>10.3 days.</li> </ul>

	<ul style="list-style-type: none"> <li>Percentage of Mental Health clients seen by a community health service within 7 days of discharge</li> </ul>	<ul style="list-style-type: none"> <li>89%</li> </ul>
Aged Care	<ul style="list-style-type: none"> <li>Residential aged care occupancy</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>
	<ul style="list-style-type: none"> <li>Aged Care Assessment Program assessments</li> </ul>	<ul style="list-style-type: none"> <li>504 assessments completed of the combined total of 884 under the EFN Commonwealth Aged Care Planning Region.</li> </ul>
	<ul style="list-style-type: none"> <li>Home Care Package occupancy</li> </ul>	<ul style="list-style-type: none"> <li>Occupancy increased from 65 to 87 packages from 1 July 2020 to 30 June 2021, a 33% increase.</li> </ul>
	<ul style="list-style-type: none"> <li>Commonwealth Home Support Program (CHSP) client numbers</li> </ul>	<ul style="list-style-type: none"> <li>1,478 individual CHSP clients enabling older people to remain independent in their own home for longer.</li> </ul>

### Corporate performance summary

The Flinders and Upper North Local Health Network achieved key performance outcomes including:

- Supporting a large number of employees with professional development opportunities.
- Meeting the target for employees having an annual performance review and development discussion.
- Meeting the target for all employees having the required criminal history relevant screening.
- Maintaining a high level of Aboriginal and/or Torres Strait Islander employees.

**Employment opportunity programs**

<b>Program name</b>	<b>Performance</b>
Skilling SA	<p>The Flinders and Upper North Local Health Network has supported ten employees to undertake training under the Skilling SA Project as at 30 June 2020. One undertaking Certificate IV in Aboriginal and Torres Strait Islander Primary Health Care Practice, three undertaking Certificate III in Health Support Services, one undertaking Certificate IV in Allied Health Assistant and five undertaking Certificate IV in Health Administration.</p> <p>Employees who commenced training prior to 30 June 2019 are nearing completion of their relevant Certificates.</p>
Growing Leaders	Four employees from varying disciplines undertook the Growing Leaders Program during this financial year.
Manager Essentials	Via the SA Leadership Academy, Flinders and Upper North Local Health Network has support one employee to undertake this program.
Enrolled Nurse Cadets	<p>Four Enrolled Nurse Cadets commenced employment with the Flinders and Upper North Local Health Network over this past year.</p> <p>Quorn Hospital – 1</p> <p>Port Augusta Hospital -1</p> <p>Whyalla Hospital – 1</p> <p>Quorn / Port Augusta Hospital – 1</p>
Transition to Professional Practice Program (TPPP)	<p>There were 17 (1 more than 2019/20) Registered Nurses that commenced employment as TPPPs within the Flinders and Upper North Local Health Network.</p> <p>Roxby Downs Hospital– 1</p> <p>Quorn Hospital – 1</p> <p>Whyalla Hospital – 8</p> <p>Port Augusta Hospital (Port Augusta Hospital based TPPPs on rotation to Hawker Memorial Hospital) – 7</p>

**Agency performance management and development systems**

<b>Performance management and development system</b>	<b>Performance</b>
Performance review and development is a process for supporting continuous improvement of the work performance of employees to assist them to meet the organisation's values and objectives.	<p>95.43% of employees participated in an annual performance review and development discussion.</p> <p>74.97% of employees have participated in a 6 monthly performance review and development discussion.</p>
The Flinders and Upper North Local Health Network continues to foster a strong commitment to the recruitment and retainment of Aboriginal and Torres Strait Islander employees, striving to continue to build capacity and capability of our workforce to bring about a positive impact on the care provided to Aboriginal patients and families within a culturally safe environment.	<p>All employees are required to undertake on-line Aboriginal Cultural Awareness training. As at 30/06/21, 94% of employees had completed this training.</p> <p>All employees are required to attend and participate in face to face Aboriginal Cultural Awareness Training on an annual basis. Full and half day training sessions are delivered two days per week at alternate sites across the Local Health Network.</p> <p>Recruitment via the Aboriginal Employment Register is an available option to pursue in recruitment processes.</p> <p>Recruitment to positions identified as Aboriginal and Torres Strait Islander specific is achievable via exemption currently in place.</p> <p>4.2% of employees identify as Aboriginal and/or Torres Strait Islander.</p>



## Work health, safety and return to work programs

Program name	Performance
Prevention and management of musculoskeletal injury (MSI)	There were 9 new MSI claims in 2020-21, compared to 8 in 2019-20, an increase of 1 (13%). New MSI claims accounted for 39 percent of new claims received.
Prevention and management of Psychological injury (PSY)	There were 5 new PSY claims received in 2020-21, compared to 1 in 2019-20, an increase of 4 (400%). New PSY claims accounted for 22 percent of new claims.
Prevention and management of slips, trips and falls (STF)	There were 7 new STF claims received in 2020-21, compared to 1 in 2019-20, an increase of 6 (600%). New STF claims accounted for 30 percent of new claims.
Management of work-related injury	The average cost of a new claim has decreased by 14% (\$783). This is due to a collaborative approach between injury management practitioners, human resources practitioners, work health and safety practitioner and Managers to support early intervention and proactive return to work.

Workplace injury claims	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Total new workplace injury claims	23	11	12 (109%)
Fatalities	0	0	-
Seriously injured workers*	0	0	-
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	10	2	8 (400%)

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

<b>Work health and safety regulations</b>	<b>Current year 2020-21</b>	<b>Past year 2019-20</b>	<b>% Change (+ / -)</b>
Number of notifiable incidents ( <i>Work Health and Safety Act 2012, Part 3</i> )	1	2	-50%
Number of provisional improvement, improvement and prohibition notices ( <i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i> )	14	0	1400%

<b>Return to work costs**</b>	<b>Current year 2020-21</b>	<b>Past year 2019-20</b>	<b>% Change (+ / -)</b>
Total gross workers compensation expenditure (\$)	228,835	117,359	95%
Income support payments – gross (\$)	86,597	61,908	40%

\*\*before third party recovery

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/flinders-and-upper-north-local-health-network-funlhn>

### Executive employment in the agency

<b>Executive classification</b>	<b>Number of executives</b>
SAES1	1
RN6A06	1
Md029G	1

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/flinders-and-upper-north-local-health-network-funlhn>

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

## Financial performance

### Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2020-2021 are attached to this report.

<b>Statement of Comprehensive Income</b>	<b>2020-21 Budget \$000s</b>	<b>2021-21 Actual \$000s</b>	<b>Variation \$000s</b>	<b>2019-21 Actual \$000s</b>
Total Income	139,886	143,629	3,743	0
Total Expenses	145,127	144,685	442	0
<b>Net Result</b>	<b>(5,241)</b>	<b>(1,056)</b>	<b>4,185</b>	<b>(3,984)</b>
<b>Total Comprehensive Result</b>	<b>(5,241)</b>	<b>(1,056)</b>	<b>4,185</b>	<b>(3,984)</b>

<b>Statement of Financial Position</b>	<b>2020-21 Budget \$000s</b>	<b>2020-21 Actual \$000s</b>	<b>Variation \$000s</b>	<b>2019-21 Actual \$000s</b>
Current assets	0	12,800	-	29,727
Non-current assets	0	121,516	-	155,468
<b>Total assets</b>	<b>0</b>	<b>134,316</b>	<b>-</b>	<b>185,195</b>
Current liabilities	0	23,732	-	35,376
Non-current liabilities	0	44,080	-	21,185
<b>Total liabilities</b>	<b>0</b>	<b>67,812</b>	<b>-</b>	<b>56,561</b>
<b>Net assets</b>	<b>0</b>	<b>66,504</b>	<b>-</b>	<b>128,634</b>
<b>Equity</b>	<b>0</b>	<b>66,504</b>	<b>-</b>	<b>128,634</b>

### Consultants disclosure

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

#### Consultancies with a contract value below \$10,000 each

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Culturalchemy Pty Ltd	Flinders and Upper North Country Health Connect Structure and Culture Evolution - Strategic Advisory Services	\$ 9,917

**Consultancies with a contract value above \$10,000 each**

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Zed Management Consulting	Creation and development of Strategic Plan 2021-2026	\$ 17,600
Zed Management Consulting	Creation and development of Clinical Engagement Strategy	\$ 31,900
	Total	<b>\$ 59,417</b>

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/flinders-and-upper-north-local-health-network-funlhn>

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

**Contractors disclosure**

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

**Contractors with a contract value below \$10,000**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All contractors below \$10,000 each - combined	Various	\$4,515

**Contractors with a contract value above \$10,000 each**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
HCA - Healthcare Australia	Agency Staff	\$291,113
Your Nursing Agency Pty Ltd	Agency Staff	\$180,434
Cornerstone Medical Recruitment	Agency Staff	\$139,782
Rural Locum Scheme Pty Ltd	Agency Staff	\$123,749

Contractors	Purpose	\$ Actual payment
Sugarman Group International Pty Ltd	Agency Staff	\$57,568
Limelight Consulting Group Pty Ltd	Agency Staff	\$40,375
Allied Employment Group Pty Ltd	Agency Staff	\$24,679
Zed Management Consulting	Graphic Design Services for Consumer & Community Engagement Strategic Framework	\$21,300
WSP Australia Pty Ltd	Cladding Review	\$7,200
	Total	<b>\$890,715</b>

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/flinders-and-upper-north-local-health-network-funlhn>

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

The website also provides details of [across government contracts](#).

### Information Statement – Freedom of Information

This statement is published under Section 9(2) of the *Freedom of Information Act 1991* (the FOI Act).

The FOI Act provides members of the public with a legally enforceable right to access documents held by the government, and to ensure that records held by government concerning the personal affairs of members of the public are not incomplete, incorrect, out of date or misleading. The availability of information is subject to certain restrictions, such as the legal considerations of information privacy.

For detailed information about freedom of information, please refer to the State Records website at <http://www.archives.sa.gov.au/content/foi-in-sa>

## Risk management

### Risk and audit at a glance

The Flinders and Upper North Local Health Network Board have established an Audit and Risk Board Committee (ARC) with an external Chairperson to assist the Board with fulfilling its responsibilities regarding risk management, audit and assurance.

The ARC meets quarterly and receives regular risk reports from the Local Health Network as well as audit reports conducted by the Auditor-General's office, Department of Health and Wellbeing and Internal Audits by the Rural Support Service (RSS).

The Flinders and Upper North Local Health Network have implemented a local Risk Management Procedure, which is consistent with the System-Wide Risk Management Policy Directive, providing staff with specific guidance on context, identification, analysis, evaluation, treatment, monitoring and communication of risk.

A consistent Audit Charter has been developed by the RSS and implemented in the Local Health Network, enabling the internal audit function to be delivered by the RSS. The Charter provides guidance and authority for audit activities.

### Fraud detected in the agency

Category/nature of fraud	Number of instances
Act dishonestly for financial gain	1

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

### Strategies implemented to control and prevent fraud

The Flinders and Upper North Local Health Network Governing Board has established a Board Audit and Risk Committee and a Board Financial and Performance Committee to ensure oversight of operational process relating to risk of fraud. These committees meet on a regular basis and review reports regarding financial management, breaches and risk management. The Chair of the Flinders and Upper North Local Health Network Audit and Risk Committee is an independent member and liaises closely with SA Health's Group Director Risk and Assurance Services.

The Flinders and Upper North Local Health Network Governing Board notes all Policy Directives relating to SA Health and a process is established to implement policies through operational committees and structures. The SA Health Corruption Control Policy and Public Interest Disclosure Policy Directives are followed relating to risk of fraud. Allegations of fraud, including financial delegation breaches, are reported to the Board by Management. Shared Services SA provide a report to the Flinders and Upper North Local Health Network Chief Finance Officer providing

details of any expenditure that has occurred outside of procurement and approved delegations. These breaches are reviewed and reported to the Board.

All Board members and senior management are required to declare any actual, potential or perceived conflict of interest. The register of interest is reviewed regularly and a standing item at the Flinders and Upper North Local Health Network Governing Board Meetings.

The Flinders and Upper North Local Health Network Board ensure that all employees complete SA Public Sector Code of Ethics training at orientation sessions. The Management team also provide updates to the Board from a Flinders and Upper North Local Health Network task group established to ensure sound administrative, contractual and attendance management processes are embedded in the Local Health Network.

With effect from 1 July Data for previous years is available at:

<https://data.sa.gov.au/data/dataset/flinders-and-upper-north-local-health-network-funlhn>

### **Public interest disclosure**

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

*Three (3)*

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/flinders-and-upper-north-local-health-network-funlhn>

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

## Reporting required under any other act or regulation

Act or Regulation	Requirement
Nil	Not Applicable

### Reporting required under the *Carers' Recognition Act 2005*

The Flinders and Upper North Local Health Network involves consumers, communities and carers in the planning, design and evaluation of our health services. We do this through (but not limited to) Flinders and Upper North Local Health Network Board Consumer and Community Engagement Committee, Health Advisory Councils, Community Network Register and with consumer representation on operational committees. Advocacy and advice is sought from specialist groups including our Aboriginal Experts by Experience panel, and representatives for Mental Health, aged care, child and youth care, disability and other groups.

Consumer feedback is actively sought about the services we provide. This data is collected and collated according to SA Health requirements and provided in full to staff and consumers as a tool for both staff and consumer driven service improvement.

The Flinders and Upper North Local Health Network has a staff orientation program which educates staff about the carers charter and other relevant consumer engagement strategies.

In January 2021, The Flinders and Upper North Local Health Network Governing Board approved the Consumer Engagement Strategic Framework. This process encompassed consultation with consumers, carers, lived experience groups, and other representative groups from across our region and has resulted in a Consumer and Community Strategic Engagement Framework which:

- is endorsed by our consumers and staff
- outlines unique and specific engagement techniques for our communities and vulnerable groups within our communities
- enables further development of consumer and carer partnership approaches to health service provision, governance and evaluation
- embodies our commitment to enabling measures such as human resourcing and training dedicated to consumer and carer engagement functions

Consumers and carers were also involved in the development of the Local Health Network's Strategic Plan 2021-2026.



## Public complaints

### Number of public complaints reported

Data sourced from the Safety Learning System (SLS), an application that enables all SA Health services to record, manage, investigate and analyse patient and worker incidents and consumer feedback. Note: some complaints have multiple classifications.

Complaint categories	Sub-categories	Number of Complaints 2020-2021
Treatment (38)	Rough / painful treatment	3
	Medication	5
	Infection Control	1
	Inadequate treatment	25
	Coordination of treatment	4
Privacy / Discrimination (17)	Privacy / confidentiality	13
	Inconsiderate service	2
	Discrimination	2
Cost (2)	Overcharging	1
	Billing practices	1
Corporate Services (37)	Catering	5
	Bedside computers	1
	Car parking	4
	Grounds	5
	Hygiene / environmental standards	14
	Hotel services (accommodation)	2
	Administrative services	6
Communication (42)	Wrong / misleading information	9

Complaint categories	Sub-categories	Number of Complaints 2020-2021
	Inadequate information	9
	Attitude	24
Access (28)	Service availability	7
	Refusal to admit or treat	1
	Referral	3
	Discharge or transfer arrangements	4
	Delay in admission or treatment	12
	Attendance	1
<b>TOTAL Complaint Categories</b>		164

Additional Metrics	Total
Number of positive feedback comments	254
Number of negative feedback comments	158
Total number of feedback comments	412
% complaints resolved within policy timeframes	87.3%

Data for previous years is available at: <https://data.sa.gov.au/data/dataset/flinders-and-upper-north-local-health-network-funlhn>

### Service Improvements

In April 2021, the Flinders and Upper North Local Health Network developed an online Consumer Feedback form. Links to the online form are available on the Flinders and Upper North Local Health Network page on the SA Health website, along with the Flinders and Upper North Local Health Network Facebook page. Since April, there have been ten consumers who provided feedback via the online electronic form.

Since April 2020, the Flinders and Upper North Local Health Network have been documenting significant improvements that have resulted from consumer suggestions and complaints. This is recorded through the Safety Learning System

(SLS) and reports provided to Governance Committees. To date 30 improvements have been recorded in SLS such as:

- Improved administration systems
- Improved disability access to the Whyalla Hospital including a designated drop off/pick up area at the main entrance
- Intended increase in disabled car parking at the Port Augusta Hospital to accommodate increasing demand
- Improved hospital signage
- Improved patient selection on meal menu template
- COVID-19 Immunisation Clinic information for consumers shared with local Councils and media
- Increased Podiatry outreach services to smaller health units
- Family members able to have lunch with Aged Care Resident family members on special occasions
- Improved community waiting area in the Day Surgery Unit at the Whyalla Hospital
- Information available for consumers from qualified Stoma Nurses
- Removal of anti-graffiti film from windows of Whyalla Hospital to improve patient view
- Telephones to be installed into Port Augusta Hospital patient rooms
- SA Pathology car park lines to be re-sprayed at the Port Augusta Hospital

The Flinders and Upper North Local Health Network have also developed an action plan to address the areas requiring improvement from the South Australian Consumer Experience Surveillance System (SACCESS) Measuring Consumer Experience (MCE) Surveys. The Flinders and Upper North Local Health Network Leadership Committee have oversight of this action plan and the Partnering with Consumers Committee Consumer representatives have the opportunity to make suggested improvements.

### **Compliance Statement**

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

**Appendix: Audited financial statements 2020-21**



Our ref: A21/036

24 September 2021

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200 Victoria Square  
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Tel +618 8226 9640  
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www.audit.sa.gov.au

Mr M Whitfield  
Board Chair  
Flinders and Upper North Local Health Network Incorporated  
Port Augusta Hospital  
71 Hospital Road  
PORT AUGUSTA SA 5700

Dear Mr Whitfield

**Audit of Flinders and Upper North Local Health Network Incorporated  
for the year to 30 June 2021**

We have completed the audit of your accounts for the year ended 30 June 2021. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 audit management letter recommending you address identified weaknesses.

**1 Independent Auditor's Report**

We are returning the financial statements for Flinders and Upper North Local Health Network Incorporated, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

**2 Audit management letter**

During the year, we sent you an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

Significant matters related to:

- invoices were paid without purchase orders
- ineffective follow up of longstanding patient debtors
- revenue system access restrictions were insufficient.

We have received responses to our letter and will follow these up in the 2021-22 audit.

I have also included summary comments about these matters in my annual report. These identify areas we assessed as not meeting a sufficient standard of financial management, accounting and control.

### **What the audit covered**

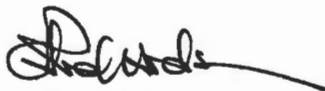
Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- payroll
- accounts payable
- procurement and contract management
- patient revenue, including accounts receivable
- fee for service
- property, plant and equipment
- cash
- general ledger.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson  
**Auditor-General**

enc



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## **To the Board Chair Flinders and Upper North Local Health Network Incorporated**

### **Opinion**

I have audited the financial report of the Flinders and Upper North Local Health Network Incorporated for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Flinders and Upper North Local Health Network Incorporated as at 30 June 2021, 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 consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Board Chair, the Chief Executive Officer and the Chief Finance Officer.

### **Basis for opinion**

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



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

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

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 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 Flinders and Upper North Local Health Network Incorporated for the financial year ended 30 June 2021.

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:

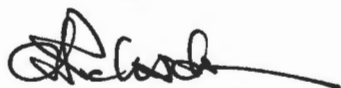
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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 Flinders and Upper North 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 about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

24 September 2021

**Certification of the financial statements  
Flinders and Upper North Local Health Network**

We certify that the:

- financial statements of the Flinders and Upper North 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 Flinders and Upper North Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

  
.....  
Mark Whitfield  
Board Chair

  
.....  
Craig Packard  
Chief Executive Officer

  
.....  
Bridgette Rau  
Chief Finance Officer

Date 14 September 2021.

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Revenues from SA Government	2	125,953	116,744
Fees and charges	3	6,025	6,155
Grants and contributions	4	8,793	8,472
Interest		12	30
Resources received free of charge	5	1,512	1,211
Other revenues/income	7	1,334	1,224
<b>Total income</b>		<b>143,629</b>	<b>133,836</b>
<b>Expenses</b>			
Staff benefits expenses	8	76,202	74,741
Supplies and services	9	58,639	53,168
Depreciation and amortisation	16, 17	8,718	8,796
Grants and subsidies	10	45	44
Borrowing costs	20	610	649
Net loss from disposal of non-current and other assets	6	107	3
Impairment loss on receivables	13.1	51	189
Other expenses	11	313	230
<b>Total expenses</b>		<b>144,685</b>	<b>137,820</b>
<b>Net result</b>		<b>(1,056)</b>	<b>(3,984)</b>
<b>Total comprehensive result</b>		<b>(1,056)</b>	<b>(3,984)</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.

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**For the year ended 30 June 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents	12	8,521	3,234
Receivables	13	1,484	1,914
Other financial assets	14	1,988	1,187
Inventories	15	807	679
<b>Total current assets</b>		<b>12,800</b>	<b>7,014</b>
<b>Non-current assets</b>			
Receivables	13	360	371
Property, plant and equipment	16,17	121,156	127,226
<b>Total non-current assets</b>		<b>121,516</b>	<b>127,597</b>
<b>Total assets</b>		<b>134,316</b>	<b>134,611</b>
<b>Current liabilities</b>			
Payables	19	5,103	4,600
Financial liabilities	20	2,733	2,659
Staff benefits	21	10,957	10,630
Provisions	22	726	653
Contract liabilities and other liabilities	23	4,213	2,069
<b>Total current liabilities</b>		<b>23,732</b>	<b>20,611</b>
<b>Non-current liabilities</b>			
Payables	19	534	530
Financial liabilities	20	29,107	31,274
Staff benefits	21	13,482	13,766
Provisions	22	957	870
<b>Total non-current liabilities</b>		<b>44,080</b>	<b>46,440</b>
<b>Total liabilities</b>		<b>67,812</b>	<b>67,051</b>
<b>Net assets</b>		<b>66,504</b>	<b>67,560</b>
<b>Equity</b>			
Retained earnings		66,504	67,560
<b>Total equity</b>		<b>66,504</b>	<b>67,560</b>

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

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2021**

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	Note	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 30 June 2019</b>		-	-
Adjustments on initial adoption of Accounting Standards		(16,300)	(16,300)
Net assets received from an administrative restructure		87,844	87,844
<b>Adjusted balance at 1 July 2019</b>		<b>71,544</b>	<b>71,544</b>
<b>Net result for 2019-20</b>		<b>(3,984)</b>	<b>(3,984)</b>
<b>Total comprehensive result for 2019-20</b>		<b>(3,984)</b>	<b>(3,984)</b>
<b>Balance at 30 June 2020</b>		<b>67,560</b>	<b>67,560</b>
<b>Net result for 2020-21</b>		<b>(1,056)</b>	<b>(1,056)</b>
<b>Total comprehensive result for 2020-21</b>		<b>(1,056)</b>	<b>(1,056)</b>
<b>Balance at 30 June 2021</b>		<b>66,504</b>	<b>66,504</b>

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

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Receipts from SA Government		107,346	114,136
Fees and charges		7,372	6,001
Grants and contributions		8,443	8,353
Interest received		12	31
Residential aged care bonds received		1,080	-
GST recovered from ATO		3,496	3,036
Other receipts		232	416
<b>Cash generated from operations</b>		<b>127,981</b>	<b>131,973</b>
<b>Cash outflows</b>			
Staff benefits payments		(75,969)	(72,526)
Payments for supplies and services		(41,121)	(35,559)
Payments of grants and subsidies		(45)	(16,926)
Interest paid		(610)	(649)
Residential aged care bonds refunded		-	(162)
Other payments		(226)	(236)
<b>Cash used in operations</b>		<b>(117,971)</b>	<b>(126,058)</b>
<b>Net cash provided by operating activities</b>		<b>10,010</b>	<b>5,915</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from sale/maturities of investments		-	450
<b>Cash generated from investing activities</b>		<b>-</b>	<b>450</b>
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(1,207)	(1,252)
Purchase of investments		(800)	-
<b>Cash used in investing activities</b>		<b>(2,007)</b>	<b>(1,252)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,007)</b>	<b>(802)</b>
<b>Cash flows from financing activities</b>			
<b>Cash inflows</b>			
Cash received from restructuring activities		-	911
<b>Cash generated from financing activities</b>		<b>-</b>	<b>911</b>
<b>Cash outflows</b>			
Repayment of lease liabilities		(2,716)	(2,790)
<b>Cash used in financing activities</b>		<b>(2,716)</b>	<b>(2,790)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(2,716)</b>	<b>(1,879)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,287</b>	<b>3,234</b>
Cash and cash equivalents at the beginning of the period		3,234	-
<b>Cash and cash equivalents at the end of the period</b>	<b>12</b>	<b>8,521</b>	<b>3,234</b>
Non-cash transactions	<b>24</b>		

The accompanying notes form part of these financial statements.

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

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## **1. About Flinders and Upper Local Health Network**

Flinders and Upper North Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated Hospital established under 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 include all controlled activities of the Hospital.

The Hospital consists of the following –

- Community Health Services located at Hawker, Port Augusta, Quorn, Roxby Downs and Whyalla
- Hawker Memorial Hospital
- Leigh Creek Health Service
- Port Augusta Hospital and Regional Health Service
- Quorn Health Service
- Roxby Downs Hospital
- Whyalla Hospital and Health Service

### *Administered items*

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and disclosed in note 33. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting principles as for the Hospital's 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 the Flinders and Upper North region.

The Hospital is part of the SA Health portfolio providing health services for the Flinders and Upper North region. The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the Flinders and Upper North 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 (Minister) or Chief Executive of the Department for Health and Wellbeing (Department).

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

The Health Advisory Councils (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 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. HACs may be incorporated or unincorporated. Incorporated HACs in country South Australia hold assets, manage bequests and provide advice on local health service needs and priorities. The Country Health Gift Fund Health Advisory Council Incorporated holds assets on behalf of unincorporated HACs and is reported under Barossa Hills Fleurieu Local Health Network (BHFLHN). All of the HAC's in the Flinders and Upper North region are unincorporated and as such are reported under BHFLHN.

### **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.



**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current. Significant accounting policies are set out below or throughout the notes.

**1.3 Taxation**

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

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

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

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

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

**1.4 Continuity of operations**

As at 30 June 2021, the Hospital had working capital deficiency of \$10.932 million (\$13.597 million). The SA Government is committed to continuing the delivery of hospital services to country and regional SA and accordingly it has demonstrated a commitment to the ongoing funding of the Hospital.

**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 the Hospital**

**2020-21**

There were no administrative restructures during the current reporting period.

**2019-20**

CHSALHN was dissolved on 1 July 2019. Six new entities were established to provide hospital, health and aged care services to country and regional SA. As per the *Health Care (Local Health Networks) Proclamation 2019* contained in the South Australian Government Gazette No 30, dated 27<sup>th</sup> June 2019, assets, rights and liabilities were transferred from CHSALHN to the relevant entity, effective 1 July 2019. This resulted in the transfer of 1,009 employees, and net assets of \$87.844 million to be received by the Hospital as detailed below.

	<b>2020</b>
	<b>\$'000</b>
Cash	911
Receivables	2,559
Property, plant and equipment	117,303
Other assets	2,227
<b>Total assets</b>	<b>123,000</b>
<b>Liabilities:</b>	
Payables	3,688
Staff benefits	22,707
Provisions	1,275
Other liabilities	7,486
<b>Total liabilities</b>	<b>35,156</b>
<b>Total net assets transferred in</b>	<b>87,844</b>

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

**1.7 Impact of COVID-19 pandemic on SA Health**

The COVID-19 pandemic continues to have impact on the Hospital's operations. This includes an increase in costs associated with COVID capacity and preparation, the readiness of COVID-19 testing clinics, establishment of vaccine clinics, increased demand for personal protective equipment, increased staffing costs (including agency) to ensure necessary compliance measures are followed. Net COVID-19 specific costs for the Hospital were \$1.435 million (\$0.577 million).

**1.8 Change in accounting policy**

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

**2. Revenues from SA Government**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Capital projects funding	2,061	3,159
Operational funding	123,892	113,585
<b>Total revenues from SA Government</b>	<b>125,953</b>	<b>116,744</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**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Commissions revenue	7	-
Patient and client fees	2,954	2,911
Private practice fees	302	244
Fees for health services	1,237	1,231
Residential and other aged care charges	661	802
Sale of goods - medical supplies	318	371
Other user charges and fees	546	596
<b>Total fees and charges</b>	<b>6,025</b>	<b>6,155</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 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 23).

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

***Patient and Client Fees***

Public health care is free for medicare eligible customers. Non-medicare eligible customers pay in arrears to stay overnight in a public hospital and to receive medical assessment, advice, treatment and care from a health professional. These charges may include doctors, surgeons, anaesthetists, pathology, radiology services etc. Revenue from these services is 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.

***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 accommodation 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, occupancy rent and rates 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.

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

**4. Grants and contributions**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth grants and donations	7,045	6,629
Commonwealth aged care subsidies	81	-
SA Government capital contributions	45	150
Other SA Government grants and contributions	941	1,052
Private sector capital contributions	59	28
Private sector grants and contributions	622	613
<b>Total grants and contributions</b>	<b>8,793</b>	<b>8,472</b>

The grants provided 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.

**5. Resources received free of charge**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment	131	259
Services	1,381	952
<b>Total resources received free of charge</b>	<b>1,512</b>	<b>1,211</b>

Contributions 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, following Cabinet's approval to cease intra-government charging. The Hospital also receives ICT Across Government voice and network services from the Department of Premier and Cabinet free of charge to the value of \$0.373 million, (\$0.000 million) which has been recognized for the first time this financial year.

Although not recognised, the Hospital receives services from approximately 100 volunteers who provide patient and staff support services to individual using the Hospital and Community services. The services include but are not limited to: patient liaison and support, promotional activities, transport, kiosk and craft.

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment:</b>		
Less carrying amount of assets disposed	(107)	(3)
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(107)</b>	<b>(3)</b>

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**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Donations	47	8
Health recoveries	1,145	1,054
Other	142	162
<b>Total other revenues/income</b>	<b>1,334</b>	<b>1,224</b>

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

**8. Staff benefits expenses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	61,901	59,866
Targeted voluntary separation packages (refer below)	-	84
Long service leave	692	1,350
Annual leave	6,081	5,971
Skills and experience retention leave	342	344
Staff on-costs - superannuation*	6,567	6,558
Workers compensation	415	368
Board and committee fees	195	200
Other staff related expenses	9	-
<b>Total staff benefits expenses</b>	<b>76,202</b>	<b>74,741</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 seven (eight) members of the Governing Board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the nine (nine) members of the Executive Management Group who have responsibility for the strategic direction and management of the Hospital.

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

- The Minister for Health and Wellbeing. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via 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.

<b>Compensation</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short term employee benefits	1,555	1,435
Post-employment benefits	438	345
<b>Total</b>	<b>1,993</b>	<b>1,780</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.

**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:

	<b>2021</b>	<b>2020</b>
	<b>No. of</b>	<b>No. of</b>
	<b>Members</b>	<b>Members</b>
\$1 - \$20,000	5	5
\$20,001 - \$40,000	7	6
\$40,001 - \$60,000	-	1
<b>Total</b>	<b>12</b>	<b>12</b>

The total remuneration received or receivable by members was \$0.219 million (\$0.216 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

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 34 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.

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

**8.3 Remuneration of staff**

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

	2021 Number	2020 Number
\$154,678 - \$175,000	5	6
\$175,001 - \$195,000	3	2
\$195,001 - \$215,000	1	-
\$215,001 - \$235,000	1	-
\$255,001 - \$275,000	2	-
\$335,001 - \$355,000	-	1
\$355,001 - \$375,000	-	2
\$395,001 - \$415,000	-	1
\$415,001 - \$435,000	1	-
\$435,001 - \$455,000	1	2
\$455,001 - \$475,000	2	2
\$475,001 - \$495,000	1	-
\$495,001 - \$515,000	1	1
\$535,001 - \$555,000	-	1
\$555,001 - \$575,000	1	-
\$595,001 - \$615,000	-	1
\$635,001 - \$655,000	1	-
\$755,001 - \$775,000	-	1
<b>Total number of staff</b>	<b>20</b>	<b>20</b>

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 related fringe benefits tax.

**8.4 Remuneration of staff by classification**

The total remuneration received by staff included above:

	2021		2020	
	No.	\$'000	No.	\$'000
Medical (excluding Nursing)	12	4,947	12	5,707
Executive	1	200	1	169
Nursing	7	1,210	7	1,192
<b>Total</b>	<b>20</b>	<b>6,357</b>	<b>20</b>	<b>7,068</b>

**8.5 Targeted voluntary separation packages**

	2021 \$'000	2020 \$'000
Amount paid/payable to separated staff:		
Targeted voluntary separation packages	-	84
Leave paid/payable to separated employees	-	104
<b>Net cost to the Hospital</b>	<b>-</b>	<b>188</b>

The number of staff who received a TVSP during the reporting period	-	2
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**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

**9. Supplies and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Administration	204	80
Advertising	22	25
Communication	658	473
Computing	1,377	1,396
Consultants	59	-
Contract of services	7,493	6,902
Contractors	29	-
Contractors - agency staff	2,504	2,384
Drug supplies	2,368	2,292
Electricity, gas and fuel	1,657	1,930
Fee for service *	13,224	11,285
Food supplies	908	935
Housekeeping	913	811
Insurance	838	733
Internal SA Health SLA payments	6,175	6,583
Legal	1	21
Medical, surgical and laboratory supplies	9,291	8,055
Minor equipment	1,392	860
Motor vehicle expenses	272	295
Occupancy rent and rates	431	384
Patient transport	615	641
Postage	231	201
Printing and stationery	446	439
Repairs and maintenance	4,721	3,753
Security	145	29
Services from Shared Services SA	1,015	963
Short term lease expense	203	37
Training and development	204	300
Travel expenses	200	223
Other supplies and services	1,043	1,138
<b>Total supplies and services</b>	<b>58,639</b>	<b>53,168</b>

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.

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

**Consultancies**

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

	<b>2021</b>		<b>2020</b>	
	<b>No.</b>	<b>\$'000</b>	<b>No.</b>	<b>\$'000</b>
Below \$10,000	1	10	-	-
Above \$10,000	1	49	-	-
<b>Total</b>	<b>2</b>	<b>59</b>	<b>-</b>	<b>-</b>

**10. Grants and subsidies**

The Hospital provided \$0.045 million (\$0.044 million) of funding to non-government organisations for community programs within the Flinders and Upper North region.

**11. Other expenses**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
Debts written off	13	61	54
Bank fees and charges		3	3
Donated assets expense		150	35
Other*		99	138
<b>Total other expenses</b>		<b>313</b>	<b>230</b>

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

**FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

\* Includes Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* of \$0.085 million (\$0.134 million). No other services were provided by the Auditor-General's Department. Also includes fees paid or payable to Galpins Accountants Auditors and Business Consultants of \$0.003 million (\$0.002 million) for other audit services.

**12. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank or on hand	883	565
Deposits with Treasurer: general operating	7,503	2,587
Deposits with Treasurer: special purpose funds	135	82
<b>Total cash and cash equivalents</b>	<b>8,521</b>	<b>3,234</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 accounts holding aged care funds, including refundable deposits. Of the \$8.521 million (\$3.234 million) held, \$0.803 million (\$0.522 million) relates to aged care refundable deposits.

**13. Receivables**

<b>Current</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
Patient/client fees: compensable		207	275
Patient/client fees: aged care		65	106
Patient/client fees: other		195	253
Debtors		436	934
Less: allowance for impairment loss on receivables	13.1	(335)	(284)
Prepayments		130	65
Interest		1	2
Workers compensation provision recoverable		212	216
Sundry receivables and accrued revenue		472	297
GST input tax recoverable		101	50
<b>Total current receivables</b>		<b>1,484</b>	<b>1,914</b>
<b>Non-current</b>			
Debtors		18	10
Workers compensation provision recoverable		342	361
<b>Total non-current receivables</b>		<b>360</b>	<b>371</b>
<b>Total receivables</b>		<b>1,844</b>	<b>2,285</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.

**13.1 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.

Movement in the allowance for impairment loss on receivables:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Transfer through administrative restructure	-	95
<b>Carrying amount at the beginning of the period</b>	<b>284</b>	<b>-</b>
Increase/(Decrease) in allowance recognised in profit or loss	51	189
<b>Carrying amount at the end of the period</b>	<b>335</b>	<b>284</b>



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

#### 14. Other financial assets

The Hospital holds term deposits of \$1.988 million (\$1.187 million) of which \$1.534 million (\$1.016 million) relates to aged care refundable deposits, with the remaining funds primarily relating to aged care. These deposits are measured at amortised costs. There is no impairment on term deposits.

Refer to note for further information on risk management.

#### 15. Inventories

	2021 \$'000	2020 \$'000
Drug supplies	178	177
Medical, surgical and laboratory supplies	541	449
Food and hotel supplies	78	41
Engineering supplies	1	1
Other	9	11
<b>Total current inventories - held for distribution</b>	<b>807</b>	<b>679</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.

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

##### 16.1 Acquisition and recognition

Property, plant and equipment owned by the Hospital 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 values as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

The Hospital capitalises owned property, plant and equipment with a value 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 million for infrastructure assets and \$1 million for other assets.

##### 16.2 Depreciation and amortization

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

Depreciation and amortisation are calculated on a straight line basis.

Property, plant and equipment 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	10 - 80
Right-of-use buildings	Lease term
Leasehold improvement	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	Lease term

##### 16.3 Revaluation

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

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Revaluation of non-current assets or a group of assets is only performed when the owned asset's fair value at the time of acquisition is greater than \$1 million and the estimated useful life exceeds three years. Revaluations are undertaken on a regular cycle. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair-value. If at any time management considers that the carrying amount of an asset greater than \$1 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.

**16.4 Impairment**

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

There were no indications of impairment of property, plant and equipment as at 30 June 2021.

**16.5 Land and buildings**

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

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

**16.6 Plant and equipment**

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

**16.7 Leased property, plant and equipment**

Right-of-use assets (including concessional arrangements) leased by the Hospital as lessee are measured at cost, and there were no indications for impairment. Additions to right-of-use assets during 2020-2021 were \$0.320 million (\$0.315 million).

The Hospital has a number of lease agreements, including concessional. Lease terms vary in length from 1 to 25 years. Major lease activities include the use of:

- Properties – accommodation for some community health offices and staff accommodation are leased from the private sector, Housing SA and Department for Infrastructure and Transport. 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 – Port Augusta Hospital lease commenced in June 1997 and is for 25 years with an option to renew for 10 years. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.
- Motor vehicles – leased from the South Australian government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

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

The lease liabilities related to the right-of-use assets (and the maturity analysis) are disclosed at note 20. Expenses related to leases including depreciation and interest expense are disclosed at note 17 and 20. Cash outflows related to right-of-use assets are disclosed at note 24.

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

The following table shows the movement:

2020-21	Land and buildings:				Plant and equipment:					
	Land \$'000	Buildings \$'000	Right-of- use buildings \$'000	Capital works in progress land and buildings \$'000	Accom- modation and Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Right-of-use plant and equipment \$'000	Capital works in progress plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	3,975	81,833	33,218	3,197	3,019	1,066	369	401	148	127,226
Additions	-	-	-	1,210	-	860	-	320	85	2,475
Assets received free of charge	-	-	-	-	-	4	-	-	127	131
Disposals	-	-	-	-	-	(90)	(17)	(7)	-	(114)
Donated assets disposal	-	-	-	(150)	-	-	-	-	-	(150)
Transfers between asset classes	-	3,935	-	(3,935)	-	275	-	-	(275)	-
Other movements	-	-	306	-	-	-	-	-	-	306
<b>Subtotal:</b>	<b>3,975</b>	<b>85,768</b>	<b>33,524</b>	<b>322</b>	<b>3,019</b>	<b>2,115</b>	<b>352</b>	<b>714</b>	<b>85</b>	<b>129,874</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(4,989)	(2,676)	-	(242)	(461)	(72)	(278)	-	(8,718)
<b>Subtotal:</b>	<b>-</b>	<b>(4,989)</b>	<b>(2,676)</b>	<b>-</b>	<b>(242)</b>	<b>(461)</b>	<b>(72)</b>	<b>(278)</b>	<b>-</b>	<b>(8,718)</b>
<b>Carrying amount at the end of the period*</b>	<b>3,975</b>	<b>80,779</b>	<b>30,848</b>	<b>322</b>	<b>2,777</b>	<b>1,654</b>	<b>280</b>	<b>436</b>	<b>85</b>	<b>121,156</b>
<b>Gross carrying amount</b>										
Gross carrying amount	3,975	90,757	36,195	322	3,260	3,020	454	760	85	138,828
Accumulated depreciation / amortisation	-	(9,978)	(5,347)	-	(483)	(1,366)	(174)	(324)	-	(17,672)
<b>Carrying amount at the end of the period</b>	<b>3,975</b>	<b>80,779</b>	<b>30,848</b>	<b>322</b>	<b>2,777</b>	<b>1,654</b>	<b>280</b>	<b>436</b>	<b>85</b>	<b>121,156</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 20 for details about the lease liability for right-of-use assets.

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2019-20	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	Accomm- odation 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	3,975	86,822	36,030	211	3,260	1,019	417	380	22	132,136
Additions	-	35	-	2,986	-	161	31	315	148	3,676
Assets received free of charge	-	-	-	-	-	221	37	-	-	258
Disposals	-	-	-	-	-	-	(3)	(10)	-	(13)
Donated assets disposal	-	(35)	-	-	-	-	-	-	-	(35)
Transfers between asset classes	-	-	-	-	-	22	-	-	(22)	-
<b>Subtotal:</b>	<b>3,975</b>	<b>86,822</b>	<b>36,030</b>	<b>3,197</b>	<b>3,260</b>	<b>1,423</b>	<b>482</b>	<b>685</b>	<b>148</b>	<b>136,022</b>
<b>Gains/(losses) for the period recognised in net result:</b>										
Depreciation and amortisation	-	(4,989)	(2,812)	-	(241)	(357)	(113)	(284)	-	(8,796)
<b>Subtotal:</b>	<b>-</b>	<b>(4,989)</b>	<b>(2,812)</b>	<b>-</b>	<b>(241)</b>	<b>(357)</b>	<b>(113)</b>	<b>(284)</b>	<b>-</b>	<b>(8,796)</b>
<b>Carrying amount at the end of the period*</b>	<b>3,975</b>	<b>81,833</b>	<b>33,218</b>	<b>3,197</b>	<b>3,019</b>	<b>1,066</b>	<b>369</b>	<b>401</b>	<b>148</b>	<b>127,226</b>
<b>Gross carrying amount</b>										
Gross carrying amount	3,975	86,822	35,923	3,197	3,260	2,257	482	634	148	136,698
Accumulated depreciation / amortisation	-	(4,989)	(2,705)	-	(241)	(1,191)	(113)	(233)	-	(9,472)
<b>Carrying amount at the end of the period</b>	<b>3,975</b>	<b>81,833</b>	<b>33,218</b>	<b>3,197</b>	<b>3,019</b>	<b>1,066</b>	<b>369</b>	<b>401</b>	<b>148</b>	<b>127,226</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 2 for details about the lease liability for right-of-use assets.

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## 18. Fair value measurement

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

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

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital did not identify any factors to suggest an alternative use, fair value measurement was based on current use. The carrying amount of non-financial assets with a fair value at the time of acquisition, that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

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

### 18.1 Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Hospital categorises non-financial assets measured at fair value at Level 3 which are all recurring. There are no non-recurring fair value measurements.

The Hospital's policy is to recognise transfers into and out of fair value hierarchy Levels at the end of the reporting period. During 2021 and 2020, the Hospital had no valuations categorized into Level 1 or Level 2.

### 18.2 Valuation techniques and inputs

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

Unobservable inputs used to arrive at final valuation figures included:

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

## 19. Payables

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Creditors and accrued expenses	3,980	3,582
Paid Parental Leave Scheme	20	9
Staff on-costs*	1,024	966
Other payables	79	43
<b>Total current payables</b>	<b>5,103</b>	<b>4,600</b>
<b>Non-current</b>		
Staff on-costs*	534	530
<b>Total non-current payables</b>	<b>534</b>	<b>530</b>
<b>Total payables</b>	<b>5,637</b>	<b>5,130</b>

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

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave is unchanged at 38% and the average factor for the calculation of employer superannuation on-costs has increased from the 2020 rate (9.8%) to 10.1% to reflect the increase in super guarantee. These rates are used in the staff on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the staff on-cost liability and staff benefits expenses of \$0.039 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 30 for information on risk management.

## 20. Financial liabilities

	2021	2020
Current	\$'000	\$'000
Lease liabilities	2,733	2,659
<b>Total current financial liabilities</b>	<b>2,733</b>	<b>2,659</b>
Non-current	\$'000	\$'000
Lease liabilities	29,107	31,274
<b>Total non-current financial liabilities</b>	<b>29,107</b>	<b>31,274</b>
<b>Total financial liabilities</b>	<b>31,840</b>	<b>33,933</b>

The Hospital has lease liabilities of \$31.840 million (\$33.933 million), which have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

The borrowing costs associated with these lease liabilities was \$0.610 million (\$0.649 million)

Refer to note 30 for information on risk management.

Refer note 16 and 17 for details about the right-of-use assets (including depreciation)

### 20.1 Concessional lease arrangements for right-of-use assets

The Hospital has two concessional lease arrangements for right-of-use assets, as lessee, with the Department and Flinders Power.

Right-of-use asset	Nature of arrangements	Details
Buildings and improvements	Terms is for 94 years Payments is \$1.10 per annum	Leigh Creek - Concessional building arrangement for the Health clinic and staff accommodation
Buildings and improvements	Terms is for 25 years Payments is \$1 per annum	Whyalla - Concessional building arrangement for the Hospital



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**20.2 Maturity analysis**

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

	2021	2020
	\$'000	\$'000
<b>Lease Liabilities</b>		
1 to 3 years	6,321	6,223
3 to 5 years	6,055	6,018
5 to 10 years	15,139	14,972
More than 10 years	4,542	7,486
<b>Total lease liabilities</b>	<b>32,057</b>	<b>34,699</b>

**21. Staff benefits**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	2,307	2,292
Annual leave	6,696	6,387
Long service leave	1,185	1,245
Skills and experience retention leave	677	634
Other	92	72
<b>Total current staff benefits</b>	<b>10,957</b>	<b>10,630</b>
<b>Non-current</b>		
Long service leave	13,482	13,766
<b>Total non-current staff benefits</b>	<b>13,482</b>	<b>13,766</b>
<b>Total staff benefits</b>	<b>24,439</b>	<b>24,396</b>

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

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

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

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

The actuarial assessment performed by DTF left the salary inflation rate at 2.0% for annual leave and skills and experience retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

**21.2 Long service leave**

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2020 (0.75%) to 1.50%. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The actuarial assessment performed by DTF left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of \$0.867 million, payables (staff on-costs) of \$0.033 million and staff benefits expense of \$0.900 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.



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## 22. Provisions

Provisions represent workers compensation.

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

	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the period	1,523	1,274
Increase in provisions recognised (per calculation)	190	-
Reductions resulting from re-measurement or settlement without cost	-	249
Reductions arising from payments/other sacrifices of future economic benefits	(30)	-
<b>Carrying amount at the end of the period</b>	<b>1,683</b>	<b>1,523</b>

### *Workers compensation*

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

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

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial estimate of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June 2021. No risk margin is included in this estimate.

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

### *Additional compensation for certain work-related injuries or illnesses (additional compensation)*

The Hospital has recognised an additional compensation provision 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.

The additional compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June 2021. The liability comprises an estimate for known claims and an estimate of incurred but not reported applications. No risk margin is included in this estimate.

There is a significant degree of uncertainty associated with this estimate. In addition to the general uncertainties with estimating future claim and expense payments, the additional compensation provision is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meet, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate. Assumptions used will continue to be refined to reflect emerging experience.

## 23. Contract liabilities and other liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Contract liabilities	1,828	807
Residential aged care bonds	2,338	1,258
Other	47	4
<b>Total contract liabilities and other liabilities</b>	<b>4,213</b>	<b>2,069</b>

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.

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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.

## **24. Cash flow reconciliation**

<b>Reconciliation of net cash provided by operating activities to net result</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents disclosed in the Statement of Financial Position	8,521	3,234
<b>Cash as per Statement of Financial Position</b>	<b>8,521</b>	<b>3,234</b>
<b>Balance as per Statement of Cash Flows</b>	<b>8,521</b>	<b>3,234</b>
<b>Reconciliation of net cash provided by operating activities to net result:</b>		
Net cash provided by (used in) operating activities	10,010	5,915
<b>Add/less non-cash items</b>		
Asset donated free of charge	(150)	(35)
Capital revenues	980	2,607
Depreciation and amortisation expense of non-current assets	(8,718)	(8,796)
Gain/(loss) on sale or disposal of non-current assets	(107)	(3)
Interest credited directly to investments	1	2
Resources received free of charge	131	259
<b>Movement in assets/liabilities</b>		
Increase/(decrease) in inventories	128	87
Increase/(decrease) in receivables	(441)	(275)
(Increase)/decrease in other liabilities	(2,148)	(388)
(Increase)/decrease in payables and provisions	(699)	(1,668)
(Increase)/decrease in staff benefits	(43)	(1,689)
<b>Net result</b>	<b>(1,056)</b>	<b>(3,984)</b>

Total cash outflows for right-of-use assets is \$3.323 million, (\$3.984 million)

## **25. Unrecognised contractual commitments**

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

### **25 Expenditure commitments**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	5,120	6,283
Later than one year but not longer than five years	651	1,700
<b>Total other expenditure commitments</b>	<b>5,771</b>	<b>7,983</b>

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

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements in regards to the maintenance of the Port Augusta Hospital. The value of these commitments as at 30 June 2021 has not been quantified.

## **26. Trust funds**

The Hospital holds money in trust on behalf of consumers that reside in the Hospital facilities whilst the consumer is receiving residential aged care services. As the Hospital only performs a custodial role in respect of trust monies, they are excluded from the financial statements as the Hospital cannot use these funds to achieve its objectives. At the end of the reporting period, the Hospital held \$0.003 million (\$0.006 million) on behalf of consumers.

## 27. Contingent assets and liabilities

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

## 28. Events after balance date

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

## 29. Impact of Standards not yet implemented

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

- Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to the Hospital, these amending standards are not expected to have an impact on the Hospital's general purpose financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.
- Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The Hospital continues to assess liabilities eg LSL and whether or not the Hospital has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

## 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 from appropriation by the SA Government. The Hospital works with DTF 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 notes 1.4, 19 and 20 for further information.

#### *Credit risk*

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

Refer to notes 12, 13 and 14 for further information.

#### *Market risk*

The Hospital does not engage in high risk hedging for its financial assets. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Hospital's residential aged care refundable deposits become interest bearing once a refunding event occurs as per Note 23. 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, 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.

Financial assets and financial liabilities are measured at amortised costs except for amounts relating to statutory receivables and payables (eg. Commonwealth taxes; Auditor-General Department audit fees etc) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables are amortised cost are \$1.059 million (\$1.637 million) and \$3.971 million (\$3.599 million) respectively

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**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 is used 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 loss is a significant estimate. The Hospital's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future.

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

	30 June 2021			30 June 2020		
	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	1.0 – 4.7 %	344	6	1.1 - 3.7 %	585	11
<30 days	2.2 – 25.72%	73	3	2.3 - 21.4 %	199	8
31-60 days	5.2 – 36.9 %	46	4	5.6 - 31.5 %	45	4
61-90 days	8.5 - 40.1 %	55	7	9.5 - 34.4 %	137	18
91-120 days	10.9- 43.6%	34	6	10.5 - 37.7 %	48	8
121-180 days	12.4- 49.3%	55	10	11.4 - 43.2 %	55	18
181-360 days	20.5- 62.9%	150	59	16.9 - 58.5 %	185	75
361-540 days	41.9- 93.2%	59	48	38.1 - 91.3 %	94	61
>540 days	48.1 - 100%	225	192	44.1 - 100 %	122	81
<b>Total</b>		<b>1,041</b>	<b>335</b>		<b>1,470</b>	<b>284</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.

The Hospital received funding from the SA Government via the Department (note 2), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (note 9). The Department transferred capital works in progress of \$0.980m (\$2.607 million) to the Hospital. The Hospital incurred significant expenditure with the Department for Infrastructure and Transport (DIT) for property repairs and maintenance of \$2.532 million (\$1.800 million) (note 9). As at 30 June the outstanding balance payable to DIT was \$0.823 million (\$0.339 million) (note 19).

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### 32. Interests in other entities

All HAC's in the Flinders and Upper North Region elected to be unincorporated. The assets, rights and liabilities of the former Hospitals whose HAC elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc, which from 1 July 2019 was renamed to Country Health Gift Fund Health Advisory Council Inc, and is reported as part of Barossa Hills Fleurieu Local Health Network Inc.

The net assets of the GFTs associated with the unincorporated HACs are vested in the Country Health Gift Fund Health Ancillary Council Inc Gift Fund Trust, and are reported as part of Barossa Hills Fleurieu Local Health Network Inc.

The HACs have no powers to direct or make decisions with respect to the management and administration of the Hospital.

<b>Health Advisory Council and associated Gift Fund Trusts</b>		
<b>Unincorporated HACs</b>		
Hawker District Memorial Health Advisory Council *	Leigh Creek Health Service Health Advisory Council **	Port Augusta, Roxby Downs, Woomera Health Advisory Council *
Quorn Health Services Health Advisory Council *	Whyalla Hospital and Health Service Health Advisory Council *	
<b>Unincorporated GFTs</b>		
Hawker District Memorial Gift Fund Trust *	Leigh Creek Health Service Gift Fund Trust **	Port Augusta, Roxby Downs, Woomera Gift Fund Trust *
Quorn Health Services Gift Fund Trust *	Whyalla Hospital and Health Service Gift Fund Trust *	

\* On 27 May 2021, the Minister for Health and Wellbeing declared these unincorporated HACs to be incorporated. The transfer of assets from Country Health Gift Fund Health Advisory Council Inc to the newly incorporated HACs is yet to be formalised but is expected to occur in the 2021-22 financial year. The transfer of assets from Country Health Gift Fund Health Advisory Council Inc Gift Fund Trust will also occur once the incorporated GFTs are established for the newly incorporated HAC's

\*\* Leigh Creek Health Service Health Advisory Council remains unincorporated. It is anticipated that it will be dissolved and its assets transferred to the Hospital.

### 33. Administered items

The Hospital administers arrangements at the Hawker Medical Centre. Fees and charges are collected on behalf of doctors that work in the Hospital-owned Medical Centre. The Hospital cannot use these administered funds for the achievement of its objectives.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Other expenses	(346)	(384)
Revenue from fees and charges	357	384
<b>Net result</b>	<b>11</b>	<b>-</b>
<b>Administered current liabilities</b>	<b>(11)</b>	<b>-</b>
<b>Net assets</b>	<b>(11)</b>	<b>-</b>
Cash outflows	(346)	(384)
Cash inflows	357	384
<b>Cash at 30 June</b>	<b>11</b>	<b>-</b>

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**34. 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:

Board/Committee name:	Government employee members	Other members
Flinders and Upper North Local Health Network Governing Board	-	Whitfield M (Chair), Brady G, Francis B (resigned 7 May 2021), Graham S, Lynch J, Malone G, Reid K
Flinders and Upper North Local Health Network Risk Management and Audit Committee	-	van der Wel O (Chair)
Flinders and Upper North Local Health Network Consumer and Community Engagement Committee	-	Plew S (Chair), Misan G (proxy), Screen A, Shute J, Walters C

Refer to note 8.2 for remuneration of board and committee members