Government of South Australia

FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK INC.

2019-20 Annual Report

Flinders and Upper North Local Health Network
71 Hospital Road, Port Augusta, South Australia 5700

Flinders and Upper North Local Health Network

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To:

Hon Stephen Wade MLC

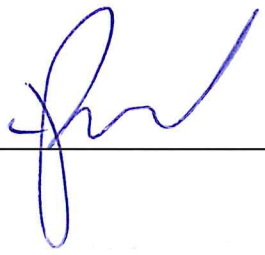
Minister for Health and Wellbeing

This annual report will be presented to Parliament to meet the statutory reporting requirements of *the Public Sector Act 2009, the Public Finance and Audit Act 1987 and the Health Care Act 2008* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

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

Craig Packard
Chief Executive Officer
Flinders and Upper North Local Health Network

Date: 25 September 2020 Signature 

Bevan Francis
Chair Governing Board
Flinders & Upper North Local Health Network

Date: 25 September 2020 Signature 

From the Chief Executive Officer

The Flinders and Upper North Local Health Network (FUNLHN) was established from 1 July 2019, following the devolution of Country Health SA Local Health Network to six regional local health networks.

The FUNLHN includes the location of health services at Whyalla, Port Augusta, Roxby Downs, Quorn, Hawker and Leigh Creek and the responsibility for oversight of remote area clinics at Maree and Andamooka.

I was appointed as Acting CEO of the FUNLHN from November 2019 and subsequently appointed as CEO for a three-year term to 5 July 2023, following the retirement of Ros McRae former CEO. I want to sincerely thank Ros for her longstanding dedication to the health services in our region; and more specifically to her leadership through the transition and development of the new FUNLHN entity and her guidance to me over this period.

The achievements of the FUNLHN in our first year have been amazing, particularly given the enormity of also managing the challenges and impacts of the Covid-19 global pandemic. Our staff response and dedication to meet the needs of our community has been humbling and reinforces the quality of the health services we have across our region. I thank all our staff, medical officers and community partners for their continued support during these unprecedented times.

This year we have established our Executive Team to have the leadership required across all aspects of the organisation in delivering safe high quality services and to drive the strategic directions of the FUNLHN Board.

In this first year, under the new SA Health governance structure, we have been able to develop and release stage one of the FUNLHN Service Plan, which involved very broad consultation with many community groups and consumers, clinicians, Health Advisory Councils and other community partners. This plan will be a valuable resource for the development of medical services and models of care in our region over the coming years.

The FUNLHN Service Plan will also be closely aligned to the release of the SA Rural Medical Workforce Plan and a significant consultation process was also conducted this year with our medical workforce and regional medical officers.

The SA Rural Medical Workforce Plan will specifically guide the development of our medical services and staffing requirements.

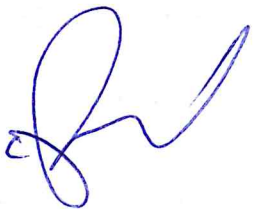
This year we have commenced the expansion and redevelopment of the Whyalla Renal Dialysis Unit, which includes the development of new consulting rooms for visiting Urologists, Cardiologists and other specialist services.

I am also pleased that we have been able to strengthen and develop new partnerships with other organisations and companies, which I see as a great step to expand and explore new opportunities for funding and innovative ways to deliver services to our communities. During 2020, we were successful in obtaining a grant through the BHP Vital Resources Funds to develop a dedicated respiratory room in response to the potential for Covid-19 related patient attendances.

This year we have expanded our profiling to our communities and consumers through increased media communication, the development of the FUNLHN Facebook site and the increase of engagement of consumers in our service. The Board approved the implementation of a new full time position – Manager of Community Engagement which is immediately improving the linkages with our health services, Governing Board and our consumers. I would like to thank the Health Advisory Councils in our region for their dedication to ensure consumer's views are well represented and to assist our health service engage in our communities.

In a very challenging year, the FUNLHN finished the financial year in a slightly favourable position, which is a testament to the attention of high-level management in our organisation, however I recognise that there are many challenges ahead of us to deliver and provide the highest quality services possible given restraints of funding commissioned by the state. There has been a reduction of activity this year in acute attendances; however, we have increased out of hospital and community services relating to community aged care packages, National Disability Insurance Scheme (NDIS) and other Commonwealth Community Programs.

Lastly, I want to thank the FUNLHN Board for their commitment to me to lead the organisation into the future. I am well supported by a dedicated and loyal Executive Team and a depth of experienced staff across the whole region. I am focused on the vision to provide the highest quality services to the people of our communities and while we will face many challenges ahead, I look forward to the journey and I am confident in the ongoing development of the FUNLHN.



Craig Packard

Chief Executive Officer

Flinders & Upper North Local Health Network

From the Board Chair

The 2019-2020 Financial year has been extremely exciting for the Flinders and Upper North Local Health Network (FUNLHN) Board.

As the inaugural year, we officially commenced on the 1st July 2019 with six highly skilled and dedicated Board members who quickly gelled to form a competent team with whom I feel privileged to Chair. Under legislation, the Board is required to be skill based with a mix of skills including legal, financial, clinical, Aboriginal, governance and business. FUNLHN is extremely fortunate to have a diverse group covering all the required skills, and I thank them for their efforts.

Operationally, FUNLHN was essentially starting as a new entity in as much as a new Executive team needed to be created. I thank Ros McRae, our initial CEO, for overseeing this process to develop an excellent team. Ros' enormous local corporate history of the region was a great asset for the FUNLHN board in its formative months. After many years of public service, Ros decided to retire in March 2020 after taking extended leave from November 2019. Her service, particularly as a successful Regional Director under the previous County Health and as FUNLHN's initial CEO is very much appreciated. Craig Packard was appointed as acting CEO following Ros McRae's leave.

The Board engaged respected executive recruitment agency, Hardy Group, to utilise their expertise and contacts nationally, internationally and locally to assist us in recruiting a replacement CEO. I was pleased to announce Craig Packard as the successful applicant. The Board looks forward to working with Craig in setting the strategic direction for the FUNLHN.

From a governance perspective, initial tasks centred on establishing protocols and procedures for ensuring good governance. Board committees for Audit and Risk, Finance and Performance, Clinical Governance and Community and Consumer Engagement were quickly established to assist the board in these important areas, and I thank the Chairs of those committees for their valuable input.

Work commenced on developing clinical and community engagement strategies considered important in informing the Board of the required strategic direction. The

Board adopted the previous Country Health strategic plan while a FUNHLN strategic plan was being developed. Unfortunately, with the advent of the COVID-19 pandemic, most of these processes were put on hold to allow the Executive team to deal with this crisis.

The COVID-19 pandemic was indeed an unprecedented and challenging time for all staff. I cannot say enough in appreciation for their efforts in very quickly establishing the protocols should the pandemic spread. I am so proud to be part of an organisation with such dedicated and skilled staff.

The 2019-2020 year has been a formative year for the FUNLHN Board. We now look forward to continuing to work with the community and all consumers, staff and clinicians in developing safe and required services for the future.

Bevan Francis

Board Chair

Flinders & Upper North Local Health Network

Contents

Overview: about the agency

Official Acknowledgement to Country:

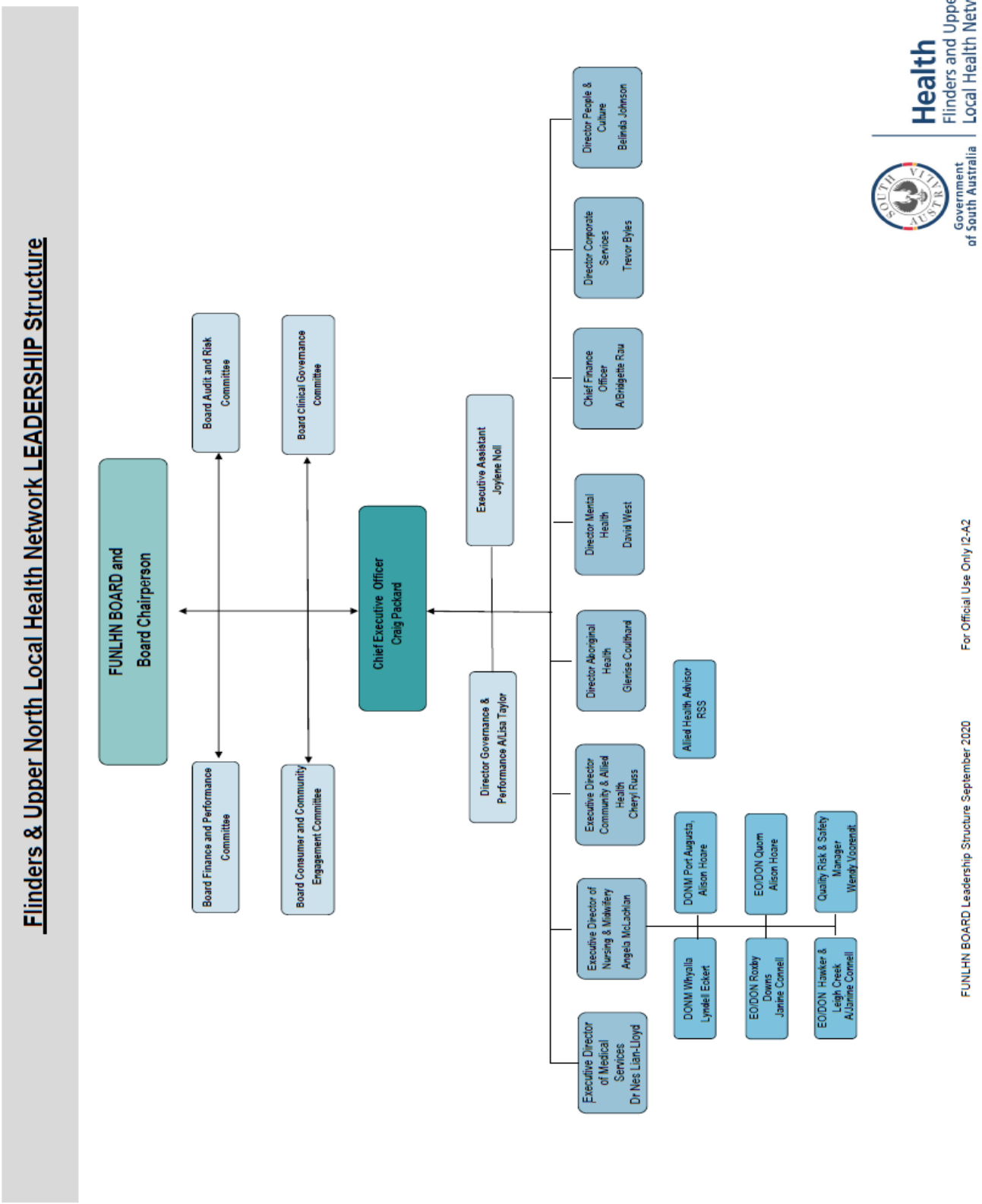
We acknowledge the Aboriginal custodians of the Land and waters within the Footprint of the Flinders and Upper North Region. We respect their spiritual relationship with their country and acknowledge that their cultural beliefs are an important focus of their past, present and future.

Our strategic focus

Our Purpose	Flinders and Upper North Local Health Network delivers a safe, reliable and consumer focussed health service, meeting changing needs and strengthening health outcomes for all.
Our Vision	The best rural health service
Our Values	Customer Focus Collaboration Caring Creativity Courage
Our functions, objectives and deliverables	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. Flinders and Upper North Local Health Network's objectives are: • Build innovative and high performing health service models that deliver outstanding consumer experience and health outcomes • Pursue excellence in all that we do • Create vibrant, values-based place to work and learn • Harness the power of partnerships to improve the effectiveness of services • Elevate and enhance the level of health in country communities Flinders and Upper North Local Health Network's key deliverables are: • Provide safe, high quality health and aged care services • Engage with the local community and local clinicians • Ensure patient care respects the ethnic, cultural and religious rights, views, values and expectations of all people

	• Ensure the health needs of Aboriginal people are considered in all health plans, programs and models of care • Meet legislation, regulations, Department for Health and Wellbeing policies and agreements

Our organisational Structure



Changes to the agency

During 2019/20 there were the following changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

- Through Governance reform the Local Health Network became an entity of its own standing to form the Local Health Network as Country Health SA was dissolved on June 30, 2019
- From 1 July 2019 the LHN had establishment of Chief Executive Officer and a Local Governing Board

Our Minister

Hon Stephen Wade MLC is the Minister for Health and Wellbeing in South Australia.

The Minister oversees health, wellbeing, mental health, ageing well, substance abuse and suicide prevention.

Our 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 & 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 LHN.

Glenise Coulthard AM, Director Aboriginal Health is responsible to the Flinders & Upper North Local Health Network CEO 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.

Lisa Taylor AAICD, Acting 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.

Bridgette Rau, Acting 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 FUNLHN.

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

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.

Our Governing Board

Bevan Francis B.Ac GAICD, Chair of the Governing Board.

Bevan Francis has had a long-standing career in the South Australian public service since 1988. Bevan was Executive Director of Finance and Infrastructure for Country Health SA until 2009 and has also worked for SA Health in the Flinders and Upper North region in various finance and management roles.

From 1998–2006, Bevan was Regional General Manager, Northern and Far Western Regional Health Services. During this time, he was accountable to the Board of Directors and responsible for intra-regional coordination, strategic planning and resource allocation for health services and facilities within the Northern and Far Western Region of SA. Bevan resides in Port Augusta and has also lived in Whyalla.

He has a deep understanding of the region, is a strong advocate for community engagement and is committed to working with the Aboriginal Health services across the region.

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 FUNLHN. Suzy brings legal expertise, business experience and broad local community knowledge to the Governing Board.

Mark Whitfield, Director 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.

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.

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 CRANAplus. 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)

Hawker District Memorial Health Advisory Council

Leigh Creek Health Services Health Advisory Council

Port Augusta, Roxby Downs, Woomera Health Advisory Council

Quorn Health Services Health Advisory Council

Whyalla Hospital and Health Services Health Advisory Council

The agency's performance

Performance at a glance

In 2019-20 Flinders and Upper North LHN achieved well 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 all elective surgery timely admissions and overdue patient categories prior to the introduction of COVID-19 elective surgery restrictions.
- Meeting targets for Mental Health services including post discharge community follow up rate, seclusion and restraint episode rates.
- Achieving above targets for positive responses to key consumer experience questions.
- Achieving targets in safety and quality performance indicators including potentially preventable admissions, hand hygiene compliance rates and hospital acquired complications rates.
- Delivering services tailored specifically to the needs of local Aboriginal populations such as Aboriginal Family Birthing Program and Aboriginal Community and Consumer Engagement Strategy.
- Growing renal dialysis services through an expansion and upgrade to the Whyalla Hospital Renal Unit.
- Continuing to deliver community, in-home and residential services within the Country Health Connect brand.
- All sites are accredited under the Australian Council Healthcare Standards.
- Effective transition of governance arrangement to governing boards form July 1 2019.
- Implementing an emergency command structure for the COVID-19 pandemic.

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 2019-20 Financial Year.

Key objective	Agency's contribution
More jobs	The commencement of the Rural Health Workforce Strategy was a critical achievement, contributing investment towards: • improving services for long-term, high-quality maternity care • providing further specialised training for allied health professionals • providing additional training and career opportunities for Aboriginal and Torres Strait Islander health practitioners • providing medical workforce support grants, supporting recruitment and retention of GPs in rural communities • expanding training opportunities for community support workers • providing mental health education for suicide prevention and patient management • supporting rural community nursing workforce to manage more complex clients in rural areas • providing rural dental workshops, promoting a rural career for dental professionals • expanding the Digital Telehealth Network • providing simulation and training equipment.
Lower costs	Costs for consumers were reduced through delivering programs such as: • The Patient Assistance Transport Scheme • Timely elective surgery in rural communities • Increasing access to telehealth services • Home-based chronic disease monitoring.

Better Services	Significant service outcomes achieved included the following • 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. • Our Health Units have access to high-quality specialist advice via the Digital Telehealth Network, including through the MedSTAR emergency medical retrieval service. • State-wide tele rehabilitation services are delivered to people in their own homes via an iPad or computer. • Clients with chronic conditions were supported through the My Health Point of Care Innovative Technologies Trial (PoCiTT) home monitoring program. • The Aged Care Assessment Program ensured that older people could gain timely access to residential aged care, home care packages and transitional care packages.

Agency specific objectives and performance

Agency objectives	Indicators	Performance
Improving access to health services in our community	• Community nursing and allied health activity service activity	• 35,969 community nursing and allied health occasions of service were provided to 5,907 individual clients.
	• Avoidable hospital activity	• 561 clients with chronic conditions received increased community-based support, resulting in avoiding 503 hospital admissions, 2 emergency department presentations, and 320 occupied bed days.
	• Potentially preventable admissions	• There were 7.4% potentially preventable admissions, a reduction from 8% in 2018-19.
	• National Disability Insurance Scheme (NDIS) program activity	• 161 total active clients at 30 June 2020, including 77 adult and 84 child clients.
Hospital services	• Emergency departments seen on time	• Targets met across all triage levels
	• Elective surgery timely admissions	• Targets were met prior to COVID-19 elective surgery restrictions.
	• Tele-rehabilitation consultations	• 560 Tele rehabilitation consultations were held in inpatient and ambulatory settings across the Digital Telehealth Network or other therapeutic applications.
	• Acute inpatient activity	• 4,707 same-day patients and 3,996 overnight patients were admitted. 455 babies were delivered.

Agency objectives	Indicators	Performance
Continuous improvement of quality and safety	• Safety assessment code (SAC) 1 and 2 incidents	• There were 12 SAC 1 and 2 incidents, compared to 10 the previous year (a 20% increase). • Overall there was a 3% decrease in reporting of patient incidents, with SAC 1 and 2 incidents accounting for 0.7% of all incidents reported.
	• Hospital acquired complications (HAC)	• 0.7% at June YTD, a reduction of 0.1% the previous year (target <1%).
Aboriginal Health	• Aboriginal Health – Left ED at own risk	• 1.2% (target less than 3%), reduction from 1.8% the previous year.
	• Aboriginal Health – left against medical advice (inpatient)	• 8.5%, equivalent to 124 patients, left against medical advice (target 4.5%).
	• Aboriginal percentage of workforce	• Targets met, 4% at June 2020.
Improving Mental Health Outcomes	• Restraint incidents per 1,000 bed days	• 1.2 incidents per 1,000 bed days
	• Seclusion incidents per 1,000 bed days	• 0 seclusions incidents per 1,000 bed days
	• Percentage of Mental Health clients seen by a community health service within 7 days of discharge	• 91% (target >80%)

Agency objectives	Indicators	Performance
Aged Care	• Residential aged care occupancy	• 94%
	• Aged Care Assessment Program (ACAP) assessments	• 838 ACAP assessments completed within the EFFN Commonwealth Aged Care Planning Region.
	• Home Care Package occupancy rates	• Occupancy rates increased from 43 to 59, a 37% increase.
	• Commonwealth Home Support Program (CHSP) client numbers	• 1,631 individual CHSP clients, enabling older people to remain independent in their own home for longer.

Aboriginal Health Program

Meeting key performance measures in the area of Aboriginal Health and exceeding these expectations by the aspiration to be a Centre for Excellence in Aboriginal health is a key objective for our region.

Flinders and Upper North Local Health Network achieved the following:

- Manager Aboriginal Health was aligned to the Director Aboriginal Health with the devolution of CHSALHN.
- Aboriginal and Torres Strait Islander Cultural Support Committee meets quarterly to provide leadership and works collaboratively to integrate Aboriginal and Torres Strait Islander Health, activities and NSQHS standards criteria relevant to Aboriginal and Torres Strait Islander healthcare into the whole of Local Health Networks operations. This is a Tier 2 Committee.
- Aboriginal Health Community Forum to inform Aboriginal organisations, community and consumers of the new SA Health reforms that came in to effect on 1 July 2019. This was also an opportunity for the community to meet members of the FUNLHN Board and Executive.
- The Step Down Unit continues to maintain a consistent flow of remote clients accessing the facility for the healing and recovery of patients who need extra supportive care and monitoring by medical and allied health staff.
- Meeting the SA Health KPI of 4% for Aboriginal workforce. Several times we have exceeded this KPI in July, February, April and May. All Aboriginal Staff in FUNLHN were surveyed seeking information on Recruitment and Retention, Performance Development Reviews, Accessing Cultural Leave, Mentoring and Support. FUNLHN Aboriginal workforce forum was planned during Reconciliation week but due to COVID-19 has been rescheduled.

- Recruitment of an Aboriginal Project Officer in February and the introduction of the Aboriginal Cultural Awareness Program (ACAP) delivered face to face commenced in March across our LHN.
- KPI of 4.5% for Aboriginal and Torres Strait Islander Leave Against Medical Advice (LAMA), the workgroup continues to meet monthly, comprehensively reviewing all Aboriginal Torres Strait Islander self-discharge episodes. Aboriginal Torres Strait Islander overnight inpatient activity decreased as a result of COVID-19. In March there were 0 LAMA discharges and April and May LAMA discharged were slightly above 4.5%.
- Aboriginal Maternal Infant Care worker in the Aboriginal Family Birthing Program achieved her 100 birth.
- Reconciliation Statements acknowledging our Aboriginal Custodians within the footprint of FUNLHN are hung in meeting rooms and at entrances to our health units. Leigh Creek and Quorn Health Units have greeting signs in the local Aboriginal language.
- FUNLHN board adopted the Country Health SA Aboriginal Community and Consumer Engagement Strategy (ACCE). Currently 47 Experts by Experience are registered and actively participate in reviewing health literature and providing advice in planning, design and relocation of the Child Health Development Team. Aboriginal Art work at the entrance of the Port Augusta Hospital, the ground and first floor of the Administration building are displayed through engagement with local Aboriginal artist.
- The Aboriginal Health Unit engages regularly with our Experts by Experience especially during March – June at the height of COVID-19, providing regular updates from SA Health, information on ‘Protect your mob and stop the spread’ and contact details and links to Mental Health services both locally, regionally and nationally.
- Welcoming environments such as ‘Our Reconciliation Wall’ and SA Aboriginal Languages are displayed in both the Port Augusta and Whyalla Hospitals
- Adopting the Country Health SA Reconciliation Action Plan 2018 – 2020. Developed our Terms of Reference and Reconciliation Committee to initiate our FUNLHN RAP. RAP Committee is chaired by Director of People and Culture and supported by Project Officer of the Aboriginal Health Unit as co-chair.
- FUNLHN staff celebrated NAIDOC and Reconciliation week with Staff and community with BBQ lunch, Aboriginal Health Displays, Performances by ‘Dusty Feet dance group and Welcome to Country by Aboriginal Custodians. Our Annual NAIDOC events are always well attended by the Aboriginal Community. These events give our staff and community an opportunity to engage in a safe and culturally appropriate space.
- Over 35 Agencies attended the Flinders Family Fun Day held in Leigh Creek with good attendance from the communities of Beltana, Copley, Marree, Iga Warta, Nepabunna, Lyndhurst and Leigh Creek.

This community event has a Health including environmental health, Culture, Education and Employment focus.

Corporate performance summary

Flinders & 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 and Relevant Screening
- Maintaining a high level of Aboriginal & Torres Strait Islander employees
- Adopting the Country Health SA Reconciliation Action Plan for 2018-2020 and commencing the development of the Flinders & Upper North Local Health Network's Reconciliation Action Plan

Employment opportunity programs

Program name	Performance
Skilling SA	Under the Skilling SA Program, Flinders and Upper North Local Health Network has supported 11 employees to undertake training relevant to their discipline including 7 staff undertaking Cert IV in Allied Health Assistant, 2 staff undertaking Cert IV in Health Administration and 2 staff undertaking Diploma of Practice Management.
Growing Leaders	Under the Growing Leaders Training Program, Flinders and Upper North Local Health Network has supported 12 employees to undertake the Growing Leaders Program.
Manager Essentials	Via the SA Leadership Academy, Flinders and Upper North Local Health Network has supported 4 staff to undertake this program.
Enrolled Nurse Cadets	2 Enrolled Nurse Cadets commenced employment with the Flinders and Upper North Local Health Network 1 located at Quorn Health Service 1 located at Port Augusta Hospital
Transition to Professional Practice Program (TPPP)	16 Registered Nurses commenced employment as TPPP's within the Flinders and Upper North Local Health Network. 1 located at Quorn Health Service 8 located at Whyalla Hospital and Health Service 6 located at Port Augusta Hospital 1 located at Roxby Downs Health Service

Agency performance management and development systems

<table>
<tr><th>Performance management and development system</th><th>Performance</th></tr>
<tr><td>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.</td><td>92.41% of staff had an annual performance review and development discussion.
72.0% of staff had a 6 monthly performance review and development discussion.</td></tr>
<tr><td>The Flinders & Upper North Local Health Network (FUNLHN) continues to foster a strong commitment to the recruitment and retainment of Aboriginal & 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.</td><td>As at 30/06/20, 4% of employees within the Flinders & Upper North Local Health Network identified as Aboriginal and Torres Strait Islander.
9 – Nursing
19 – Salaried
10 – Weekly Paid
1 – Other</td></tr>
<tr><td>Mandatory Training Compliance</td><td>As at 30/06/20, the Flinders and Upper North Local Health Network identified 78% compliance.</td></tr>
<tr><td>Criminal History and Relevant Screening</td><td>As at 30/06/20, the Flinders and Upper North Local Health Network identified 100% compliance.</td></tr>
<tr><td>Flu Vax</td><td>As at 30/06/20, the Flinders and Upper North Local Health Network identified 78% compliance</td></tr>
<tr><td>Immunisation Compliance</td><td>As at 30/06/20, Immunisation Compliance was
<table>
<tr><th></th><th>Cat A</th><th>Cat B</th><th>Cat C</th></tr>
<tr><td>Hawker</td><td>100%</td><td>100%</td><td>100%</td></tr>
<tr><td>Leigh Creek</td><td>100%</td><td>100%</td><td>n/a</td></tr>
<tr><td>Whyalla</td><td>73%</td><td>71%</td><td>100%</td></tr>
<tr><td>Port Augusta</td><td>94.0%</td><td>79%</td><td>n/a</td></tr>
<tr><td>Quorn</td><td>95.75%</td><td>100%</td><td>100%</td></tr>
<tr><td>Roxby Downs</td><td>80%</td><td>100%</td><td>100%</td></tr>
</table></td></tr>
</table>

Work health, safety and return to work programs

Program name	Performance
Prevention and management of musculoskeletal injury (MSI)	Flinders and Upper North Local Health Network recorded 8 new MSI claims in 2019-20. This was 3 less than the previous year of 11 in 2018-19, a decrease of 27%. New MSI claims accounted for 73% of new claims submitted.
Prevention and management of psychological injury	1 new PSY claim was received in 2019-20. This was 1 less than the previous year of 2 claims in 2018-19, a decrease of 50%. PSY claims accounted for 9% of new claims.
Prevention and management of slips, trips and falls (ST&Fs)	1 new STF claim received in 2019-20. This was 1 more than the previous year of 0. New STF claims accounted for 9% of new claims.

Workplace injury claims	Current year 2019-20	Past year 2018-19	Actual Change (+ / -)
Total new workplace injury claims	11	15	-4
Fatalities	0	0	0
Seriously injured workers*	0	0	0
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	2	5	-3

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

Work health and safety regulations	Current year 2019-20	Past year 2018-19	Actual Change (+ / -)
Number of notifiable incidents (*Work Health and Safety Act 2012, Part 3)*	2	0	2
Number of provisional improvement, improvement and prohibition notices (*Work Health and Safety Act 2012 Sections 90, 191 and 195*)	0	0	0

Return to work costs**	Current year 2019-20	Past year 2018-19	Actual Change (+ / -)
Total gross workers compensation expenditure ($)	117,359	239,336	-121,977
Income support payments – gross ($)	61,908	127,783	-65,875

***before third party recovery*

With effect from 1 July 2019, six new Regional LHNs replaced Country Health SA Local Health Network.

To access data published for reporting periods prior to 2019-20, please see:

https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network

Executive employment in the agency

Executive classification	**Number of executives**
SAES1	1
RN6A06	1
MD029G	1

With effect from 1 July 2019, six new Regional LHNs replaced Country Health SA Local Health Network.

To access data published for reporting periods prior to 2019-20, please see:

https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network

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

Financial performance

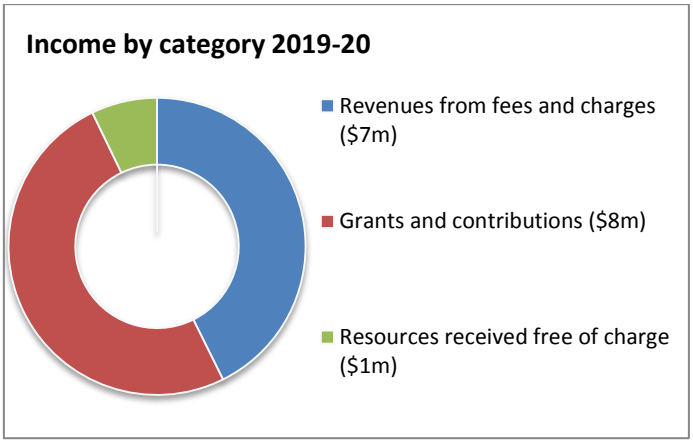
Financial performance at a glance

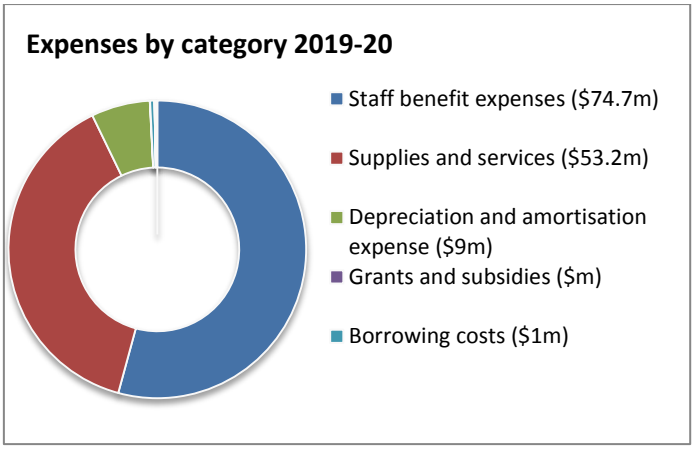
The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2019-20 are attached to this report.

Statement of Comprehensive Income	**2019-20 Budget $000s**	**2019-20 Actual $000s**	**Variation $000s**	Past Year 2018-19 **Actual $000s**
Total Income	131,337	133,836	2,499	N/A
Total Expenses	135,962	137,820	(1,858)	N/A
Net Result	**(4,625)**	**(3,984)**	**641**	N/A
Total Comprehensive Result	**(4,625)**	**(3,984)**	**641**	N/A

Statement of Financial Position	2019-20 Budget $000s	2019-20 Actual $000s	Variation $000s	Past year 2018-19 Actual $000s
Current assets	0	7,014	7,014	N/A
Non-current assets	0	127,597	127,597	N/A
Total assets	**0**	**134,611**	**134,611**	N/A
Current liabilities	0	20,611	(20,611)	N/A
Non-current liabilities	0	46,440	(46,440)	N/A
Total liabilities	**0**	**67,051**	**(67,051)**	N/A
Net assets	**0**	**67,560**	**(67,560)**	N/A
Equity	**0**	**67,560**	**(67,560)**	N/A

NOTE: As this is the first year of operation of FUNLHN, a comparison with the previous year is not applicable for 2019-20.





Consultants disclosure

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

Consultancies with a contract value below $10,000 each

Consultancies	Purpose	$ Actual payment
Nil	Nil	Nil

Consultancies with a contract value above $10,000 each

Consultancies	Purpose	$ Actual payment
Nil	Nil	$ 0.00
	Total	$ 0.00

With effect from 1 July 2019, six new Regional LHNs replaced Country Health SA Local Health Network.

To access data published for reporting periods prior to 2019-20, please see:

https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network

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

Contractors disclosure

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

Contractors with a contract value below $10,000

Contractors	Purpose	$ Actual payment
All contractors below $10,000 each - combined	Various	$2875

Contractors with a contract value above $10,000 each

Contractors	Purpose	$ Actual payment
HCA – Healthcare Australia	Agency	$321,718
Cornerstone Medical Recruitment	Agency	$157,801
Rural Locum Scheme PTY LTD	Agency	$104,648
Allied Employment Group PTY LTD	Agency	$80,013
Careers Connections International PTY LTD	Agency	$54,974
Your Nursing Agency PTY LTD	Agency	$34,374
	Total	$ 753,528

With effect from 1 July 2019, six new Regional LHNs replaced Country Health SA Local Health Network.

To access data published for reporting periods prior to 2019-20, please see:

https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network

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

The website also provides details of across government contracts.

Risk management

Risk and audit at a glance

FUNLHN Board have established an Audit and Risk Board Committee (ARC) with external Chairperson to assist the FUNLHN Board with fulfilling its responsibilities regarding risk management, audit and assurance.

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

FUNLHN 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 FUNLHN 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
Misconduct	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 & Assurance Services.

The Flinders and Upper North Local Health Network Governing Board notes all Policy Directives relating to SA Heath and a process is established to implement polices 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 2019, six new Regional LHNs replaced Country Health SA Local Health Network.

To access data published for reporting periods prior to 2019-20, please see:

https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network

Public interest disclosure

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

1

With effect from 1 July 2019, six new Regional LHNs replaced Country Health SA Local Health Network.

To access data published for reporting periods prior to 2019-20, please see:

https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network

Note: Disclosure of public interest information was previously reported under the *Whistle-blower's 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 February 2020 The Flinders and Upper North Local Health Network commenced development of a Consumer Engagement Strategic Framework. This process encompasses consultation with consumers, carers, lived experience groups, and other representative groups from across our region and will result 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 will also be involved in the development of the LHN's strategic plan.

Public complaints

Number of public complaints reported (as required by the Ombudsman)

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	24
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	Not applicable
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	Not applicable
Communication	Communication quality	Inadequate, delayed or absent communication with consumers	11
Communication	Confidentiality	Consumers confidentiality or privacy not respected; information shared incorrectly	4
Service delivery	Systems/technology	System offline; inaccessible to consumer; incorrect result/information provided; poor system design	4
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	3
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	1
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	Not applicable
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	Not applicable

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	Not applicable
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	Not applicable
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	24
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	16
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	10
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	Not applicable
Treatment	Treatment	Treatment; Inadequate; coordination; medication; rough/painful; infection control; negligent; adverse outcome; diagnosis	35
Corporate Services	Administrative Services	Hotel services; smoking on hospital grounds; entertainment; hygiene/environmental services; grounds; car parking	30
		Total	162

Note: the section below is mandated

Additional Metrics	Total
Number of positive feedback comments	270
Number of negative feedback comments	144
Total number of feedback comments	450
% complaints resolved within policy timeframes	95%

With effect from 1 July 2019, six new Regional LHNs replaced Country Health SA Local Health Network.

To access data published for reporting periods prior to 2019-20, please see:

https://data.sa.gov.au/data/dataset/country-health-sa-local-health-network

Service Improvements resulting from complaints or consumer suggestions over 2019-20 (current year)

- Improved signage across health units with consumer involvement
- Increased maintenance of health unit grounds, including specific beautification of facilities / rooms as altered to need by consumers
- Increased staff awareness of inpatient boarder options and revision of the boarder procedure
- Welcoming environments created for Aboriginal consumers by the installation of art work, language displays and cultural maps across health units.
- 'Quiet Room' incorporated in to Whyalla Hospital Emergency and High Dependency Department redevelopment planning
- Improved patient menu choices and review of quality of meals
- Consumer led ' visual' discharge pathways for joint replacement patients
- Review of the Emergency Department Nursing Model in Whyalla
- Increased partnerships between clinical staff, patients and their family to improve patient centred care and discharge planning.
- New format for the distribution of clinical learning for staff
- Additional staff education provided for areas of need such as customer service, HIV Post Exposure Prophylaxis (PEP), triage systems, Service Matters – Going the Extra Mile, Respectful Behaviour, Acceptance and Commitment Therapy, Bedside Handover
- Reviewed disability access at some sites
- Increased monitoring of smoking on hospital grounds and authorised staff to issue expiation notices

Service Matters- Going the Extra Mile

This training program is a consumer driven training program offered to staff to improve the patient experience when accessing our health services. It was developed by Country Health SA in 2016 and has been used in FUNLHN to encourage and challenge staff to consider the patient experience from a consumer perspective, which enhances communication, respectful approaches and consumer participation in their own care.

The training is unique to our region in that it successfully incorporates dual facilitation of the training session by a consumer and a staff member. Over 400 staff members have completed this training, and we have noted a reduction in consumer complaints in relation to the criteria of "communication".

Leave Against Medical Advice (LAMA)

This workgroup is an initiative of the Aboriginal Health Directorate and involves appropriate clinical staff and Aboriginal Liaison Officers meeting on a regular basis to discuss comments from Aboriginal patients who have prematurely self-discharged against medical advice. Data and learnings are communicated to Leadership and across clinical units to effect reduction of these discharges; and to enhance clinical support to those who still chose this option.

Appendix: Audited financial statements 2019-20

Government of South Australia
Auditor-General's Department

Our ref: A20/036

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

24 September 2020

Mr B Francis
Board Chair
Flinders and Upper North Local Health Network Incorporated
71 Hospital Road
PORT AUGUSTA SA 5700

Dear Mr Francis

Audit of Flinders and Upper North Local Health Network Incorporated for the year to 30 June 2020

We have completed the audit of your accounts for the year ended 30 June 2020. 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:

- financial authorities in payment system not in line with approved delegations
- invoices paid without purchase orders
- contracts not established for some regular services
- no recalculation of compensable patient invoicing

- system access restrictions insufficient
- bank account signatories include former employees.

We have received responses to our letter and will follow these up in the 2020-21 audit.

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
- patient revenue including accounts receivable
- fee-for-service
- property, plant and equipment
- cash
- general ledger.

Particular attention was given to the impact of accounting standards applicable for the first time on the Flinders and Upper North Local Health Network Incorporated's reported results. We concluded that the financial report was prepared in accordance with the financial reporting framework in this respect.

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

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000

Tel +618 8226 9640
Fax +618 8226 9688

ABN 53 327 061 410

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

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

Opinion

I have audited the financial report of Flinders and Upper North Local Health Network Incorporated for the financial year ended 30 June 2020.

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

The financial report comprises:

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

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

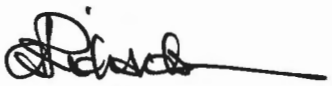
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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
- 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 2020

Certification of the financial statements

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.

.....	.....	.....
Bevan Francis	Craig Packard	Bridgette Rau
Board Chair	Chief Executive Officer	A/Chief Finance Officer

Date 15/9/2020.....

FLINDERS AND UPPER NORTH LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

	Note	2020 $'000
Income		
Revenues from SA Government	11	116,744
Fees and charges	6	7,209
Grants and contributions	7	8,472
Interest		30
Resources received free of charge	8	1,211
Other revenues/income	10	170
Total income		**133,836**
Expenses		
Staff benefits expenses	2	74,741
Supplies and services	3	53,168
Depreciation and amortisation	16,17	8,796
Grants and subsidies	4	44
Borrowing costs	20	649
Net loss from disposal of non-current and other assets	9	3
Impairment loss on receivables	13	189
Other expenses	5	230
Total expenses		**137,820**
Net result		**(3,984)**
Total comprehensive result		**(3,984)**

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 2020

	Note	2020 $'000
Current assets		
Cash and cash equivalents	12	3,234
Receivables	13	1,914
Other financial assets	14	1,187
Inventories	15	679
Total current assets		**7,014**
Non-current assets		
Receivables	13	371
Property, plant and equipment	16,17	127,226
Total non-current assets		**127,597**
Total assets		**134,611**
Current liabilities		
Payables	19	4,600
Financial liabilities	20	2,659
Staff benefits	21	10,630
Provisions	22	653
Contract liabilities and other liabilities	23	2,069
Total current liabilities		**20,611**
Non-current liabilities		
Payables	19	530
Financial liabilities	20	31,274
Staff benefits	21	13,766
Provisions	22	870
Total non-current liabilities		**46,440**
Total liabilities		**67,051**
Net assets		**67,560**
Equity		
Retained earnings		67,560
Total equity		**67,560**

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 2020

	Note	Retained earnings $ '000	Total equity $ '000
Balance at 30 June 2019		-	-
Adjustments on initial adoption of Accounting Standards	1.8	(16,300)	(16,300)
Net assets received from an administrative restructure	1.6	87,844	87,844
Adjusted balance at 1 July 2019		71,544	71,544
Net result for 2019-20		(3,984)	(3,984)
Total comprehensive result for 2019-20		(3,984)	(3,984)
Balance at 30 June 2020		67,560	67,560

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 2020

		2020 $'000
Cash flows from operating activities		
Cash inflows		
Fees and charges		6,248
Grants and contributions		8,353
Interest received		31
GST recovered from ATO		3,036
Other receipts		169
Receipts from SA Government		114,136
Cash generated from operations		**131,973**
Cash outflows		
Staff benefits payments		(72,526)
Payments for supplies and services		(35,559)
Payments of grants and subsidies		(16,926)
Interest paid		(649)
Residential aged care bonds refunded		(162)
Other payments		(236)
Cash used in operations		**(126,058)**
Net cash provided by operating activities		**5,915**
Cash flows from investing activities		
Cash inflows		
Proceeds from maturities of investments		450
Cash generated from investing activities		**450**
Cash outflows		
Purchase of property, plant and equipment		(1,252)
Cash used in investing activities		**(1,252)**
Net cash used in investing activities		**(802)**
Cash flows from financing activities		
Cash inflows		
Cash received from restructuring activities		911
Cash generated from financing activities		**911**
Cash outflows		
Repayment of lease liability		(2,790)
Cash used in financing activities		**(2,790)**
Net cash used in financing activities		**(1,879)**
Net increase in cash and cash equivalents		**3,234**
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	12	**3,234**
Non-cash transactions	24	

The accompanying notes form part of these financial statements.

1. About Flinders and Upper North 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 (Local Health Networks) Proclamation 2019* which is an amendement to the *Health Care Act 2008* (the Act). The Hospital commenced service delivery on 1 July 2019 following the dissolution of Country Health SA Local Health Network Incorporated (CHSALHN). Relevant assets, rights and liabilities were transferred from CHSALHN to the Hospital. The financial statements include all controlled activities of this 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 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 HACs in the Flinders and Upper North region are unincorporated and 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.

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

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

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

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

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

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

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

1.4 Continuity of operations
As at 30 June 2020, the Hospital had working capital deficiency of $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 reporting entity
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 27th 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 the Hospital as detailed below.

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

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

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

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

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

- Additional financial assistance from the Commonwealth and State Government to assist the Hospital with its COVID-19 response for Residential Aged Care and Multi-Purpose sites. This funding was for additional costs incurred by the Hospital and all residential aged care providers in responding to the COVID-19 outbreak, including the diagnosis and treatment of patients with or suspected of having COVID-19, and efforts to minimise the spread in the Australian community.
- Hospital staff accessing special leave with pay for up to 15 days for absences related to COVID-19 situations ($0.027 million).
- Additional costs associated with public health activities (eg preparation of hospitals to respond and establishing testing clinics), purchases of personal protective equipment for staff, and non-clinical costs (eg additional hospital cleaning costs) were $0.550 million.

Business continuity information is at note 1.4, impairment information is at note 13.1, estimates and judgements are at note 13.1, 19, 21.2 and 22.

1.8 Change in accounting policy

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

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

- AASB 117 required the recognition of an asset and liability in relation to only finance leases (not operating leases). AASB 16 will result in leases previously classified as an operating lease having right-of-use assets and lease liability being recognised in the Statement of Financial Position.
- AASB 117 required lessors to classify sublease arrangements on the basis of whether substantially all the risks and rewards incidental to ownership of the underlying asset had been transferred to the sublessee. Under AASB 16 classification is made on the basis of whether substantially all the risks and rewards associated with the right of use asset arising from the head lease have been transferred to the lessee. AASB 16 has resulted in the Hospital continuing to classify sub leases arrangements as operating leases.
- AASB 117 resulted in operating lease payments being recognises as an expense under Supplies and Services. AASB 16 largely replaces this with depreciation expense that represents the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

AASB offers additional guidance on the definition of a lease term, along with the requirement to revalue an asset when the lease liability is revalued, which has required the hospital to reassess the lease liability transferred from the dissolved CHSALHN.

The impact on the Hospital was as below;

	2020
AASB 117	**$'000**
Buildings Under Finance Lease	21,577
Current Lease Liability	(1,511)
Non Current Lease Liability	(4,294)
GST relating to finance lease	528
Impact on Equity	**16,300**
AASB 16	
Right of Use Building	35,701
Current Lease Liability	(2,332)
Non Current Lease Liability	(33,369)
Impact on Equity	**-**
Net Impact on Equity	**16,300**

1.9 Changes in presentation of financial statements

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

2. Staff benefits expenses

	2020 $'000
Salaries and wages	59,866
Targeted voluntary separation packages (refer note 2.5)	84
Long service leave	1,350
Annual leave	5,971
Skills and experience retention leave	344
Staff on-costs - superannuation*	6,558
Workers compensation	368
Board and committee fees	200
Total staff benefits expenses	**74,741**

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

2.1 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the eight members of the governing board, the Chief Executive of the Department, the Chief Executive Officer of the Hospital and the 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. 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. The Chief Executive of the Department is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses.

Compensation	**2020 $'000**
Salaries and other short term employee benefits	1,435
Post-employment benefits	345
Total	**1,780**

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.

2.2 Remuneration of Boards and Committees

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

	2020 No. of Members
$1 - $20,000	5
$20,001 - $40,000	6
$40,001 - $60,000	1
Total	**12**

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

2.3 Remuneration of staff

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

	2020 Number
$155,000 - $174,999	5
$175,000 - $194,999	2
$335,000 - $354,999	1
$355,000 - $374,999	2
$395,000 - $414,999	1
$435,000 - $454,999	2
$455,000 - $474,999	2
$495,000 - $514,999	1
$535,000 - $554,999	1
$595,000 - $614,999	1
$755,000 - $774,999	1
Total number of staff	**19**

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

2.4 Remuneration of staff by classification

The total remuneration received by staff included in note 2.3:

	2020	
	No.	$'000
Medical (excluding Nursing)	12	5,707
Executive	1	169
Nursing	6	1,037
Total	**19**	**6,913**

2.5 Targeted voluntary separation packages

Amount paid/payable to separated staff:

	2020 $'000
Targeted voluntary separation packages	84
Leave paid/payable to separated employees	104
Net cost to the Hospital	**188**
The number of staff who received a TVSP during the reporting period	**2**

3. Supplies and services

	2020 $'000
Administration	80
Advertising	25
Communication	473
Computing	1,396
Contract of services	6,902
Contractors - agency staff	2,384
Drug supplies	2,292
Electricity, gas and fuel	1,930
Fee for service*	11,285
Food supplies	935
Housekeeping	811
Insurance	733
Internal SA Health SLA payments	6,583
Legal	21
Medical, surgical and laboratory supplies	8,055
Minor equipment	860
Motor vehicle expenses	295
Occupancy rent and rates	384
Patient transport	641
Postage	201
Printing and stationery	439

Repairs and maintenance	3,753
Security	29
Services from Shared Services SA	963
Short term lease expense	37
Training and development	300
Travel expenses	223
Other supplies and services	1,138
Total supplies and services	**53,168**

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.

4. Grants and subsidies

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

5. Other expenses

	2020 $'000
Debts written off	54
Bank fees and charges	3
Donated assets expense	35
Other*	138
Total other expenses	**230**

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

* Includes Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* of $0.135 million. No other services were provided by the Auditor-General's Department.

6. Fees and charges

	2020 $'000
Patient and client fees	2,911
Private practice fees	244
Recoveries	2,285
Residential and other aged care charges	802
Sale of goods - medical supplies	371
Other user charges and fees	596
Total fees and charges	**7,209**

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

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 (contract from customers) at a point in time primarily from external customers including 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, anaesthetist, pathology, radiology services etc. Revenue from these services is recognised on a time-and-material basis as services are provided. Any amounts remaining unpaid at the end of the reporting period are treated as an accounts receivable.

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. Customers 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.

Recoveries

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. Recoveries can relate to the recharge of salaries and wages or various goods and services. Revenue from these services is recognised on a time-and-material basis as services are provided.

7. Grants and contributions

	2020 $'000
Commonwealth grants	6,629
SA Government capital contributions	150
Other SA Government grants and contributions	1,052
Private sector capital contributions	28
Private sector grants and contributions	613
Total grants and contributions	**8,472**

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

8. Resources received free of charge

	2020 $'000
Plant and equipment	259
Services	952
Total resources received free of charge	**1,211**

Resources received free of charge include plant and equipment and are recorded at their fair value.

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.

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.

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

The Hospital disposed of assets with the value of $0.003 million for nil consideration. 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.

10. Other revenues/income

	2020 $'000
Donations	8
Other	162
Total other revenues/income	**170**

11. Revenues from SA Government

	2020 $'000
Capital funding	3,159
Recurrent funding	113,585
Total revenues from SA Government	**116,744**

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

12. Cash and cash equivalents

	2020 $'000
Cash at bank or on hand	565
Deposits with Treasurer: general operating	2,587
Deposits with Treasurer: special purpose funds	82
Total cash and cash equivalents	**3,234**

Cash is measured at nominal amounts. The Hospital operates through the Department's general operating account held with the Treasurer and does not earn interest on this account. Interest is earned on HAC and GFT bank accounts and accounts holding aged care funds, including refundable deposits. Of the $3.234 million held, $0.522 million relates aged care refundable deposits.

13. Receivables

	Note	2020 $'000
Current		
Patient/client fees: compensable		275
Patient/client fees: aged care		106
Patient/client fees: other		253
Debtors		934
Less: allowance for impairment loss on receivables	13.1	(284)
Prepayments		65
Interest		2
Workers compensation provision recoverable		216
Sundry receivables and accrued revenue		297
GST input tax recoverable		50
Total current receivables		**1,914**
Non-current		
Debtors		10
Workers compensation provision recoverable		361
Total non-current receivables		**371**
Total receivables		**2,285**

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 a provision matrix as a practical expedient to measure the impairment provision.

Movement in the allowance for impairment loss on receivables:

	2020 $'000
Transfer in through administrative restructure	**95**
Increase in allowance recognised in profit or loss	189
Carrying amount at the end of the period	**284**

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 $1.187 million of which $1.016 million relates to aged care refundable deposits, with the remaining funds primarlily relating to aged care. These deposits are measured at amortised costs. There is no impairment on the term deposits. Refer to note 30 for further information on risk management.

15. Inventories

	2020 $'000
Drug supplies	177
Medical, surgical and laboratory supplies	449
Food and hotel supplies	41
Engineering supplies	1
Other	11
Total current inventories - held for distribution	**679**

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 all 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 amortisation

The residual values, useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reviewed and adjusted if appropriate on an annual basis. Changes in 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 is calculated on a straight line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
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
Intangibles	5 - 10

16.3 Revaluation

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

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

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

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

16.4 Impairment
The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. Where there is an indication of impairment, the recoverable amount is estimated. For revalued assets, an impairment loss is offset against the revaluation surplus for that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus. There were no indications of impairment of property, plant and equipment or intangibles as at 30 June 2020.

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 using and adjustment to factors to reflect the restriction.

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

16.6 Plant and equipment
Value of plant and equipment is deemed to approximate fair value.

16.7 Right-of-use assets
Right-of-use assets (including concessional arrangements) are recorded at cost, and there were no indications for impairment. Additions to right of use assets during 2019-20 were $0.315 million.

17. Reconciliation of property, plant and equipment

The following table shows the movement:

2019-20	Land and buildings					Plant and equipment				
	Land $'000	Buildings $'000	Right-of-use buildings $'000	Capital works in progress land and buildings $'000	Accommodation and Leasehold improvements $'000	Medical/ surgical/ dental/ biomedical $'000	Other plant and equipment $'000	Right-of-use plant and equipment $'000	Capital works in progress plant and equipment $'000	Total $'000
Acquisitions through administrative restructuring	**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)	-
Subtotal	**3,975**	**86,822**	**36,030**	**3,197**	**3,260**	**1,423**	**482**	**685**	**148**	**136,022**
Gains/(losses) for the period recognised in net result										
Depreciation and amortisation	-	(4,989)	(2,812)	-	(241)	(357)	(113)	(284)	-	**(8,796)**
Subtotal	**-**	**(4,989)**	**(2,812)**	**-**	**(214)**	**(357)**	**(113)**	**(284)**	**-**	**(8,796)**
Carrying amount at the end of the period	**3,975**	**81,833**	**33,218**	**3,197**	**3,019**	**1,066**	**369**	**401**	**148**	**127,226**
Gross carrying amount										
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)**
Carrying amount at the end of the period	**3,975**	**81,833**	**33,218**	**3,197**	**3,019**	**1,066**	**369**	**401**	**148**	**127,226**

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.

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 and 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 as at the end of the reporting period. During 2020, the Hospital had no valuations categorised 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

	2020
	$'000
Current	
Creditors and accrued expenses	3,582
Paid Parental Leave Scheme	9
Staff on-costs*	966
Other payables	43
Total current payables	**4,600**
Non-current	
Staff on-costs*	530
Total non-current payables	**530**
Total payables	**5,130**

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. 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 38%, and the average factor for the calculation of employer superannuation cost on-costs is 9.8%. These rates are used in the staff on-cost calculation.

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

The Hospital has lease liabilities of $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 Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year.

The borrowing costs associated with these lease liabilities was $0.649 million.

Refer to note 30 for information on risk management.

20.1 Leasing activities

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 of Planning, Transport and Infrastructure. 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 kilometers, 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.

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

20.2 Concessional lease arrangements

The Hospital has two concessional lease arrangements as lessee with the Department and Flinders Power. These leases have not been brought to account.

Right of use asset	Nature of arrangements	Details
Buildings and improvements	Terms is for 94 years Payment 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 Payment is $1 per annum	Whyalla - Concessional building arrangement for the Hospital

20.3 Maturity analysis

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

	2020
Lease Liabilities	**$'000**
1 to 3 years	6,223
3 to 5 years	6,018
5 to 10 years	14,972
More than 10 years	7,486
Total lease liabilities	**34,699**

21. Staff benefits

	2020
Current	**$'000**
Accrued salaries and wages	2,292
Annual leave	6,387
Long service leave	1,245
Skills and experience retention leave	634
Other	72
Total current staff benefits	**10,630**
Non-current	
Long service leave	13,766
Total non-current staff benefits	**13,766**
Total staff benefits	**24,396**

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

Refer to note 1.6 for details of staff transferred to the Hospital during the year.

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.

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds is 0.75%, which is used as the rate to discount future long service leave cash flows. The actuarial assessment performed by DTF determined the salary inflation rate to be 2.5% for long service leave liability and 2.0% for annual leave and skills, experience and retention leave liability.

22. Provisions
Provisions represent workers compensation.

Reconciliation of workers compensation (statutory and non-statutory)

	2020
	$'000
Transferred in through administrative restructure	1,274
Reductions resulting from re-measurement or settlement without cost	249
Carrying amount at the end of the period	**1,523**

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

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

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

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

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. There is a high level of uncertainty as to the valuation of the liability (including future claim costs), this is largely due to the enterprise bargaining agreements and industrial awards being in place for a short period of time and the emerging experience is unstable. The average claim size has been estimated based on applications to date and this may change as more applications are made. As at 30 June 2020 the Hospital recognised a workers compensation non-statutory provision of $0.070 million.

23. Contract liabilities and other liabilities

	2020
Current	**$'000**
Contract liabilities	807
Residential aged care bonds	1,258
Other	4
Total contract liabilities and other liabilities	**2,069**

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

Reconciliation of net cash provided by operating activities to net result	**2020 $'000**
Cash and cash equivalents disclosed in the Statement of Financial Position	3,234
Cash as per Statement of Financial Position	**3,234**
Balance as per Statement of Cash Flows	**3,234**

Reconciliation of net cash provided by operating activities to net result:	
Net cash provided by (used in) operating activities	5,915
Add/less non-cash items	
Asset donated free of charge	(35)
Depreciation and amortisation expense of non-current assets	(8,796)
Gain/(loss) on sale or disposal of non-current assets	(3)
Capital revenues	2,607
Interest credited directly to investments	2
Resources received free of charge	259
Movement in assets/liabilities	
Increase/(decrease) in inventories	87
Increase/(decrease) in receivables	(275)
(Increase)/decrease in other liabilities	(388)
(Increase)/decrease in payables and provisions	(1,668)
(Increase)/decrease in staff benefits	(1,689)
Net result	**(3,984)**

Total cash outflows for leases is $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.

25.1 Expenditure commitments

	2020 $'000
Within one year	6,283
Later than one year but not longer than five years	1,700
Total other expenditure commitments	**7,983**

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 2020 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 custodial role in respect of trust monies, they are excluded from the financial statements as the consolidated entity cannot use these funds to achieve its objectives. At the end of the reporting period, the hospital held $0.006 million on behalf consumers.

	2020 $'000
Transfer in through administrative restructure	6
Client trust receipts	-
Client trust payments	-
Carrying amount at the end of the period	**6**

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

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

Following a recommendation of a Parliamentary Select Committee Inquiry into Regional Health Services, and through the Governance Reform process, the Minister asked the unincorporated HACs whether they wished to become incorporated; and thus manage their own Gift Fund Trusts and real property, currently held for them by the Country Health Gift Fund HAC (formerly the CHSALHN Governing Council). It is anticipated that these incorporations will occur during the 2020/21 financial year, resulting in assets and liabilities for these entities being transferred from BHFLHN to the hospital.

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.

- AASB 1059 *Service Concession Arrangements: Grantors* applies from 1 July 2020 - The Hospital has assessed the Port Augusta public private partnership arrangements under the new standard and formed the view that these arrangements are not service concession arrangements as the Hospital (the Grantor) provides the public service and not the operator. Accordingly this standard will not have an impact on the Hospitals financial statements.
- Amending Standards AASB 2018-6 and AASB 2018-7 will apply from 1 July 2020 and AASB 2014-10, AASB 2015-10, AASB 2017-5 will apply from 1 July 2022. Although applicable to the Hospital, these amending standards are not expected to have an impact on the Hospitals financial statements. SA Health will update its policies, procedures and work instructions, where required, to reflect changes to the definition of a business, definition of materiality, and the additional clarification of requirements for a sale or contribution of assets between an investor and its associate or joint venture.

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 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 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 cost. Amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.) and prepayments are excluded as they are not financial assets or liabilities. Receivables and Payables at amortised cost are $1.637 million and $3.599 million respectively.

30.3 Credit risk exposure and impairment of financial assets

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

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

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

To measure the ECL, receivables are grouped based on days past due and debtor types that have similar risk characteristics and loss patterns (i.e. by patient and sundry, compensable and aged care) including any changes in forward-looking estimates are analysed. The Hospital considers reasonable and supportable information that is relevant and available without undue cost or effort; about past events, current conditions and forecasts of future economic conditions.

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

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

	30 June 2020		
Days past due	**Expected credit loss rate (s)**	**Gross carring amount**	**Expected credit losses**
	%	**$'000**	**$'000**
Current	1.1 - 3.7	585	11
<30 days	2.3 - 21.4	199	8
31-60 days	5.6 - 31.5	45	4
61-90 days	9.5 - 34.4	137	18
91-120 days	10.5 - 37.7	48	8
121-180 days	11.4 - 43.2	55	18
181-360 days	16.9 - 58.5	185	75
361-540 days	38.1 - 91.3	94	61
>540 days	44.1 - 100	122	81
Total		**1,470**	**284**

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 (refer note 11), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, computing and insurance (refer note 3). The Department transferred capital works in progress of $2.607 million to the Hospital. The Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for property repairs and maintenance of $1.800 million (refer note 3). As at 30 June the outstanding balance payable to DPTI was $0.339 million.

32. Interests in other entities

All HACs in the Flinders and Upper North Region elected to be unincorporated. The assets, rights and liabilities of the former Hospitals of these HACs 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 BHFLHN.

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 also recognised as part of BHFLHN Inc.

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

Health Advisory Council and associated Gift Fund Trusts		
Unincorporated HACs		
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	
Unincorporated GFTs		
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	

33. Administered Items

The Hospital administers Medical Centre arrangements. This represents Medical Centres fees and charges collected on behalf of doctors that work in Medical Centres owned by the Hospital.

The Hospital cannot use these administered funds for the achievement of its objectives.

	2020 $'000
Revenues from fees and charges	384
Other expenses	(384)
Net result	-
Cash at 1 July	-
Medical Centre inflows	384
Medical Centre outflows	(384)
Cash at bank at the end of the period	-

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 Board	-	Brady G, Francis B (Chair), Graham S, Lynch J, Malone G, Reid K, Whitefield M.
Flinders and Upper North Local Health Network Risk Management and Audit Committee	-	van der Wel O (Chair) (appointed 1/10/2019)
Flinders and Upper North Local Health Network Consumer and Community Engagement Committee	-	Misan G (appointed 1/7/2019), Plew S (Chair) (appointed 1/7/2019), Screen A (appointed 1/7/2019), Shute J (appointed 1/7/2019), Walters C (appointed 1/7/2019).

Refer to note 2.2 for remuneration of board and committee members