Government of South Australia

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

2019-20 Annual Report

CENTRAL ADELAIDE LOCAL HEALTH NETWORK

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To:

Stephen Wade MP

Minister for Health and Wellbeing

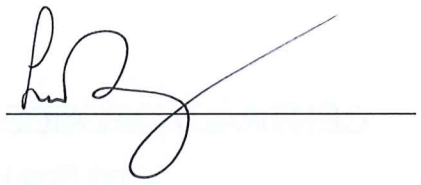
This annual report will be presented to Parliament to meet the statutory reporting requirements of *the Public Sector Act 2009, the Public Finance and Audit Act 1987 and the Health Care Act 2008* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the Central Adelaide Local Health Network by:

Lesley Dwyer

Chief Executive Officer

Date 29 September 2020 Signature 

From the Board Chair

The CALHN Governing Board formally commenced on 1 July 2019. However, our board members have been working together since the end of 2018 as a transition committee to oversee the change program following KordaMentha's diagnostic review into the network's finances and operations.

As Board Chair, I've had a unique opportunity to observe, learn and understand the challenges of healthcare delivery in the current environment.

The last 12 months within CALHN have been full of change and hard work marked by collaboration and team work and, in my view, can be described as nothing short of phenomenal. It is a very different organisation to what it was in former years.

The new CALHN leadership team has worked seamlessly with KordaMentha executives to implement reforms and this team may well be amongst the very best I have worked with in my experience over 40 years of leading organisations and 30 years of chairing boards.

When CALHN moved in to an emergency response mode in mid-March 2020, administrators KordaMentha (KM) and the Government of South Australia agreed to pause the recovery program. However, since that time the Board and the CALHN leadership team have continued their focus on the network's recovery with strong governance and financial sustainability.

This governance with a contemporary executive and broader organisational structure that brings together medical, nursing, allied healthcare and business leads and places operational decision making closer to the patient is driving the network in the right direction.

I am confident that we will continue in this direction and build a culture that can sustain excellence and innovation, accountability and ongoing transformation and deliver world-class care to all South Australians in an economically sustainable way.

It would be remiss of me not to recognise and thank the outstanding efforts of the CALHN workforce over the past 12 months. Thank you for being there every day for our patients and our community and for embracing the opportunity that we have to change the future of this organisation.

My sincerest thanks go to all of my fellow Board members – for their diligence and commitment; to our leadership team for accepting this challenge and walking towards it with purpose.

I look forward to a positive future for the network.

Raymond Spencer

Board Chair

Central Adelaide Local Health Network

From the Chief Executive

If there is a silver lining to the COVID-19 crisis for the Central Adelaide Local Health Network (CALHN), it may well be the rebirth of the organisation's relationship with the community.

As we continued on our financial and organisational recovery journey in 2019-20, the pandemic suddenly hit and we were required to assume our role in the SA Health system with the Royal Adelaide Hospital (RAH) becoming the adult COVID-19 receiving hospital.

From establishing the State's first COVID-19 testing clinic, processing 144,705 COVID-19 tests, implementing a command structure, decanting services across our sites and providing care to COVID-19 patients within the RAH, the response from our organisation has been nothing short of outstanding.

Our response was aided by one of the biggest changes our network has experienced, with the implementation of a new clinical program leadership structure which we established in October 2019. The new clinical program model places decision-making closer to where care is provided, and enables greater accountability through activity based budgets.

In addition to these structural changes we revisited our ways of working and undertook a process with our staff and the community to define, consult and agree on our organisational values which we launched in March 2020. We also included our workforce and community in the development of our Strategic Ambitions which will help steer us as we work towards our vision of shaping the future of health with world-class care and world-class research.

I am pleased to advise that the network has continued to deliver cost efficiencies, which resulted in an improved net result this financial year, as compared to previous years.

We also focused on positioning ourselves to better respond to surges in demand in the same way hospitals around Australia and the world operate every single day. We have seen the positive impact that is having on the way our hospitals operate, and our patients experience care.

The $260 million The Queen Elizabeth Hospital (TQEH) redevelopment continued taking shape with the opening of the new multi-deck, five-storey car park which paves the way for the new Clinical Services Building.

Our Statewide Clinical Support Services which include BreastScreen SA, SA Medical Imaging, SA Pathology and SA Pharmacy each had significant achievements this year.

SA Pathology made improvement in costs whilst maintaining or improving its service levels. In addition, the service has delivered on its cost reduction target of $7.3 million and the Government of South Australia ruled out privatisation in April 2020.

In May 2020, the Government of South Australia announced South Australia Medical Imaging (SAMI) will remain in public ownership and like SA Pathology, has met its saving targets for the last two years, while providing efficient and improved services for patients and Local Health Networks.

BreastScreen SA marked three decades of service and support to the women of South Australia, providing in excess of 1.9 million screening mammograms to more than 350,000 individual women. In March 2020, the service also achieved five years' accreditation following a comprehensive site visit in November 2019.

SA Dental Service launched the South Australian Oral Health Plan (2019-2026), setting out priorities to improve the oral health of South Australians, particularly those most at risk of poor oral health.

The CALHN Governing Board assumed full responsibility for the network's strategic direction, governance and performance on 1 July 2019 and has provided valuable leadership and advice on our recovery and support for our COVID-19 response.

In December 2019, at our first Annual Public Meeting, we announced a landmark Memorandum of Understanding with one of the top health networks in the world, Canada's University Health Network, focusing on clinical education and research opportunities.

The arrival of COVID-19 has provided us with the opportunity to re-set. While there is still uncertainty around what the pandemic means for health services in the long term, this has given us the impetus to do things differently to meet the needs of the community.

There is still much work to be done to enable us to reach our full potential and to meet our budget forecasts and we remain strongly committed to achieving our vision of being in the top five health services in Australia and the top 50 in the world.

Lesley Dwyer

Chief Executive

Central Adelaide Local Health Network

Contents

Overview: about the agency

Our strategic focus

Our purpose	The Central Adelaide Local Health Network (CALHN) is responsible for promoting and improving the health of the central metropolitan Adelaide community and provides specialised care for South Australians through integrated health care and hospital services. CALHN brings together five primary sites: - Royal Adelaide Hospital (RAH) - The Queen Elizabeth Hospital (TQEH) - Glenside Health Services - Hampstead Rehabilitation Centre (HRC) - St Margaret's Hospital (SMH) CALHN also governs a number of statewide services including SA Dental Service (SADS), SA Prison Health Service (SAPHS), SA Cancer Service (SACS), DonateLife SA (DLSA), and Statewide Clinical Support Services incorporating SA Pathology, SA Medical Imaging (SAMI), BreastScreen SA (BSSA) and SA Pharmacy. While the primary catchment for CALHN is the central Adelaide metropolitan region, a substantial number of people who access services in CALHN come from outside these geographic boundaries. These include people from rural, remote, interstate and overseas locations. This is due to the need to access highly specialised, statewide services.
Our vision	We are shaping the future of health with world-class care and world-class research. We are one of the top five performing health services in Australia and one of the top 50 performing health services in the world by 2025.
Our values	Our values outline who we are, what we stand for and what people can expect from us. We are: • People first • Future focused • Ideas driven • Community minded

Our functions, objectives and deliverables	The Central Adelaide Local Health Network (CALHN) has an important role in improving the health and wellbeing of South Australians by delivering world-class integrated healthcare and hospital services.

Changes to the agency

During 2019-20, the following changes to the agency's structure and objectives were implemented as a result of internal reviews or machinery of government changes:

- **New clinical program delivery model**

  Following an extensive consultation process involving more than 1200 staff and union representatives, CALHN's new ways of working program model was implemented in October 2019.

  The program realigned our previous four directorates into distinct clinical programs.

  A new program leadership structure was also introduced, that better enables clinical and operational leads to work together to achieve better patient and financial outcomes ensures we become more accountable and collaborative.

- **The CALHN Board**

  The CALHN Board assumed full responsibility for the network on 1 July 2019.

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 Governing Board

Mr Raymond Spencer (Chair)

Chair Raymond Spencer returned to Australia in 2009, following more than 35 years of living and working in the USA, India and Europe. Raymond is currently Chair of a number of boards, including the South Australian Health and Medical Research Institute (SAHMRI), the Global Centre for Modern Ageing and the South Australian Venture Capital Fund. He is a Founding Partner of RSVP Ventures and holds the position of Chair or Director in several of its portfolio companies. Raymond completed his term as Chair of the South Australian Economic Development Board in June 2018. He brings more than 40 years of leadership experience in international business, management planning, technology, finance, organisational culture, and mergers and acquisitions. Raymond is currently the Chair for CALHN Performance Recovery Taskforce.

Adjunct Professor Michael Reid AM (Deputy Chair)

Deputy Chair Mick Reid is currently the Principal of Michael Reid and Associates, a consultancy firm which has been responsible for the delivery of many health and science projects throughout Australasia, for governments in Asia and the Pacific and with United Nations organisations. Mick has been Director General of Health in New South Wales and Queensland, Director Policy and Practice at the George Institute for International Health, Director General for the Ministry of Science and Medical Research in NSW, and Chief of Staff to an Australian Minister for Health. Mick is considered to be an expert in the delivery of public health services in Australia.

Dr Alexandra Cockram MD (Member)

Dr Alexandra (Alex) Cockram is a psychiatrist by training, a clinician and a leader in mental health and acute health care. In early 2019, she was appointed by the Victorian Government, as a Commissioner to the Royal Commission into the Mental Health System. Prior to this appointment, she undertook a number of key roles providing strategic advice to government and industry in a number of areas including mental health, alcohol and other drug service system reform and developments for the West of Melbourne.

Alex has been on the Board of Epworth Healthcare group and has held a number of leadership roles in the health industry. In late 2019, she joined the SilverChain group as an independent advisor of quality and safety systems and Chair the Best Care Committee. Alex was Chief Executive of Western Health between 2012-17, when Western developed a progressive agenda of service system expansion, reform and infrastructure development including the development of the Sunshine Health, Wellbeing and Education precinct, and the announcement to develop the Footscray hospital. Alex brings significant health management, clinical practice and governance skills and experience to the Board.

Adjunct Professor Judith Dwyer AM (Member)

Professor Judith Dwyer holds Bachelor of Arts, Masters of Business Administration and Doctor of Philosophy qualifications. Judith has significant knowledge of the governance and management of health care delivery, health services research, health policy, and the health care needs of communities. Judith brings these significant skills, knowledge and experience to the Board. Judith has had a distinguished career in health management, including Chief Executive roles of Southern Health Care Network (Melbourne) and Flinders Medical Centre, and Deputy Chief Executive of the Women's and Children's Hospital. Between 2006-2018, Judith was Professor of Health Care Management in the Flinders University College of Medicine and Public Health, where she has a continuing adjunct role. Judith was awarded the Sidney Sax medal by the Australian Healthcare and Hospitals Association (AHHA), honouring her lifelong commitment to delivering high quality health services in Australia, particularly in the area of Indigenous health.

Professor Justin Beilby MD (Member)

Professor Justin Beilby is a practising general practitioner, board member and leader in primary care/general practice reform in Australia and has had an extensive senior management career at the University of Adelaide. In 2015, Justin was appointed Vice-Chancellor of Torrens University. Prior to this, Justin was Executive Dean of the

Faculty of Health Sciences for 10 years at the University of Adelaide, overseeing all academic, education and research programs. Justin has demonstrated experience and skills in research, both clinical and policy related, workforce planning, financial and people management, philanthropic funding, leading major capital programs, leading change programs and governance. He has broad international experience, establishing educational and research partnerships in the US, Middle East, China, South East Asia and Japan. Justin brings significant skills to improving the standard and quality of health care and tertiary education and research to the Board.

Ms Kim Morey (Member)

Ms Kim Morey has over 25 years of experience in Aboriginal health and community services, having held senior manager roles. Kim is an Aboriginal woman, with family connections to Central Australia. She has extensive knowledges of public sector systems, policy development, strategic advice, and monitoring. She also has strong working relationships across Government and non-Government sectors, with Aboriginal community leaders, Aboriginal health leaders and Aboriginal Health Services. She has provided leadership on the Aboriginal health research ethics committee and has participated on various reference groups, advisory groups, working groups. Kim has an excellent knowledge of the health and wellbeing issues facing Aboriginal peoples both from a South Australian perspective and at a National level. Kim has also volunteered on local Aboriginal Community and community-based Boards of Management. She has a Masters of Public Health, has recently completed the Australian Company Directors Training and has commenced her Masters of Business Administration through University of Adelaide in 2020. Kim is currently a Platform leader in the Aboriginal Health Equity Theme, Wardliparingga, and the Executive Officer, Senior Research Translation Manager, SA Aboriginal Chronic Disease Consortium, South Australian Health and Medical Research Institute.

Ms Jane Yuile (Member since May 2020)

Jane has almost 40 years' experience as a finance executive. For the last 20 years she has been a non-executive director on numerous boards in a range of industries, and a consultant in governance, business strategy and risk. Prior to that at she was the finance director of a listed technology company and worked for one of the global Chartered Accounting firms in San Francisco, London and Melbourne. Jane is currently State Chair (SA) for ANZ Bank and a director of Adelaide Airport and the Art Gallery of South Australia. Jane has a Master of Business Administration, Bachelor of Science, and is a fellow of Chartered Accountants ANZ and the Australian Institute of Company Directors.

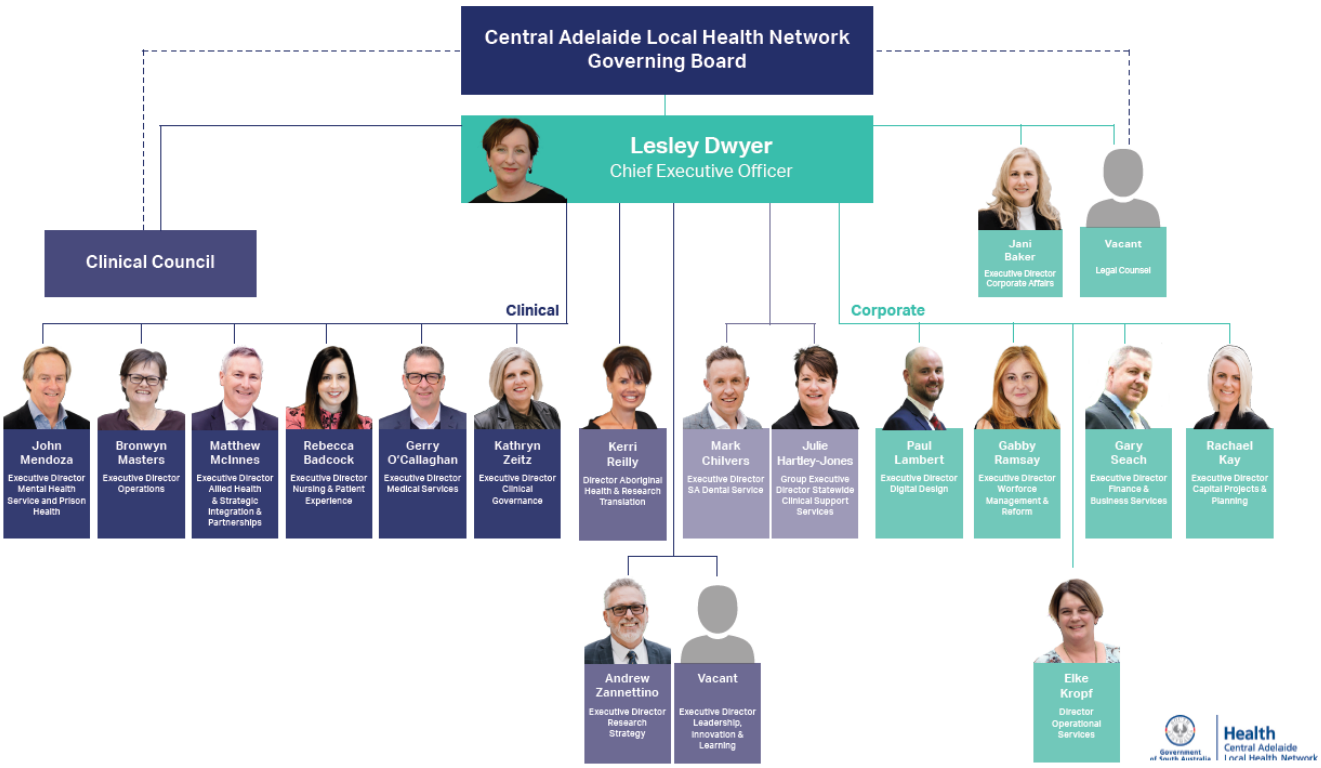
Ms Naomi James (Previous member, departed April 2020)

Naomi resigned from the Central Adelaide Local Health Network on 3 April 2020, due to relocating overseas for work purposes. During her tenure, Naomi brought significant experience in commercial management, business strategy and organisational transformation to the Board.

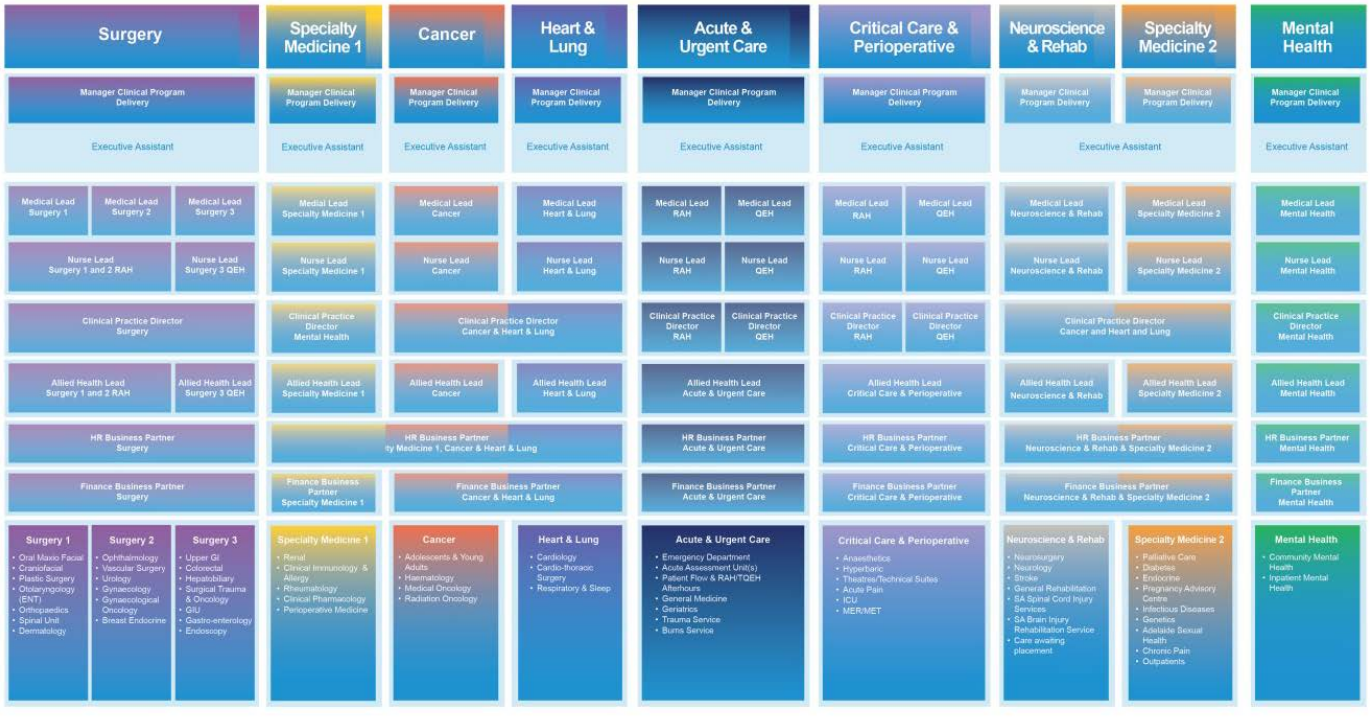
Our organisational structure

In 2019-20, Central Adelaide Local Health Network implemented a new leadership structure and clinical program delivery model. This new model places decision making closer to the patient enabling our workforce to respond to our consumer's needs.

Our Executive team



CALHN Clinical Program Delivery Model



Legislation administered by the agency

HealthCare Act 2008.

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

Organisation of the agency:

- Intermediate Health Care
- SA Dental Service
- SA Prison Health Service
- Statewide Clinical Support Service (SA Pathology, SA Medical Imaging, SA Pharmacy, BreastScreen SA)
- DonateLife SA
- Office of the Chief Executive Officer
- Finance Directorate
- People and Culture Directorate
- Office of the Executive Director of Nursing
- Office of the Executive Director, Medical Services
- Allied Health Directorate
- Clinical Directorates (surgical, medical, critical care, cancer and renal and mental health)

Other agencies related to this agency (within the Minister's area/s of responsibility):

- Department for Health and Wellbeing
- Central Adelaide Local Health Network Advisory (Governing) Council
- SA Ambulance Service
- MedSTAR
- Drug and Alcohol Services SA
- Southern Adelaide Local Health Network
- Country Health SA Local Health Network
- Northern Adelaide Local Health Network
- Women's and Children's Local Health Network
- Office for Ageing Well

The agency's performance

Performance at a glance

CALHN continued its formal organisational and financial recovery, which began in November 2018, in partnership with KordaMentha. The impact of COVID-19 put a pause on the administrator's contract.

Agency contribution to whole of government objectives

Key objective	Agency's contribution
More jobs	CALHN has focused on enabling more effective utilisation of permanent staff and has implemented strategies to reduce its reliance on temporary service staff such as nursing agency. Nursing agency usage decreased by 51% compared to last financial year, with an average agency usage at 1.46%.
Lower costs	A financial efficiency and sustainability program was implemented which focused on identifying areas of inefficiency and eliminating wasted time and effort. This supported the government's objective of reducing costs while improving access to safe and quality services.
Better services	CALHN is undertaking a significant program of work to deliver better healthcare services to South Australia. This includes: • The introduction of CALHN clinical programs has allowed for a comprehensive management of clinical services. • The overall decrease in average length of stay due to the COVID-19 pandemic • The creation of bed capacity and standby beds to allow improved patient flow. • The average wait time in ED for this year was five hours and 29 minutes compared to five hours and 42 minute in 2018-19 financial year. This is a 3.8% improvement. • Investing in infrastructure. • Moving outpatient clinics closer to the community and out of hospital and the introduction of Telehealth appointments.

Agency specific objectives and performance

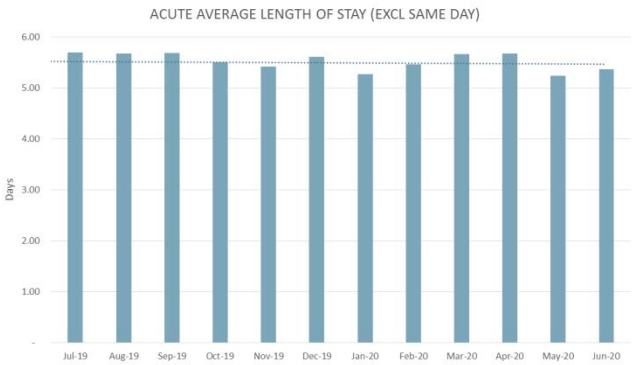
As outlined in the Organisational and Financial Recovery Plan, CALHN and its recovery partners are working to achieve five strategic priorities:

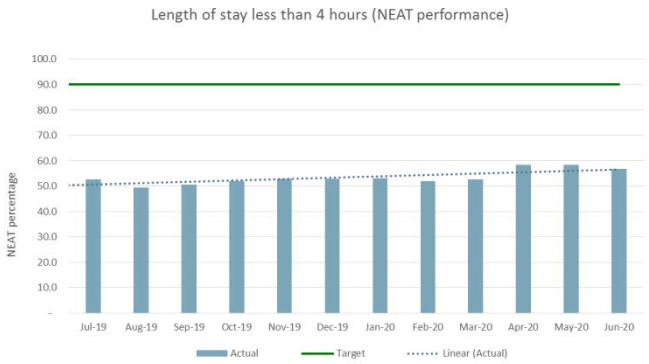
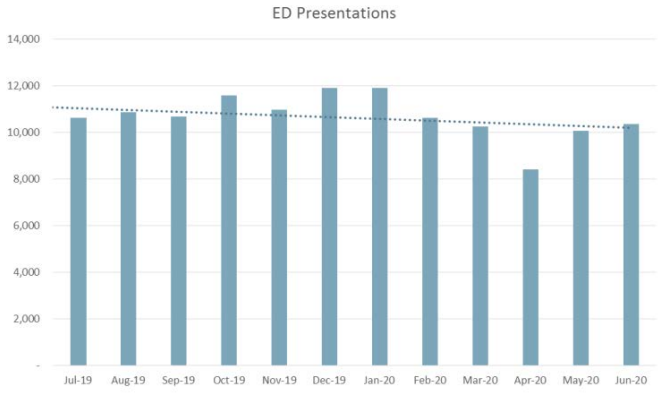
1. Deliver better patient outcomes.
2. Operate a modern health service.
3. Be a great place to work and learn.
4. Contribute to better leadership of Adelaide's health.
5. Sustainably allocate resources.

From an organisational perspective, these priorities will translate into CALHN:

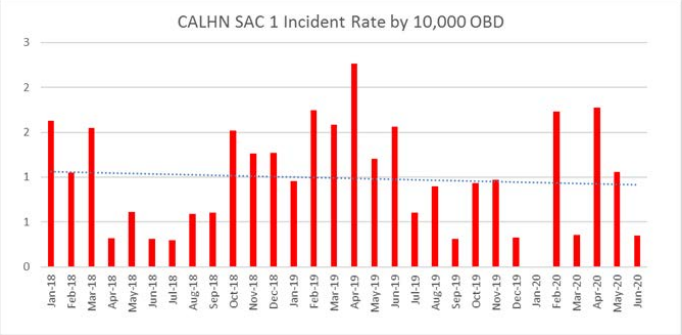
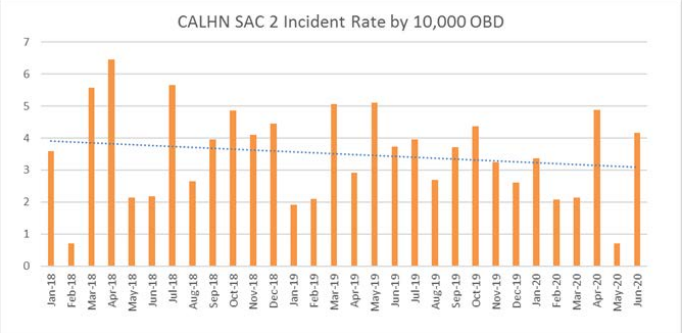
- Being trusted by our patients and the community to deliver industry leading care.
- Embracing modern, fit for purpose ways to enhance clinical services and the patient experience.
- Having strong people systems and a self-regulating culture that empowers our people to deliver great outcomes.
- Being recognised as pivotal to the South Australian health system and to the wellbeing of our community.
- Working towards achievable financial goals and recognising sustainability as an important goal.

Key initiatives and performance against each of these strategic priorities are outlined in the following table.

Agency objectives	**Indicators**	**Performance**
Deliver better patient outcomes	Average length of stay	The overall length of stay (LOS) has significantly decreased in comparison to the previous year. The COVID-19 response further emphasised this, reflecting an increase in discharges of long stay patients and greater efficiency in the flow stream. 

	Length of stay in the emergency department (ED) of less than four hours	National Emergency Access Target (NEAT) performance across CALHN has remained relatively consistent over the past 12 months. Overall trends in discharge NEAT and Emergency Extended Care NEAT are favourable. NEAT Performance July 19 to July 20 improved by 4.5%.  *Based on episodes with LOS > 21 days, excluding same day
	Presentations to the emergency department (ED).	Although presentations to emergency departments declined across the year, largely in response to COVID-19, CALHN's emergency departments have seen a 2% growth in presentations July 19 to July 20. Mental health presentations continue to impact the emergency department. To mitigate these impacts, a Mental Health ED Nurse Practitioner has commenced at TQEH and RAH. In addition, in partnership with SAAS, CALHN established the Mental Health co-responder program which resulted in fewer SAAS transfers to ED. 

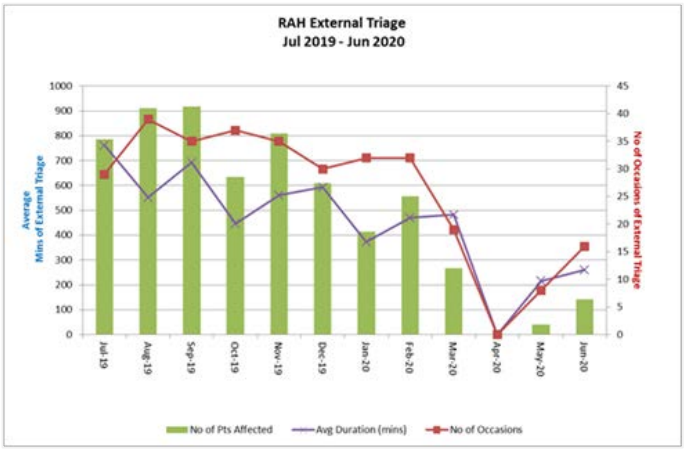
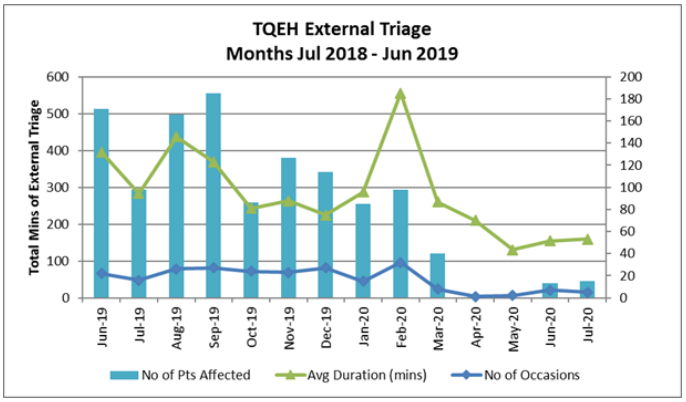
	COVID-19 response	On average SA Pathology delivered COVID-19 test results in under 24 hours. While limited in number, a new COVID-19 RAPID test further reduced waiting times when it was used in emergency departments. Overall, SA Pathology conducted 136,677 tests with 12,026 at the RAH and 1,116 at TQEH. CALHN had 102 COVID-19 in patients with a further 18 cared for in ICU.
	Number of mammograms performed	BreastScreenSA performed 146,036 mammograms for 74,381 clients in this financial year. Of interest: • 64,201 (86.3%) clients were women aged 50 to 74 years. • 7,454 (10.0%) clients were women attending their first breast screen. • 55,979 (75.3%) clients attended one of BreastScreen SA's seven fixed metro clinics for their scans. • 18,402 (24.7%) clients attended one of three mobile screening units, which visit 28 rural and 11 metro areas every two years, for their scans.

	Safety and Quality	Strengthening CALHN's incident management has been a key focus in 2019-20. This has resulted in a decrease in actual Safety Assessment Code (SAC), SAC 1 and SAC 2 by occupied bed days. Multiple strategies have been implemented to improve the quality of the data reported to ensure the SAC rating more accurately reflects the outcome of the incident.  
	Number of Aboriginal patients accessing additional dental services in rural and remote areas, prisons and oral surgery specialists	114 adults in rural and remote services. 207 adults in Prison Health Services. 133 children in rural and remote services. Five oral surgery specialist clinics.
	Finalisation of the CALHN 'Innovate' Reconciliation Action Plan (RAP)	The CALHN Reconciliation Action Plan (RAP) was finalised in the 2019-20 financial year and outlines CALHN's commitment to Reconciliation. Future implementation will contribute to improve patient outcomes.

	Delivering culturally appropriate care	CALHN are developing learning tools to support frontline staff to ask every patient one simple question, 'Are you of Aboriginal or Torres Strait Islander origin?', irrespective of appearance. This campaign was designed by the Australian Institute of Health and Welfare to accurately identify the Indigenous status of patients. Identification will assist in closing the gap, improving access to existing health services, assist with the ongoing planning and service delivery and the monitoring of changes to the health and wellbeing of Aboriginal and Torres Strait Islander people over time.
	Increased Aboriginal community and council engagement during COVID-19	CALHN has and continues to plan for the specific needs of its Aboriginal patients and their remote communities and homelands in all COVID-19 prevention, treatment and response management. This is to ensure Aboriginal patients continue to receive their vital treatment and inpatient care whilst minimising the risk of community outbreak. This has been achieved and maintained through consultation and engagement with all Aboriginal communities and with many Aboriginal and Torres Strait Islander Community Organisations across South Australia. CALHN has redirected internal resources to ensure patient support on discharge and biosecurity requirements can be met. It has also provided culturally specific education in regard to COVID-19 awareness and prevention to its patients and their communities.

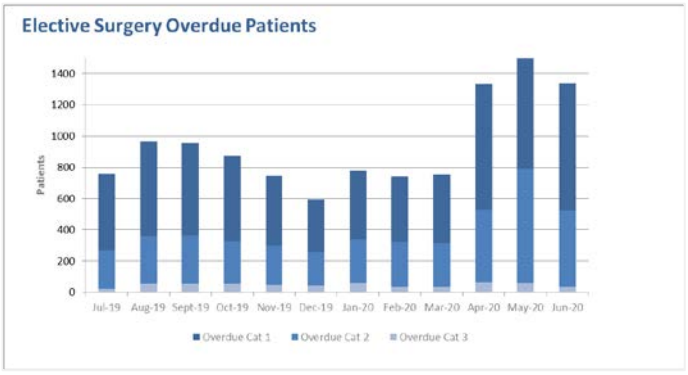
Operate a modern health service	Electronic Medical Record (EMR) implementation	CALHN has completed the roll of out of Sunrise EMR across the RAH and the Hospital Avoidance and Supported Discharge Service (HASDS) based a Sefton Park. The rollout at the RAH was completed in three stages starting with outpatients, followed by all inpatient areas and finally with medication management, completed by mid-March. There were no significant patient related issues during this time and rollout was completed prior to the impacts of COVID-19. The HASDS rollout was completed during the COVID-19 pandemic while other significant changes were underway with services moving out of hospitals and into the community due to COVID-19. Access to Sunrise EMR for the HASDS team was a critical enabler to support the hospital system during the pandemic. CALHN will continue to improve all clinical services using the new tools and data that the Sunrise EMR provides. Support will also be provided to other networks so they are able to learn from CALHN's success as they move towards implementation.
	Stage 3 redevelopment of The Queen Elizabeth Hospital (TQEH)	With the continuing Stage 3 redevelopment of the TQEH, CALHN has: • completed the 500 space multi-deck car park for patients and visitors. • completed a $4 million refurbishment of the cardiac catheterisation lab. • continued with planning and development of the concept design phase for the new clinical services building.
	Statewide brain injury and spinal cord injury rehabilitation relocation to the Repat Health Precinct	This project has continued and in the 2019-20 financial year the following activity took place: • Detailed design for brain injury and spinal cord injury rehabilitation facilities nearing completion. • Commenced construction of rehabilitation facilities.

	Improvements in clinical coding and medical records have ensured CALHN more accurately and efficiently records patient volumes and acuity	Education and training programs have been implemented to aid staff across the network to more accurately code medical records to improve accuracy and efficiency. These programs and initiatives include: • Presenting to sixth year medical students at university before their hospital placement to educate them on the fundamentals and impacts of clinical coding in regards to accurate documentation. • Introduction of an accelerated trainee coder training program to employ and upskill trainee coders and increasing the number trainees from one to seven. This program reduced a two year traineeship to twelve months through on the job intense training and mentoring. Coding output is 70-80 records per week with coded data quality achieving 95%. • Facilitation of an advanced coder auditor/educator mentor program to further upskill the workforce in auditing.

	Reduction in external triage and delay transfer of care (also known as 'ramping').	There has been a significant organisational focus on reducing external triage and delayed transfer of care which was further increased with the implementation of the new clinical program structure. At the RAH there was a significant reduction in presentations at the height of COVID-19 and patient minutes and the number of patients affected by external triage fell significantly.  At TQEH there was a significant reduction in patient minutes spent externally triaged, as well as the number of patients affected and the number of occasions. 
Be a great place to work and learn	Staff flu vaccinations	82% of the CALHN workforce participated in the flu vaccination program in 2019-20. This was an increase from 62% in 2018-19.
	New injury claims rate per 1,000 full time equivalent (FTE): 24.0	CALHN's new claims per 1,000 FTE improved in 2019-20 to 24.0, a 19% decrease from the 29.8 in 2018-19.

	Improved focus on Aboriginal health across CALHN.	In October 2019, an Aboriginal Health Forum was held with key stakeholders to consult on Aboriginal health priorities for CALHN aligned with the service level agreement, SA Health Performance Framework and the CALHN Aboriginal Health Needs and Gaps Report. It was agreed that the priorities, targets and measures identified at the forum would inform the basis of CALHN's Aboriginal health priorities and strategic deliverables. In 2019-20, CALHN utilised Closing the Gap (CTG) funding: • To integrate the six Aboriginal health practitioners into acute settings to develop culturally specific resource materials, to undertake specialised models of care for renal transplant and dialysis, cardiac surgical interventions, cancer patient journeys and emergency department cultural care and response. • To continue the development and transition of the clinical role and scope of practice of Aboriginal Health Practitioner roles in the Aboriginal Health and Wellbeing Unit, with Aboriginal Health Council of SA and nurse clinical educators. • To produce consent resources in digital visual format for the most common desert languages to assist Aboriginal patients to give informed consent for procedures and treatment in cardiac, cancer and emergency. CALHN is developing an Aboriginal health champion network within program areas such as spinal and brain injury rehabilitation, mental health services and SA Prison Health to advance understanding and provision of cultural safety through peer education and ongoing support. The network also improved pharmaceutical access and medication care for Aboriginal and Torres Strait Islander patients. It will remain a key priority on discharge to community through education of medical and pharmacy staff to accommodate remote area logistics and by utilising CTG funding for eligible patients.

	Implementation of the South Australian Prison Health Services (SAPHS) Aboriginal Model of Care (AMOC) program	In line with the Model of Care for Aboriginal Prisoner Health and Wellbeing for South Australia 2017, CALHN has provisioned the delivery of ongoing cultural awareness and cultural competency training for all SAPHS staff within South Australian Prison facilities by: • Conducting an environmental cultural audit across seven SAPHS sites to understand the environment Aboriginal and Torres Strait Islanders people experience. • Developing online training resources for SAPHS staff to meet this identified need. A SAPHS Aboriginal and Torres Strait Islander Health nurse champion role was established as integral to the implementation of the SAPHS AMOC and the development of Aboriginal culturally competent clinical practices across SAPHS. An implementation committee was established to work through a gap analysis and action plans for the coming year. SAPHS sites subsequently developed actions to respond to the audit and gap analysis.
	Clinical Practice Improvement Lead (CPIL) program	CALHN staff participated in the Clinical Practice Improvement Lead (CPIL) program to develop skills and capabilities in improvement. The training format includes workshops over eight months with all participants completing a quality improvement project within their clinical program. The February intake of the CPIL program was paused due to COVID-19. The program is delivered by the Australian Council on Health Care Standards (ACHS) and funded by the RAH Research Foundation.

Better leadership of Adelaide's health	Commencement of CALHN Governing Board	The CALHN Governing Board officially commenced on 1 July 2019. In the 2019-20 financial year the Board: • Provided strategic direction and oversight of CALHN's ongoing recovery. • Oversaw the establishment of CALHN's refreshed leadership and program structure. • Established CALHN's corporate governance program • Conducted CALHN's inaugural Annual Public Meeting. • Delivered CALHN's Consumer Partnership & Community Engagement Framework. • Facilitated CALHN's Aboriginal Health Forum.
	Implementation of a new organisation structure with focus on accountability and reduction in spans of control	After several months of consultation in the 2018-19 financial year about proposed new structures and ways of working, the network implemented a new clinical program delivery model in October 2019. The new model will enable CALHN to become more accountable and collaborative, and deliver better patient outcomes.
Sustainably allocate resources	Elective surgery overdue patients	The COVID-19 pandemic has seen an increase in the number of patients who are overdue for elective surgery due to the suspension of non-urgent services across CALHN sites. 

	Progress implementation of the Central Adelaide Local Health Network Recovery Plan	CALHN has continued to implement its recovery plan and has: • Improved its financial performance. • Streamlined processes to deliver better patient care. • Established new ways of working across the whole network including new clinical program structure. • Developed new leadership structures to deliver decision-making closer to where care is provided. • Enabled greater accountability through activity based budgets. • Continued controls on procurement & appointments.
	Implementation of clinical improvement initiatives to improve patient flow and experience	CALHN has introduced capacity and flow initiatives leading to clinical improvements including improved average overnight length of stay. The network has also focused on ending ramping, with aim to stop ramping by 30 April 2020. It has also introduced Integrated Care Coordinator positions to promote integrated and efficient communication between clinicians, referrers and patients and expanded the Hospital in the Home (HITH) program.
	Restore 24/7 laboratory services at The Queen Elizabeth Hospital (TQEH)	Following construction, the new cardiac labs at the TQEH reopened and full time (24/7) services commenced in July 2019.

Corporate performance summary

CALHN continues to see small incremental changes in their Tier 1 Indicators with variable impacts from the COVID-19 pandemic. Access and flow in the ED has continued to improve with length of stay less than four hours in June 2020 at 56.8% compared to 52.5% at the same time the previous year. Overall, ED seen on time rates have improved from 50.5% year-to-date to 59.5% year-to-date. This reflects ongoing improvement work targeting ED patient flow.

Overdue patients waiting for elective surgery was on an improvement trajectory but has increased due to reduction of elective surgery activity during the COVID-19 pandemic. This is also true of the timeliness of elective surgery admissions. Essential elective surgery has been focus with the recommencement of full operational capacity.

Our acute average length of stay has steadily improved through the year and, in part, was a result of COVID-19 activity. Relative stay index has improved from 1.03 to 0.98 year-to-date.

Safety and Quality performance has improved in a number of areas. Reported incidents with harm (Safety Assessment Codes 1 & 2) have been below the target of 13 incidents for eight months and at target (13) for June 2020. Healthcare Associated SAB Infection rate has improved for the full year-to-date at 0.8 compared to 0.9 last year. Hospital acquired complications have reduced from 4.7% year-to-date to 3.6% resulting from Central Adelaide's #towardszeroharm improvement strategy.

Hospital diagnosis standardised mortality ratio continues to be at or below Health Round Table benchmark at TQEH and has steadily improved to achieve peer benchmarks at RAH.

Mental Health care has remained a key area of focus for CALHN with seclusion events per 1,000 bed days reducing from 13.2 last year to 10.1 year-to-date. The number of mental health restraints per 1000 mental health beds days has continued to decrease since July 2019 to a year low in July 2020 of n= 0.2 compared to n=1.1 in July 2019. Restrictive Practice Workshops focusing on reduction interventions continue.

Employment opportunity programs

Program name	Performance
Transition to Professional Practice Program (TPPP)	The TPPP is a 12-month temporary Registered Nurse 1 (RN1) contract designed for university graduates, registered by AHPRA as a Registered Nurse transition from a university training environment into acute clinical environment. Participants are recruited through a whole of health approach and are included within approved RN1 FTE/budget for areas. Commencement is staggered to ensure there is no annual overlap for FTE and to ensure areas maintain skill/experience mix.
South Australian Public Sector Aboriginal Employment Initiatives	CALHN is continuing to promote the SA Health Aboriginal and Torres Strait Islander Workforce Framework and the SA Health Aboriginal and Torres Strait Islander Cultural Learning Framework. The network is actively working to embed Aboriginal and Torres Strait Islander Workforce Initiatives to compliment the framework. CALHN acknowledges a significant gap in the size of our Aboriginal and Torres Strait Islander workforce compared to the public sector target of 2%. CALHN encourages Aboriginal and Torres Strait Islander people to apply for employment via the South Australian Public Sector Aboriginal Employment Register.
Skilling SA	Skilling SA was set up by the Office of the Commissioner for Public Sector Employment to implement a state government policy aimed at increasing the uptake of apprenticeship and traineeships by providing subsidies to government agencies. The program launched in 2019-20 and incorporated three pathways of training to support upskilling opportunities in South Australia, while ensuring these opportunities are attractive to jobseekers, business and industry, and meets the state's skills needs now and in the future. The qualifications available for subsidy range from Certificate III to Advanced Diploma level. During 2019-20, CALHN facilitated qualifications for 42 students (employees).

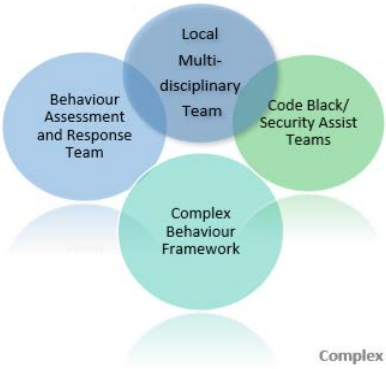
Dental Assistant Traineeship Program	SA Dental Service offers a 12-month Dental Assistant Traineeship which, if successfully completed, includes a TAFE SA qualification in Certificate III in Dental Assisting. SA Dental Service currently employs 24 Dental Assistant Trainees located in various SA Dental Service clinics across country and metropolitan areas. New graduates provide general patient care in a supportive and learning environment in addition to rotations to oral surgery and study group/mentoring sessions with senior dentists.
Basic Physician Trainees	CALHN employed 86 FTE basic physician trainees in the past financial year.

Agency performance management and development systems

Performance management and development system	**Performance**
Action 1.22 of the National Safety & Quality Health Service Standards (NSQHSS) is a core action, which is considered fundamental to safe practice, and requires that the clinical workforce participates in regular performance reviews that support individual development and improvement.	Compliance as at 30 June 2020 was 36.26% for the CALHN. This was an increase from 30.82% in 2018 19.

Work health, safety and return to work programs

Program name	Performance
Manual Tasks	CALHN has more than 300 Manual Tasks Local Facilitators in place to provide practical training, induction, support and problem solving for manual tasks issues. Ergonomic consultancy provided for infrastructure renovation or development, the purchase of equipment and the mitigation of manual tasks risks. Job analysis information provided for a variety of roles informed recruitment and safe return to work processes. The program was highly effective with a 29% reduction in new manual tasks claims in the 2019-20 financial year compared with the previous financial year.
Psychological Health and Wellbeing	Around 170 people from CALHN participated in a two day Mental Health First Aid (MHFA) training program. This included health and safety reps, first aid officers, and other staff in high risk areas. A trial of a psychosocial hazard identification and management tool has commenced with good feedback. Throughout the COVID-19 pandemic, staff were able to access resources to support their health and wellbeing via a wellbeing online page. In addition, on-site psychology support was provided to high risk areas during the COVID-19 pandemic. The effectiveness of these programs is indicated by a 35% reduction in new psychological injury claims in the 2019-20 financial year compared with the previous financial year.
Injury Management	During the 2019-20 financial year, 788 phone calls were made to the 1800 injury notification number, with 644 (82%) of calls made within two business days of injury. Daily lost time reporting is actioned by return to work staff to enable safe and timely return to work following injury.

Complex Behaviour	CALHN ran workshops with clinicians to identify 189 issues which were grouped into projects and corrective actions to improve the prevention and management of challenging behaviours. A Complex Behaviour Framework and Model of Care have been developed.  Complex Behaviour Model of Care The Behavioural Assessment and Response Team (BART) commenced in October 2019 to provide expert advice and support. Occupational Violence toolkit and resources were released February 2020. The effectiveness of this program will become more evident over time but CALHN has already seen a reduction in the number, cost, and days lost from challenging behaviour claims this year compared to the previous financial year.

Workplace injury claims	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total new workplace injury claims	203	257	-21.0%
Fatalities	0	0	0.0%
Seriously injured workers*	0	0	0.0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	13.35	13.66	-2.3%

**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	% Change (+ / -)
Number of notifiable incidents (*Work Health and Safety Act 2012, Part 3)*	7	11	-36.4%
Number of provisional improvement, improvement and prohibition notices (*Work Health and Safety Act 2012 Sections 90, 191 and 195*)	0	3	-100.0%

Return to work costs**	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total gross workers compensation expenditure ($)	$6,419,717	$6,175,506	+4.0%
Income support payments – gross ($)	$2,718,681	$2,754,778	-1.3%

***before third party recovery*

Data for previous years is available at: Data SA

Executive employment in the agency

Executive classification	**Number of executives**
SAES1	25
SAES2	7
EXEC0A	1

Data for previous years is available at: Data SA

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

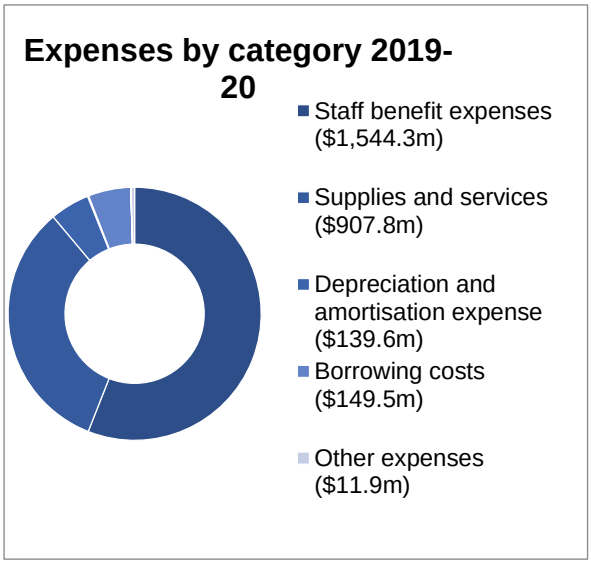
Financial performance at a glance

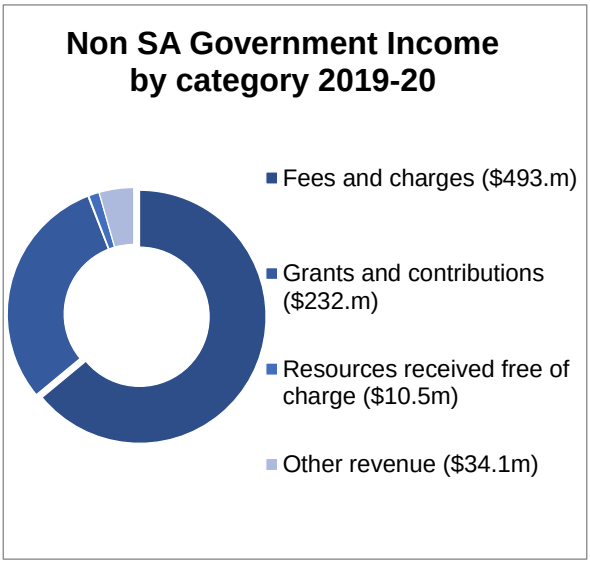
Three-year financial summary ($000)	2019-20	% ↑↓	2018-19	% ↑↓	2017-18	% ↑↓
Total income	2 736 587	6.9%	2 559 386	-5.6%	2 711 235	23.2%
Total expenses	2 742 679	1.4%	2 705 024	0.0%	2 704 800	22.9%
Net result for the period	**(6 092)**	**-95.8%**	**(145 638)**	**-2363.2%**	**6 435**	**-643600.0%**
Net cash provided by operating activities	140 148	199.7%	46 768	-78.9%	221 202	171.3%
Total assets	3 647 753	-0.4%	3 663 707	-2.3%	3 749 754	2.1%
Total liabilities	3 379 931	-0.3%	3 388 451	1.8%	3 328 209	0.7%
Net assets	**267 822**	**-2.7%**	**275 256**	**-34.7%**	**421 545**	**15.3%**

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	2018-19 Actual $000s
Total Income	0	2,749,244	0	2,572,969
Total Expenses	0	2,755,761	0	2,717,859
Net result	**0**	**(6,517)**	**0**	**(144,890)**
Total Comprehensive Result	**0**	**(5,967)**	**0**	**(144,890)**

Statement of Financial Position	2019-20 Budget $000s	2019-20 Actual $000s	Variation $000s	2018-19 Actual $000s
Current assets	0	306,737	0	274,141
Non-current assets	0	3,357,865	0	3,406,557
Total assets	**0**	**3,664,602**	**0**	**3,680,698**
Current liabilities	0	415,825	0	417,412
Non-current liabilities	0	2,966,257	0	2,973,457
Total liabilities	**0**	**3,382,082**	**0**	**3,390,869**
Net assets	**0**	**282,520**	**0**	**289,829**
Equity	**0**	**282,520**	**0**	**289,829**





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
All consultancies below $10,000 each - combined	Various	$18,413

Consultancies with a contract value above $10,000 each

Consultancies	Purpose	$ Actual payment
PricewaterhouseCoopers Consulting (Australia) Pty Ltd	Undertake a review of the technical suites at the RAH and Operating Theatres at TQEH (Stage 1) and implement key recommendations (Stage 2)	$466,388
Connetica Consulting Pty Ltd	Provide Specialist Mental Health advice	$139,276
Francis Health	Provide guidance on improving patient flow and reducing length of stay in hospitals, and identify gaps in enhancing	$124,692

Consultancies	Purpose	$ Actual payment
	CALHN service with currently strategies in place.	
Ernst & Young	Undertake a review of CALHN Outpatient management.	$122,844
PKF Adelaide	Review the overall performance of KordaMentha	$ 91,400
Caliba Health Pty Ltd	Undertake an opportunity analysis of the expenditure on medical goods to determine if products are being utilised in line with national benchmarks	$ 73,000
Taryn Schubert Communications	Develop and implement communications strategy for the Sustainability Project.	$ 60,750
CD Program Development	Create a patient management strategy, and education program focused on identification of patients at risk of hospitalisation due to chronic illness.	$ 60,000
Think Research Corporation	Review existing CALHN dashboards and deliver a strategy outlining how CALHN can both maximise the use of its assets and maximise value from any future expenditure	$ 60,000
Diana Hamilton-Fairley	Provide expert financial and operation advisory services to CALHN to reduce budget deficit and improvement performance in a health	$ 59,688

Consultancies	Purpose	$ Actual payment
	turnaround environment.	
Health Service 360	Consulting, scoping and working with CALHN nursing and allied health leaders.	$ 49,514
Giants Partner Link	Review and provide advice on intellectual property development relating to medical research	$ 46,500
2020 Delivery Ltd	Undertake a review assessing clinical change opportunities, including readiness for change and barriers to clinical change	$ 43,493
Pharmconsult Pty Ltd	Undertake an independent review of the SA Pharmacy Clinical Trials service	$ 40,716
Zed Consulting & Associates Pty Ltd	Design and implement a clinical engagement model to support the implementation of opportunities identified by the Sustainability Project.	$ 33,119
Ernst & Young	Undertake an assessment of automation opportunities for frontline and back office processes, and deliver a business case for Return on Investment.	$30,000
PricewaterhouseCoopers Consulting (Australia) Pty Ltd	Provision of advice for the transition to an alternate governance structure for Statewide Clinical Support Services	$30,000
Healthcare Logic Pty Ltd	Evaluate capture and storage systems to support a System View	$30,000

Consultancies	Purpose	$ Actual payment
	Installation	
KPMG	Undertake a review of the Aboriginal Health and Wellbeing Hub	$ 29,974
John Pilla	Undertake a review of the Casemix Unit providing recommendations and an implementation plan.	$ 15,730
Zed Management Consulting	Develop a strategic plan for SA Pharmacy	$ 12,740
	Total	$1,619,824

Data for previous years is available at: Data SA

The total value of consultancy contracts across the South Australian Public Sector will be published on the Department of Treasury and Finance website, in a consolidated financial report, once available.

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	$86,918

Contractors with a contract value above $10,000 each

Contractors	Purpose	$ Actual payment
KordaMentha	Implementation of CALHN Financial and Organisational Recovery Plan	$ 15,650,331
RGH Pharmacy Consulting Services Pty Ltd	Provision of pharmacy services at Port Augusta Hospital	$ 841,467
Epic Pharmacy	Provision of pharmacy	$ 804,844

Contractors	Purpose	$ Actual payment
	services at Whyalla Hospital	
Cerner Corporation Pty Ltd	Support services provided for Enterprise Pathology Laboratory Information System (EPLIS) project.	$ 694,481
Uplift Group Australia Pty Ltd	Clinical coding services	$ 385,117
Ernst & Young	Internal audit services	$ 245,247
Modis Staffing Pty Ltd	Temporary labour hire	$ 235,321
Code On Time Pty Ltd	Clinical coding services	$ 187,863
Zed Consulting & Associates Pty Ltd	COVID-19 project management support	$ 148,585
Polyoptimum Inc	Implementation (including staff training) of expanded ProAct rostering system	$ 137,273
FBE Pty Ltd	Provision of biomedical engineering services	$ 129,532
Tracey Brunstrom & Hammond Pty Ltd	Project management services	$ 126,630
Human Psychology	Recovery change management support	$ 120,400
2020 Delivery Ltd	Implementation of recommendations and findings outlined in earlier diagnostic report	$ 109,912
Aquenta Consulting Pty Ltd	Project management for medical equipment management and installation	$ 85,305
Taryn Schubert Communications	Communication engagement and change management services for the CALHN Recovery program 2019-20	$ 81,000

Contractors	Purpose	$ Actual payment
Big Fat Productions	Production of hospital atories	$ 60,000
Powerhealth Solutions	Provision of patient costing and casemix reporting to RAH and TQEH	$ 52,230
Arcblue Consulting (Aus) Pty Ltd	Provision of procurement services	$ 50,331
ADP Employers Service	Payroll processing	$ 40,427
Health Q Consulting	Casemix and Analytics review	$ 39,200
Professor Guy Maddern	Payment for Director of Research	$ 33,750
Frazer-Nash Consultancy Ltd	Completion and delivery of scoping study for a RAH safety case	$ 29,800
Health-E Workforce Solutions	Update financial information to accurately reflect budget build	$ 29,281
Uncharted Leadership Institute Pty Ltd	Provision of strategic advice and support for the preparation of the Designing Model Hospital Project	$ 27,273
BGI Solutions	Voluntary Separation Package project support	$ 25,728
Rodeo Creative	Central Adelaide Local Health Network Brand Strategy	$ 23,160
Kinnect Pty Ltd	Respirator fit testing	$ 22,500
Strategic & Analytical Solutions	SA Pathology investigation	$ 22,460
The Checkley Group Pty Ltd	COVID-19 project management support	$ 17,290
Workplace Solutions	Human resources support	$ 17,250

Contractors	Purpose	$ Actual payment
Getinge Australia Pty Ltd	Video management service fee	$ 16,995
Inside Infrastructure Pty Ltd	Operational safety for the management of assigned safety projects for the new RAH	$ 12,093
NEC Australia Pty Ltd	Services of Senior Engineer	$ 11,504
	Total	$20,514,580

Data for previous years is available at: DataSA

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

With the devolution of governance from the beginning of the 2019-20 financial year, CALHN's Governing Board is now responsible for providing oversight of CALHN's risk and internal audit. An Audit and Risk Committee (ARC) has been established to support this function.

In February 2020, CALHN appointed a Director of Internal Audit, with the set up and delivery of the IA function supported by Ernst and Young for three years.

CALHN is focused on becoming an organisation that demonstrates compliance while adding value to the community and meeting community expectations.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Fraudulently-claimed sick leave entitlements	2
Forged prescriptions to obtain prescribed drugs	2
Submissions of fraudulent timesheet records	1

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

Strategies implemented to control and prevent fraud

SA Health Supplier Interaction and Engagement Protocols.

SA Health Procurement Policy Directives/Principles.

Code of Ethics for the South Australian Public Sector.

Management reviews and audit.

SA Health Financial Delegations Authority.

Risk assessments.

Data for previous years is available at: Data SA

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:*

One

Data for previous years is available at: Data SA

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

Reporting required under any other act or regulation

Reporting required under the *Carers' Recognition Act* 2005

The *Carers' Recognition Act 2005* is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

CALHN is actively supported by the Consumer Advocate Council (CAC) and other site based consumer committees and groups who advocate the needs of carers as partners, consumers and advocates. The CAC includes representatives from agencies including Veteran Health Alliance, Brain Injury Rehabilitation Community and Home Group, many of whom have caring responsibilities themselves. This ensures the carer perspective is included in clinical service reform and primary health care programs from the initial development stage.

Public complaints

Number of public complaints reported

A whole of SA Health response will be provided in the 2019-20 Department for Health and Wellbeing Annual Report, which can be accessed on the SA Health website.

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	N/A
Professional behaviour	Staff competency	Failure to action service request, poorly informed decisions, incorrect or incomplete service provided	N/A
Professional behaviour	Staff knowledge	Lack of service specific knowledge, incomplete or out-of-date knowledge	N/A
Communication	Communication quality	Inadequate, delayed or absent communication with customer	N/A
Communication	Confidentiality	Customer's confidentiality or privacy not respected, information shared incorrectly	N/A
Service delivery	Systems/technology	System offline, inaccessible to customer, incorrect result/information provided, poor system design	N/A
Service delivery	Access to services	Service difficult to find, location poor, facilities/environment of a poor standard, not accessible to customers with disabilities	N/A
Service delivery	Process	Processing error, incorrect process used, delay in processing application, process not customer responsive	N/A

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Policy	Policy application	Incorrect policy interpretation, incorrect policy applied, conflicting policy advice given	N/A
Policy	Policy content	Policy content difficult to understand, policy unreasonable or disadvantages customer	N/A
Service quality	Information	Incorrect, incomplete, out dated or inadequate information, not fit for purpose	N/A
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use, not plain English	N/A
Service quality	Timeliness	Lack of staff punctuality, excessive waiting times (outside of service standard), timelines not met	N/A
Service quality	Safety	Maintenance, personal or family safety, duty of care not shown, poor security service/premises, poor cleanliness	N/A
Service quality	Service responsiveness	Service design doesn't meet customer needs, poor service fit with customer expectations	N/A
No case to answer	No case to answer	Third party, customer misunderstanding, redirected to another agency, insufficient information to investigate	N/A
		Total	N/A

Additional Metrics	Total
Number of positive feedback comments	399
Number of negative feedback comments	1973
Total number of feedback comments	2372
% complaints resolved within policy timeframes	86.66%

Data for previous years is available at: https://data.sa.gov.au/data/dataset/department-for-health-and-wellbeing

Service improvements resulting from complaints or consumer suggestions over 2019-2020

CALHN has implemented the following service improvements

Launch of the ‘if you’re worried, we’re listening’ consumer escalation of care model enabling patients, family members and carers the ability to trigger further assessment if they are worried about the care provided by the hospital.

Drinking water is now available on the third floor on the outpatient wings and by the cafeteria near the enquiries desk.

A fact sheet has been developed for consumers which details information on when deaths are referred to the coroner.

Appendix: Audited financial statements 2019-20

Certification of the financial statements

We certify that the:

- financial statements of the Central Adelaide Local Health Network Inc.:
  - are in accordance with the accounts and records of the authority; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.

- Internal controls employed by the Central Adelaide Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

.....	.....	.....
Raymond Spencer Board Chair	Lesley Dwyer Chief Executive Officer	Gary Seach Executive Director, Finance and Business Services

Date 15/9/20

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

	Note	Consolidated		Parent	
		2020	2019	2020	2019
		$'000	$'000	$'000	$'000
Income					
Revenues from SA Government	13	1,978,898	1,899,327	1,978,898	1,899,327
Fees and charges	7	492,993	423,040	481,257	410,371
Grants and contributions	8	231,956	214,254	232,098	214,359
Interest	9	777	1,564	697	1,436
Resources received free of charge	10	10,501	9,225	10,501	9,225
Other revenues/income	12	34,671	25,559	33,136	24,668
Total income		**2,749,796**	**2,572,969**	**2,736,587**	**2,559,386**
Expenses					
Staff benefits expenses	2	1,544,236	1,525,205	1,535,456	1,516,405
Supplies and services	3	908,153	869,196	905,406	866,083
Depreciation and amortisation	20,21	139,602	127,700	139,003	127,374
Grants and subsidies	4	4,122	4,892	3,737	4,486
Borrowing costs	5	149,128	167,997	149,091	167,997
Net loss from disposal of non-current and other assets	11	145	985	158	985
Impairment loss on receivables	15	(1,539)	961	(1,578)	961
Other expenses	6	11,855	20,923	11,406	20,733
Total expenses		**2,755,702**	**2,717,859**	**2,742,679**	**2,705,024**
Net result		**(5,906)**	**(144,890)**	**(6,092)**	**(145,638)**
Total comprehensive result		**(5,906)**	**(144,890)**	**(6,092)**	**(145,638)**

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Current assets					
Cash and cash equivalents	14	170,694	125,083	166,439	122,291
Receivables	15	92,310	109,517	91,721	107,351
Other financial assets	16	12,547	9,169	7,089	3,704
Inventories	17	24,627	20,571	24,094	20,458
Contract assets	18	6,564	9,801	6,564	9,801
Total current assets		**306,742**	**274,141**	**295,907**	**263,605**
Non-current assets					
Receivables	15	4,709	5,610	4,709	5,610
Other financial assets	16	528	2,069	1,150	1,150
Property, plant and equipment	19,20	3,309,276	3,347,977	3,308,185	3,347,111
Investment property	19,20	5,550	4,670	-	-
Intangible assets	19,21	37,802	46,231	37,802	46,231
Total non-current assets		**3,357,865**	**3,406,557**	**3,351,846**	**3,400,102**
Total assets		**3,664,607**	**3,680,698**	**3,647,753**	**3,663,707**
Current liabilities					
Payables	23	100,011	138,985	99,247	137,647
Financial liabilities	24	68,702	61,234	68,541	61,234
Staff benefits	25	233,997	207,959	233,037	206,896
Provisions	26	8,235	7,355	8,235	7,355
Contract liabilities and other liabilities	27	4,341	1,879	4,200	1,879
Total current liabilities		**415,286**	**417,412**	**413,260**	**415,011**
Non-current liabilities					
Payables	23	11,770	9,582	11,770	9,582
Financial liabilities	24	2,636,100	2,650,031	2,636,043	2,650,031
Staff benefits	25	305,824	299,997	305,812	299,980
Provisions	26	12,303	11,353	12,303	11,353
Contract liabilities and other liabilities	27	743	2,494	743	2,494
Total non-current liabilities		**2,966,740**	**2,973,457**	**2,966,671**	**2,973,440**
Total liabilities		**3,382,026**	**3,390,869**	**3,379,931**	**3,388,451**
Net assets		**282,581**	**289,829**	**267,822**	**275,256**
Equity					
Retained earnings		239,719	246,485	224,960	231,912
Asset revaluation surplus		42,862	43,344	42,862	43,344
Total equity		**282,581**	**289,829**	**267,822**	**275,256**

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

CONSOLIDATED

	Note	Asset revaluation surplus $ '000	Other reserves $ '000	Retained earnings $ '000	Total equity $ '000
Balance at 30 June 2018		43,344	80	391,946	435,370
Adjustments on initial adoption of Accounting Standards		-	(80)	(571)	(651)
Adjusted balance at 1 July 2018		43,344	-	391,375	434,719
Net result for 2018-19		-	-	(144,890)	(144,890)
Total comprehensive result for 2018-19		-	-	(144,890)	(144,890)
Balance at 30 June 2019		43,344	-	246,485	289,829
Adjustments on initial adoption of Accounting Standards		-	-	1,846	1,846
Adjusted balance at 1 July 2019		43,344	-	248,331	291,675
Net result for 2019-20		-	-	(5,906)	(5,906)
Total comprehensive result for 2019-20		-	-	(5,906)	(5,906)
Transfer between equity components		(482)	-	482	-
Net assets received from an administrative restructure		-	-	(3,188)	(3,188)
Balance at 30 June 2020		42,862	-	239,719	282,581

PARENT

	Note	Asset revaluation surplus $ '000	Other reserves $ '000	Retained earnings $ '000	Total equity $ '000
Balance at 30 June 2018		43,344	-	378,201	421,545
Adjustments on initial adoption of Accounting Standards		-	-	(651)	(651)
Adjusted balance at 1 July 2018		43,344	-	377,550	420,894
Net result for 2018-19		-	-	(145,638)	(145,638)
Total comprehensive result for 2018-19		-	-	(145,638)	(145,638)
Balance at 30 June 2019		43,344	-	231,912	275,256
Adjustments on initial adoption of Accounting Standards		-	-	1,846	1,846
Adjusted balance at 1 July 2019		43,344	-	233,758	277,102
Net result for 2019-20		-	-	(6,092)	(6,092)
Total comprehensive result for 2019-20		-	-	(6,092)	(6,092)
Transfer between equity components		(482)	-	482	-
Net assets received from an administrative restructure		-	-	(3,188)	(3,188)
Balance at 30 June 2020		42,862	-	224,960	267,822

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Cash flows from operating activities					
Cash inflows					
Fees and charges		301,199	254,513	287,921	242,060
Grants and contributions		241,316	224,193	241,458	224,298
Interest received		790	1,540	697	1,436
GST recovered from ATO		65,533	58,364	65,533	58,364
Other receipts		25,688	24,630	24,892	23,973
Receipts from SA Government		2,076,509	1,896,093	2,076,509	1,896,093
Cash generated from operations		**2,711,035**	**2,459,333**	**2,697,010**	**2,446,224**
Cash outflows					
Staff benefits payments		(1,505,326)	(1,456,958)	(1,496,434)	(1,448,339)
Payments for supplies and services		(902,612)	(752,237)	(898,838)	(749,538)
Payments of grants and subsidies		(4,609)	(5,438)	(4,224)	(5,032)
Interest paid		(137,088)	(156,035)	(137,051)	(156,035)
Other payments		(20,553)	(40,702)	(20,315)	(40,512)
Cash used in operations		**(2,570,188)**	**(2,411,370)**	**(2,556,862)**	**(2,399,456)**
Net cash provided by operating activities		**140,847**	**47,963**	**140,148**	**46,768**
Cash flows from investing activities					
Cash inflows					
Proceeds from sale of property, plant and equipment		181	160	168	160
Proceeds from sale/maturities of investments		3,106	2,799	103	-
Cash generated from investing activities		**3,287**	**2,959**	**271**	**160**
Cash outflows					
Purchase of property, plant and equipment		(27,142)	(22,460)	(26,684)	(21,866)
Purchase of intangible assets		(946)	(765)	(946)	(765)
Purchase of investments		(1,687)	(2,935)	(21)	(3)
Cash used in investing activities		**(29,775)**	**(26,160)**	**(27,651)**	**(22,634)**
Net cash used in investing activities		**(26,488)**	**(23,201)**	**(27,380)**	**(22,474)**
Cash flows from financing activities					
Cash outflows					
Repayment of leases		(68,748)	(59,107)	(68,620)	(59,107)
Cash used in financing activities		**(68,748)**	**(59,107)**	**(68,620)**	**(59,107)**
Net cash used in financing activities		**(68,748)**	**(59,107)**	**(68,620)**	**(59,107)**
Net increase/(decrease) in cash and cash equivalents		**45,611**	**(34,345)**	**44,148**	**(34,813)**
Cash and cash equivalents at the beginning of the period		125,083	159,428	122,291	157,104
Cash and cash equivalents at the end of the period	14	**170,694**	**125,083**	**166,439**	**122,291**
Non-cash transactions	28				

The accompanying notes form part of these financial statements.

1. About Central Adelaide Local Health Network

The Central Adelaide Local Health Network Incorporated (the Hospital) is a not-for-profit incorporated hospital under the *Health Care Act 2008*. The financial statements and accompanying notes include all controlled activities of the Hospital, this includes the Hospital and AusHealth Corporate Pty Ltd (AusHealth).

The consolidated financial statements have been prepared in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interest in other entities is at note 36.

Administered Items
The Hospital has administered activities and resources. Transactions and balances relating to administered resources are presented separately and are disclosed in the Schedule of Administered Financial Statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

1.1 Objectives and activities
The Hospital is committed to protecting and improving the health of all South Australians by delivering a system that balances the provision of safe, high-quality and accessible services that are sustainable and reflective of local values, needs and priorities with strategic system leadership, regulatory responsibilities and an increased focus on wellbeing, illness prevention, early intervention and quality care.

The Hospital is part of the SA Health portfolio providing health services for Central Adelaide, including those managed on a State-wide basis.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based quaternary care including medical, surgical and other acute services, rehabilitation, mental health and palliative care, dental, breast screening and other community health services to veterans and other persons living within the central Adelaide metropolitan area and Statewide as appropriate.

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 Hospital is comprised of:
- Royal Adelaide Hospital (RAH)
- Hampstead Rehabilitation Centre
- The Queen Elizabeth Hospital
- St Margaret's Hospital
- Pregnancy Advisory Centre
- Statewide Clinical Support Services including SA Pathology, SA Medical Imaging, SA Pharmacy and Breast Screen SA
- Donate Life
- SA Dental Service
- Glenside and community health
- Primary Health Care Services
- Prison Health SA

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 a working capital deficiency of $108.544 million ($143.271 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

1.5 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.

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

1.6 Changes to the Hospital

2019-20

Transferred In

As part of governance reforms and new department structure, it was agreed that a portion of the following functions would be transferred from the Department to the Hospital, effective 1 July 2019:
- SA Biomedical Engineering (hospital based functions and staff);
- Debt management function (patient, compensable and Medicare ineligible); and
- SA Pathology ICT function.

This resulted in the transfer in of 88 employees and net liabilities of $3.188 million, consisting of $0.174 million payables, $3.055 million leave entitlements and $0.041 million plant and equipment.

There were no functions transferred out in 2019-20.

2018-19
There were no functions transferred in or out in 2018-19

1.7 Impact of COVID-19 pandemic on Central Adelaide Local Health Network
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. Noteworthy, since the 22 April, 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;
- maximized community engagement; and
- 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 has assisted the Hospital with its COVID-19 response. This funding was for additional costs incurred by the Hospital 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 $1.881 million.
- Additional net costs associated with public health activities (e.g. preparation of hospitals to respond and establishing testing clinics), purchases of personal protective equipment for staff, and non-clinical costs (e.g. additional hospital cleaning costs), establishment of a Rapid Response Nursing Service (Airport Border Nurses Program, Medi-Hotel Nursing Service program, Residential Aged Care Facility, Group Homes and APY Lands) $10.108 million;
- Additional costs associated with the diversion of activity to the private hospital system $2.1 million; and
- The Hospital has purchased various plant and equipment e.g. new ventilators and ICT infrastructure to assist with responding to SA Health COVID-19 matters $4.662 million.

Business continuity information is at note 1.4, impairment information is at note 15.1 and 19.4, estimates and judgements are at note 15.1, 23, 25.2 and 26.

1.8 Change in accounting policy

AASB 16 *Leases*
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 17 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 recognised 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.

The total impact on the Hospital's retained earnings as at 1 July 2019 is as follows:

	Consolidated $'000	Parent $'000
Closing retained earnings 30 June 2019 – AASB 117	**246,485**	**231,912**
Assets		
Right of use assets	(54,783)	(53,844)
Liabilities		
Lease liabilities	54,783	53,844
Other liabilities (lease incentive liabilities)	1,846	1,846
Opening retained earnings 1 July 2019 – AASB 16	**248,331**	**233,758**

The initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments. Lease incentive liabilities have been written off against retained earnings at transition date. The initial measurement of the lease liability was the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate as at 1 July 2019. The average weighted incremental borrowing rate for this purpose was 1.51%.

The Hospital disclosed in its 2018-19 financial report total undiscounted operating lease commitments of $81.733 million (Parent $81.474 million) under AASB 117. The Hospital has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of a lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitment should have been disclosed as $60.908 million (Parent $59.826 million) under AASB 117.

The misclassification did not impact on the Statement of Comprehensive Income or the Statement of Financial Position in prior years. The misclassification impacted items within the supplies and services expense line. Note 29 applies the correct classification for both the current and comparative years. Commitments related to accommodation services provided by DPTI are included in note 29.1.2.

The difference between operating lease commitments disclosed under AASB 117 at 30 June 2019, adjusted to be discounted using incremental borrowing rates used on transition to AASB 16, and the lease liabilities recognised on 1 July 2019 under AASB 16 is as follows:

	Consolidated $'000	Parent $'000
Total Operating Lease Commitments disclosed as of 30 June 2019 (AASB 117)	60,908	59,826
Adjustments:		
Less: short term leases for which no lease liability is recognised	(1,097)	(1,097)
Commitments for lease payments	59,811	58,729
Discounted using the incremental borrowing rate of 1.38% - 2.64%	(5,028)	(4,885)
Lease liability recognised in statement of financial position 1 July 2019 (AASB 16)	54,783	53,844

Accounting policy on transition
AASB 16 sets out accounting policies on transition. *Treasurer's Instructions (Accounting Policy Statements)*, required the Hospital to apply AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2019 (comparatives have not been restated); apply AASB 16 to contracts that were previously identified as containing a lease under AASB 117 and not transitioned operating leases for which the lease term ends before 30 June 2020 (with the exception of vehicles leased through South Australian Financing Authority (SAFA)).

Ongoing accounting policies
As per *Treasurer's Instructions (Accounting Policy Statements)*, the Hospital will not apply AABS 16 to intangible assets; has adopted a $15,000 threshold for determining whether an underlying asset is a low value asset; will apply the short term lease recognition exemption (with the exception of vehicles leased through SAFA); will adopt a cost model and will not record at fair value on initial recognition, leases that have significantly below market terms and conditions principally to enable the Hospital to further its objectives.

Significant accounting policies relating to the application of AASB 16 are disclosed under relevant notes and are referenced at notes 19.9, 20 and 24.

AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes the current income recognition requirements contained in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

The Hospital adopted AASB 15 and AASB 1058 on 1 July 2019 and where applicable applied the transitional provisions specified in the standard.

The adoption of these standards did not have an impact on the timing or recognition of the Hospital's revenues, as detailed below:

- Revenues from SA Government (72.0%) will continue to be recognised as income when the Hospital obtains control of the funds (i.e. upon receipt);
- Commonwealth revenues and other grants (8.4%) continue to be recognised as service/performance obligations are satisfied, or alternatively where there are no service/performance obligations, upon receipt:
- Fees and Charges (17.9%) continue to be recognised as the service/performance obligations are satisfied;
- Taxes, rates and fines continue to be recognised as income when the taxable event occurs;
- Contributed services (resources received free of charge) continues to be recognised where they would have been purchased if they were not donated under AASB 1058 (previously AASB 1004) and contributed assets that do not have sufficiently specific performance obligations will continue to be accounted for as a donation via AASB 1058 (previously AASB 1004); and
- Interest income continues to be recognised via AASB 9.

In addition, revenue earned in prior periods but not yet receivable (previously recorded as an accrual), is now recorded as a contract asset in the Statement of Financial Position and revenue received in prior periods but not yet recognised (previously recorded as unearned revenue), is now recorded as a contract liability in the Statement of Financial Position.

Concessional (peppercorn) lease arrangements will continue to be recognised at nominal amounts until such time as the AASB develops valuation guidance.

1.9 Changes in presentation of financial statements

Treasurer's Instructions (Accounting Policy Statements) issued 1 June 2020 remove the previous requirement for financial statements to be prepared using the net cost of service 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

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries and wages	1,220,723	1,183,085	1,213,499	1,175,855
Targeted voluntary separation packages (refer below)	24,660	1,360	24,660	1,360
Long service leave	31,749	90,627	31,672	90,541
Annual leave	119,863	116,178	119,530	115,870
Skills and experience retention leave	6,099	5,425	6,099	5,425
Staff on-costs - superannuation*	127,253	120,064	126,598	119,400
Staff on-costs - other	315	386	6	13
Workers compensation	9,889	75	9,833	29
Board and committee fees	431	378	341	324
Other staff related expenses	3,254	7,627	3,218	7,588
Total staff benefits expenses	**1,544,236**	**1,525,205**	**1,535,456**	**1,516,405**

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

Refer note 25 for further discussion on long service leave movement.

2.1 Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Minister, the seven members of the governing board, the Chief Executive of the Department, Chief Executive Officer of the Hospital and the 13 (eight) members of the Executive Management Group plus two external contractors with 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 of the Department. The Chief Executive is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses.

In addition, the table below excludes the value of the contracts of services for the two external contractors.

Compensation	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries and other short term employee benefits	4,084	3,770	4,084	3,014
Post-employment benefits	471	298	471	298
Total	**4,555**	**4,068**	**4,555**	**3,312**

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 committee members

	2020 No. of Members	2019 No. of Members
$0	319	328
$1 - $20,000	72	70
$20,001 - $40,000	8	5
$40,001 - $60,000	1	1
$60,001 - $80,000	1	1
$80,001 - $100,000	1	-
Total	**402**	**405**

The total remuneration received or receivable by members was $0.387 million ($0.334 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 37 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

	Consolidated		Parent	
Remuneration of employees	**2020**	**2019**	**2020**	**2019**
The number of staff whose remuneration received or receivable falls within the following bands:	**Total Number**	**Total Number**	**Total Number**	**Total Number**
$151,000 - $155,000*	n/a	61	n/a	61
$155,001 - $175,000	248	274	247	274
$175,001 - $195,000	170	139	170	139
$195,001 - $215,000	102	85	102	84
$215,001 - $235,000	67	76	65	75
$235,001 - $255,000	65	60	65	60
$255,001 - $275,000	49	46	49	46
$275,001 - $295,000	41	33	41	33
$295,001 - $315,000	39	27	39	27
$315,001 - $335,000	31	37	31	36
$335,001 - $355,000	34	45	34	45
$355,001 - $375,000	37	34	36	34
$375,001 - $395,000	32	28	32	28
$395,001 - $415,000	25	39	25	39
$415,001 - $435,000	42	22	42	22
$435,001 - $455,000	27	28	27	28
$455,001 - $475,000	27	27	27	27
$475,001 - $495,000	25	21	25	21
$495,001 - $515,000	20	24	20	24
$515,001 - $535,000	24	13	24	13
$535,001 - $555,000	11	13	11	13
$555,001 - $575,000	19	14	19	14
$575,001 - $595,000	19	16	19	16
$595,001 - $615,000	8	16	8	16
$615,001 - $635,000	18	17	18	17
$635,001 - $655,000	13	10	13	10
$655,001 - $675,000	8	5	8	5
$675,001 - $695,000	1	4	1	4
$695,001 - $715,000	6	1	6	1
$715,001 - $735,000	2	-	2	-
$735,001 - $755,000	1	2	1	2
$755,001 - $775,000	-	2	-	2
$775,001 - $795,000	2	-	2	-
$795,001 - $815,000	1	-	1	-
$815,001 - $835,000	-	1	-	1
$855,001 - $875,000	1	-	1	-
$875,001 - $895,000	-	1	-	1
$895,001 - $915,000	1	-	1	-
$915,001 - $935,000	-	1	-	1
$935,001 - $955,000	-	1	-	1
$975,001 - $995,000	1	-	1	-
$1,035,001 - $1,055,000	-	1	-	1
$1,215,001 - $1,235,000	-	1	-	1
$1,235,001 - $1,255,000	1	-	1	-
$1,355,001 - $1,375,000	1	-	1	-
$1,615,001 - $1,635,000	-	1	-	1
Total number of staff	**1,219**	**1,226**	**1,215**	**1,223**

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

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, 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:

	Consolidated				Parent			
	2020		2019		2020		2019	
	No.	$'000	No.	$'000	No.	$'000	No.	$'000
Medical (excluding Nursing)	1,068	338,977	1,047	325,063	1,068	338,977	1,047	325,063
Executive	28	6,689	24	5,702	25	5,888	21	4,945
Nursing	63	11,122	79	13,248	63	11,122	79	13,248
Non-medical (i.e. administration)	60	10,946	76	13,224	59	10,783	76	13,224
Total	**1,219**	**367,734**	**1,226**	**357,237**	**1,215**	**366,770**	**1,223**	**356,480**

2.5 Targeted voluntary separation packages (TVSP)

	Consolidated		Parent	
	2020	2019	2020	2019
Amount paid/payable to separated staff:	$'000	$'000	$'000	$'000
Targeted voluntary separation packages	24,660	1,360	24,660	1,360
Leave paid/payable to separated employees	10,678	1,295	10,678	1,295
Net cost to the Hospital	**35,338**	**2,655**	**35,338**	**2,655**
The number of staff who accepted a TVSP during the reporting period	**293**	**27**	**293**	**27**

TVSPs include 13 (21) separations resulting from the Registered Nurse/Midwife Workforce Renewal Program.

3. Supplies and services

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Administration	5,668	5,713	7,425	7,270
Advertising	570	745	359	496
Communication	2,741	2,994	2,629	2,889
Computing	24,089	21,349	23,535	20,945
Consultants	1,638	4,395	1,581	4,344
Contract of services	6,663	6,324	6,663	6,324
Contractors	20,601	16,660	20,551	16,611
Contractors - agency staff	38,444	48,907	38,408	48,901
Cost of goods sold	1,965	2,069	-	-
Drug supplies	259,839	241,724	259,839	241,724
Electricity, gas and fuel	16,497	16,659	16,449	16,614
Fee for service	46,712	35,458	46,712	35,458
Food supplies	4,830	5,104	4,830	5,104
Housekeeping	24,503	24,353	24,406	24,270
Insurance	11,847	9,791	11,787	9,737
Internal SA Health SLA payments	22,463	20,744	22,463	20,744
Interstate patient transfers	10	33	10	33
Legal	1,095	1,623	1,016	1,416
Medical, surgical and laboratory supplies	167,584	165,002	167,584	165,002
Minor equipment	6,796	6,854	6,778	6,847
Motor vehicle expenses	1,581	1,905	1,581	1,905
Occupancy rent and rates	11,860	19,281	11,756	19,014
Patient transport	8,862	9,299	8,862	9,299
Postage	7,419	7,986	7,389	7,950
Printing and stationery	4,592	4,862	4,565	4,826
PPP operating expenses	94,943	85,775	94,943	85,775
Rental expense on operating lease	-	1,442	-	1,442
Repairs and maintenance	32,572	22,906	32,542	22,859
Security	18,250	17,030	18,250	17,030
Services from Shared Services SA	10,827	9,201	10,827	9,201
Short term lease expense	1,373	-	1,373	-
Training and development	21,335	20,366	21,158	20,146
Travel expenses	2,568	3,159	2,316	2,835
Other supplies and services	27,416	29,483	26,819	29,072
Total supplies and services	**908,153**	**869,196**	**905,406**	**866,083**

Accommodation – a part of the Hospital's accommodation is provided by DPTI under MoAA issued in accordance with Government wide accommodation policies, these arrangements do not meet the definition of a lease. In prior years expenses associated with these arrangements and accommodation operating lease expenses have been classified as occupancy rent and rates. DPTI accommodation expenses will continue to be disclosed under occupancy, rent and rates and any accommodation operating lease expenses have been reclassified to rental expenses on operating lease for the comparative year. Any operating lease payments are recognised on a straight line basis over the lease term.

From 1 July 2019, the Hospital recognises lease payments associated with short term leases (12 months or less) and leases for which the underlying asset is low value (less than $15,000) 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

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

	Consolidated				Parent			
	2020		2019		2020		2019	
	No.	$'000	No.	$'000	No.	$'000	No.	$'000
Below $10,000	8	18	11	37	2	7	4	17
Above $10,000	22	1,620	21	4,358	21	1,574	19	4,327
Total	**30**	**1,638**	**32**	**4,395**	**23**	**1,581**	**23**	**4,344**

4. Grants and subsidies

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Subsidies	385	406	-	-
Funding to non-government organisations	3,737	4,486	3,737	4,486
Total grants and subsidies	**4,122**	**4,892**	**3,737**	**4,486**

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

5. Borrowing costs

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Lease costs	149,128	167,997	149,091	167,997
Total borrowing cost	**149,128**	**167,997**	**149,091**	**167,997**

Included in borrowing costs is a reduction in contingent rental amounts of $110.092 million ($94.311 million).

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through the profit and loss was $149.128 million ($167.997 million).

6. Other expenses

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Debts written off	1,838	2,316	1,810	2,309
Bank fees and charges	105	75	48	51
Donated assets expense	1,182	-	1,182	-
Net loss on revaluation of investments	188	10	-	10
Net loss on sale of investments	23	15	-	-
Royalty payments	2,726	13,729	2,726	13,729
Other*	5,793	4,778	5,640	4,634
Total other expenses	**11,855**	**20,923**	**11,406**	**20,733**

Donated assets expense includes transfer of plant and equipment 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 1987* of $0.398 million ($0.548 million). No other services were provided by the Auditor-General's Department. Also includes fees paid or payable to BDO for audit services for AusHealth of $0.029 million ($0.035 million).

7. Fees and charges

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Ambulance transport	74	102	74	102
Car parking revenue	7,994	8,611	7,994	8,611
Commissions revenue	65	69	65	69
Fines, fees and penalties	206	103	206	103
Insurance recoveries	248	333	248	333
Patient and client fees	341,166	273,601	329,428	260,932
Private practice fees	43,555	45,615	43,555	45,615
Recoveries	76,442	53,075	76,442	53,075
Royalty income	4,372	19,273	4,372	19,273
Sale of goods - medical supplies	1,076	929	1,076	929
Other user charges and fees	17,795	21,329	17,797	21,329
Total fees and charges	**492,993**	**423,040**	**481,257**	**410,371**

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

All revenue from fees and changes is revenue recognised from contracts with customers except for recoveries, insurance recoveries and, fines, fees and penalties.

Consolidated

Contracts with Customers disaggregated by pattern of revenue recognition and type of customer	**2020 Goods/Services transferred at a point in time**	**2020 Goods/Services transferred over a period of time**	**2019 Goods/Services transferred at a point in time**	**2019 Goods/Services transferred over a period of time**
Ambulance transport	40	-	59	-
Car parking revenue	4,296	3,698	4,531	4,080
Commissions revenue	65	-	69	-
Patient and client fees	177,121	-	193,422	-
Private practice fees	43,555	-	45,615	-
Royalty income	4,372	-	19,263	-
Sale of goods - medical supplies	57	-	38	-
Other user charges and fees	12,962	-	15,402	-
Total contracts with external customers	**242,468**	**3,698**	**278,399**	**4,080**
Ambulance transport	34	-	43	-
Patient and client fees	164,045	-	80,179	-
Royalty income	-	-	10	-
Sale of goods - medical supplies	1,019	-	891	-
Other user charges and fees	4,833	-	5,927	-
Total contracts with SA Government customers	**169,931**	-	**87,050**	-
Total contracts with customers	**412,399**	**3,698**	**365,449**	**4,080**

The Hospital recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities (refer to note 27). Similarly, if the Hospital satisfies a performance obligation before it receives the consideration, The Hospital recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due (refer to note 15).

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

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

Private practice fees

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

8. Grants and contributions

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Commonwealth grants and donations	2,246	2,281	2,246	2,281
Pharmaceutical Benefits Scheme Commonwealth subsidy	206,333	186,800	206,333	186,800
Other SA Government grants and contributions	834	1,268	927	1,293
Private sector grants and contributions	22,543	23,905	22,592	23,985
Total grants and contributions	**231,956**	**214,254**	**232,098**	**214,359**

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

Of the $231.956 million ($214.254 million) received in 2019-20, $15.006 million ($15.301 million) was provided for specific purposes, including State and Commonwealth Health initiatives- Health reforms, research and other associated activities.

9. Interest

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest on operating accounts	80	128	-	-
Interest on Special Purpose Funds	697	1,436	697	1,436
Total interest	**777**	**1,564**	**697**	**1,436**

10. Resources received free of charge

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Plant and equipment	137	107	137	107
Services	10,364	9,118	10,364	9,118
Total resources received free of charge	**10,501**	**9,225**	**10,501**	**9,225**

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. CALHN 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.

In addition although not recognised the Hospital received volunteer services from the Royal Adelaide Hospital Lavender Lads and Ladies, Friends of the Queen Elizabeth Hospital and country based SA Pathology couriers. There are 563 volunteers whom provide patient and staff support services to individuals using the Hospital's services. The services include but not limited to: childcare, respite care, transport, therapeutic activities, patient liaison gift shop support, kiosk support and café support.

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

	Consolidated		Parent	
	2020	2019	2020	2019
Land and buildings:	$'000	$'000	$'000	$'000
Proceeds from disposal	-	-	-	-
Less carrying amount of assets disposed	-	(740)	-	(740)
Less other costs of disposal	-	-	-	-
Net gain/(loss) from disposal of land and buildings	-	**(740)**	-	**(740)**

	Consolidated		Parent	
	2020	2019	2020	2019
Plant and equipment:	$'000	$'000	$'000	$'000
Proceeds from disposal	183	160	170	160
Less carrying amount of assets disposed	(326)	(405)	(326)	(405)
Less other costs of disposal	(2)	-	(2)	-
Net gain/(loss) from disposal of plant and equipment	**(145)**	**(245)**	**(158)**	**(245)**
Total assets:				
Total proceeds from disposal	183	160	170	160
Less total carrying amount of assets disposed	(326)	(1,145)	(326)	(1,145)
Less other costs of disposal	(2)	-	(2)	-
Total net gain/(loss) from disposal of assets	**(145)**	**(985)**	**(158)**	**(985)**

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.

12. Other revenues/income

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Dividend revenue	179	174	-	-
Donations	6,535	7,663	6,535	7,663
Gain on revaluation of investment property	880	-	-	-
Other	27,077	17,722	26,601	17,005
Total other revenues/income	**34,671**	**25,559**	**33,136**	**24,668**

13. Revenues from SA Government

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Capital funding	30,847	45,998	30,847	45,998
Recurrent funding	1,948,051	1,853,329	1,948,051	1,853,329
Total revenues from SA Government	**1,978,898**	**1,899,327**	**1,978,898**	**1,899,327**

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 when the Hospital obtains control over the funding. Control over the funding is normally obtained upon receipt.

The 2019 comparative information has been amended to better reflect the nature of the transactions, with Capital funding decreased by $0.357 million, and Recurrent funding increased by $0.357 million. The amendments have no impact on reported equity or total revenues from SA Government.

14. Cash and cash equivalents

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash at bank or on hand	6,660	5,215	2,405	2,423
Deposits with Treasurer: general operating	46,513	6,398	46,513	6,398
Deposits with Treasurer: special purpose funds	117,521	113,470	117,521	113,470
Total cash and cash equivalents	**170,694**	**125,083**	**166,439**	**122,291**

Cash is measured at nominal amounts.

The Hospital earns interest on the special purpose deposit account and the operating accounts held by AusHealth.

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

15. Receivables

Current	Note	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Patient/client fees: compensable		6,846	8,462	6,846	8,462
Patient/client fees: other		28,715	41,145	28,715	41,145
Debtors		11,972	11,468	11,526	9,514
Less: allowance for impairment loss on receivables	15.1	(5,158)	(6,697)	(5,023)	(6,601)
Prepayments		1,739	918	1,554	699
Interest		3	16	-	-
Grants		4	45	4	45
Workers compensation provision recoverable		2,699	2,559	2,699	2,559
Sundry receivables and accrued revenue		44,523	49,765	44,396	49,604
GST input tax recoverable		967	1,836	1,004	1,924
Total current receivables		**92,310**	**109,517**	**91,721**	**107,351**
Non-current					
Debtors		174	155	174	155
Workers compensation provision recoverable		4,535	4,667	4,535	4,667
GST input tax recoverable		-	788	-	788
Total non-current receivables		**4,709**	**5,610**	**4,709**	**5,610**
Total receivables		**97,019**	**115,127**	**96,430**	**112,961**

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.

15.1 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:

	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Carrying amount at the beginning of the period	**6,697**	**5,736**	**6,601**	**5,640**
Increase/(Decrease) in allowance recognised in profit or loss	(1,539)	961	(1,578)	961
Carrying amount at the end of the period	**5,158**	**6,697**	**5,023**	**6,601**

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 34 for details relating to credit risk and the methodology for determining impairment.

16. Other financial assets

	Consolidated		Parent	
	2020	2019	2020	2019
Current	$'000	$'000	$'000	$'000
Term deposits	2,281	2,403	742	824
Other investments FVPL	10,266	6,766	6,347	2,880
Total current investments	**12,547**	**9,169**	**7,089**	**3,704**
Non-current				
Term deposits	80	1,618	-	-
Interest in wholly owned subsidiary	-	-	1,150	1,150
Other investments FVPL	448	451	-	-
Total non-current investments	**528**	**2,069**	**1,150**	**1,150**
Total investments	**13,075**	**11,238**	**8,239**	**4,854**

The Hospital measures term deposits at amortised cost, listed equities and other investments are measured as fair value represented by market value. Other investments include shares in other corporations, floating rate notes, listed securities and managed funds.

There is no impairment on other financial assets. Refer to note 34 for further information on risk management.

17. Inventories

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Drug supplies	16,680	12,461	16,680	12,461
Inventory imprest stock	7,285	7,873	7,285	7,873
Other	662	237	129	124
Total current inventories - held for distribution	**24,627**	**20,571**	**24,094**	**20,458**

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.

18. Contract assets

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Contract assets	6,564	9,801	6,564	9,801
Total contract assets	**6,564**	**9,801**	**6,564**	**9,801**

Contract assets primarily relate to the Hospital's rights to consideration for work completed but not yet billable at the reporting date. The Hospital has recognised revenue for pathology services provided but not yet processed through the billing system. Payments for pathology services are not due from the customer until the pathology services are correctly coded and therefore a contract asset is recognised over the period in which pathology services are performed to represent the Hospital's right to consideration for the services transferred to date. Any amounts previously recognised as a contract asset are transferred to receivables when the rights become unconditional (i.e. at the point at which it is invoiced to the customer).

There were no impairment losses recognised on contract assets in the reporting period.

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

19.1 Acquisition and recognition

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

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

19.2 Depreciation and amortisation

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

Depreciation and amortisation is calculated on a straight line basis. 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	30 - 200
Right of use buildings	Lease term
Accommodation and Leasehold improvements	Lease term
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment	3 - 5
• Vehicles	2 - 25
• Other plant and equipment	3 - 25
Right of use plant and equipment	Lease term
Intangible assets	5 - 10

19.3 Revaluation

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

Revaluation of non-current assets or a group of assets owned by the Hospital 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.

19.4 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, fair value is assessed each year.

There were no indications of impairment of property, plant and equipment as at 30 June 2020.

19.5 Intangible assets

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

The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed on an annual basis. The Hospital has intangibles with indefinite useful lives, amortisation is not recognised against these intangible assets

The acquisition of, or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic

benefits and cost can be reliably measured), and when the amount of expenditure is greater than or equal to $10,000. Capitalised software is amortised over the useful life of the asset.

19.6 Land and building

Leased land and buildings previously classified as operating leases have been included in the Statement of Financial Position for the first time in 2019-20.

An independent valuation of owned land and buildings, including site improvements, was performed in March 2018 by a Certified Practicing Valuer from Jones Lang Lasalle (SA) Pty Ltd, as at 1 June 2018. This valuation excludes the new Royal Adelaide Hospital buildings, which have been held at cost deemed as fair value since 13 June 2017 and has not been revalued. The new Royal Adelaide Hospital buildings are now recognised as a Right-of-use asset.

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 an adjustment to factors to reflect the restriction.

Fair value of specific land and building 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 the acquisition/transfer costs.

19.7 Plant and equipment

Leased plant and equipment previously classified as operating leases have been included on the Statement of Financial Position for the first time in 2019-20

The Hospital's plant and equipment assets with a fair value greater than $1 million or had an estimated useful life of greater than 3 years were revalued using the fair value methodology, as at 1 June 2018, based on independent valuations performed by a Certified Practicing Valuer from Jones Lang Lasalle (SA) Pty Ltd. The value of other plant and equipment is deemed to approximate fair value. These assets are classified in Level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

19.8 Investment property

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

The valuation of the investment property located at Dalgleish Street, Thebarton was performed by a Certified Practicing Valuer as at March 2020. The Valuer arrived at a fair value based on recent market transactions for similar properties in the area taking in to account zoning and restricted use.

Where there are recent market transactions for similar properties, the valuations are based on the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in the active market for similar properties. These investment properties have been categorised as Level 2.

Amounts recognised in profit or loss

The Hospital recognised rental income from investment property during the period of $0.442 million ($0.437 million).

19.9 Right-of-use assets

Right-of-use assets (including concessional arrangements) are recorded at costs, and there were no indications for impairment. Additions to right of use assets during 2019-20 were $5.637 million.

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

The following table shows the movement:

Consolidated

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	Investment property $'000	Total $'000
Carrying amount at the beginning of the period	**113,935**	**275,280**	**2,580,010**	**21,264**	**16,970**	**136,991**	**9,047**	**243,147**	**6,117**	**4,670**	**3,407,431**
Additions	-	-	4,896	11,217	-	7,189	16	741	14,680	-	**38,739**
Assets received free of charge	-	-	-	-	-	137	-	-	-	-	**137**
Disposals	-	-	(119)	-	-	(282)	(33)	(11)	(11)	-	**(456)**
Donated assets disposal	-	-	-	-	-	(1,182)	-	-	-	-	**(1,182)**
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	41	-	-	-	-	**41**
Transfers between asset classes	-	21,719	-	(21,718)	-	14,853	390	-	(15,269)	-	**(25)**
Other movements	-	-	(537)	-	-	-	-	-	-	-	(537)
Subtotal:	**113,935**	**296,999**	**2,584,250**	**10,763**	**16,970**	**157,747**	**9,420**	**243,877**	**5,517**	**4,670**	**3,444,148**
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(22,495)	(53,880)	-	(1,348)	(37,822)	(4,913)	(9,744)	-	-	**(130,202)**
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	880	**880**
Subtotal:	-	**(22,495)**	**(53,880)**	-	**(1,348)**	**(37,822)**	**(4,913)**	**(9,744)**	-	**880**	**(129,322)**
Carrying amount at the end of the period*	**113,935**	**274,504**	**2,530,370**	**10,763**	**15,622**	**119,925**	**4,507**	**234,133**	**5,517**	**5,550**	**3,314,826**
Gross carrying amount											
Gross carrying amount	113,935	320,182	2,668,269	10,763	26,989	290,265	25,413	260,033	5,517	5,550	**3,726,916**
Accumulated depreciation / amortisation	-	(45,678)	(137,899)	-	(11,367)	(170,340)	(20,906)	(25,900)	-	-	**(412,090)**
Carrying amount at the end of the period	**113,935**	**274,504**	**2,530,370**	**10,763**	**15,622**	**119,925**	**4,507**	**234,133**	**5,517**	**5,550**	**3,314,826**

*All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment properties valued at $5.550 million ($4.670 million) (classified as level 2) and capital works in progress (not classified). Refer to note 1.8 for details about the right-of-use assets, and note 24 for details about the lease liability for right of use assets.

Consolidated

2018-19	Land and buildings:				Plant and equipment:						
	Land $'000	Buildings $'000	Buildings under PPP $'000	Capital works in progress land and buildings $'000	Accommodation and Leasehold improvements $'000	Medical/ surgical/ dental/ biomedical $'000	Other plant and equipment $'000	Plant and equipment under PPP $'000	Capital works in progress plant and equipment $'000	Investment property $'000	Total $'000
Carrying amount at the beginning of the period	113,935	287,734	2,572,138	12,150	19,024	146,899	23,934	250,849	6,980	4,670	3,438,313
Additions	-	-	-	20,831	-	5,745	64	-	8,064	-	**34,704**
Assets received free of charge	-	-	-	-	-	107	-	-	-	-	**107**
Disposals	-	-	-	-	(740)	(285)	(79)	-	(41)	-	**(1,145)**
Transfers between asset classes	-	8,562	2,126	(11,717)	135	19,461	(10,081)	-	(8,886)	-	**(400)**
Other movements	-	-	(1,821)	-	-	-	-	(188)	-	-	**(2,009)**
Subtotal:	**113,935**	**296,296**	**2,572,443**	**21,264**	**18,419**	**171,927**	**13,838**	**250,661**	**6,117**	**4,670**	**3,469,570**
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(21,016)	(45,863)	-	(1,449)	(34,936)	(4,791)	(8,868)	-	-	**(116,923)**
Subtotal:	**-**	**(21,016)**	**(45,863)**	**-**	**(1,449)**	**(34,936)**	**(4,791)**	**(8,868)**	**-**	**-**	**(116,923)**
Carrying amount at the end of the period*	**113,935**	**275,280**	**2,526,580**	**21,264**	**16,970**	**136,991**	**9,047**	**241,793**	**6,117**	**4,670**	**3,352,647**
Gross carrying amount											
Gross carrying amount	113,935	298,463	2,610,603	21,264	26,989	279,050	25,123	258,061	6,117	4,670	**3,644,275**
Accumulated depreciation / amortisation	-	(23,183)	(84,023)	-	(10,019)	(142,059)	(16,076)	(16,268)	-	-	**(291,628)**
Carrying amount at the end of the period	**113,935**	**275,280**	**2,526,580**	**21,264**	**16,970**	**136,991**	**9,047**	**241,793**	**6,117**	**4,670**	**3,352,647**

*All property, plant and equipment are classified in the level 3 fair value hierarchy except for investment properties valued at $5.550 million ($4.670 million) (classified as level 2) and capital works in progress (not classified).

Parent

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	Investment property $'000	Total $'000
Carrying amount at the beginning of the period	**113,935**	**275,280**	**2,579,070**	**21,264**	**16,970**	**136,991**	**8,293**	**243,147**	**6,005**	**-**	**3,400,955**
Additions	-	-	4,896	11,217	-	7,189	16	741	14,222	-	**38,281**
Assets received free of charge	-	-	-	-	-	137	-	-	-	-	**137**
Disposals	-	-	(119)	-	-	(282)	(33)	(11)	(11)	-	**(456)**
Donated assets disposal	-	-	-	-	-	(1,182)	-	-	-	-	**(1,182)**
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	41	-	-	-	-	**41**
Transfers between asset classes	-	21,718	-	(21,718)	-	14,853	181	-	(15,059)	-	**(25)**
Other movements	-	-	37	-	-	-	-	-	-	-	**37**
Subtotal:	**113,935**	**296,998**	**2,583,884**	**10,763**	**16,970**	**157,747**	**8,457**	**243,877**	**5,157**	**-**	**3,437,788**
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(22,495)	(53,732)	-	(1,348)	(37,822)	(4,462)	(9,744)	-	-	(129,603)
Subtotal:	**-**	**(22,495)**	**(53,732)**	**-**	**(1,348)**	**(37,822)**	**(4,462)**	**(9,744)**	**-**	**-**	**(129,603)**
Carrying amount at the end of the period*	**113,935**	**274,503**	**2,530,152**	**10,763**	**15,622**	**119,925**	**3,995**	**234,133**	**5,157**	**-**	**3,308,185**
Gross carrying amount											
Gross carrying amount	113,935	320,181	2,667,903	10,763	26,989	290,265	23,802	260,033	5,157	-	**3,719,028**
Accumulated depreciation / amortisation	-	(45,678)	(137,751)	-	(11,367)	(170,340)	(19,807)	(25,900)	-	-	**(410,843)**
Carrying amount at the end of the period	**113,935**	**274,503**	**2,530,152**	**10,763**	**15,622**	**119,925**	**3,995**	**234,133**	**5,157**	**-**	**3,308,185**

*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 1.8 for details about the right-of-use assets, and note 24 for details about the lease liability for right of use assets.

Parent

2018-19	Land and buildings:				Plant and equipment:						
	Land $'000	Buildings $'000	Buildings under PPP $'000	Capital works in progress land and buildings $'000	Accommodation and Leasehold improvements $'000	Medical/ surgical/ dental/ biomedical $'000	Other plant and equipment $'000	Plant and equipment under PPP $'000	Capital works in progress plant and equipment $'000	Investment property $'000	Total $'000
Carrying amount at the beginning of the period	**113,935**	**287,734**	**2,572,138**	**12,150**	**19,024**	**146,899**	**23,468**	**250,849**	**6,847**	**-**	**3,433,044**
Additions	-	-	-	20,831	-	5,745	54	-	7,481	-	**34,111**
Assets received free of charge	-	-	-	-	-	107	-	-	-	-	**107**
Disposals	-	-	-	-	(740)	(285)	(79)	-	(41)	-	**(1,145)**
Transfers between asset classes	-	8,562	2,126	(11,717)	135	19,461	(10,685)	-	(8,282)	-	**(400)**
Other movements	-	-	(1,821)	-	-	-	-	(188)	-	-	**(2,009)**
Subtotal:	**113,935**	**296,296**	**2,572,443**	**21,264**	**18,419**	**171,927**	**12,758**	**250,661**	**6,005**	**-**	**3,463,708**
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(21,016)	(45,863)	-	(1,449)	(34,936)	(4,465)	(8,868)	-	-	**(116,597)**
Subtotal:	**-**	**(21,016)**	**(45,863)**	**-**	**(1,449)**	**(34,936)**	**(4,465)**	**(8,868)**	**-**	**-**	**(116,597)**
Carrying amount at the end of the period*	**113,935**	**275,280**	**2,526,580**	**21,264**	**16,970**	**136,991**	**8,293**	**241,793**	**6,005**	**-**	**3,347,111**
Gross carrying amount											
Gross carrying amount	113,935	298,463	2,610,603	21,264	26,989	279,050	23,721	258,061	6,005	-	**3,638,091**
Accumulated depreciation / amortisation	-	(23,183)	(84,023)	-	(10,019)	(142,059)	(15,428)	(16,268)	-	-	**(290,980)**
Carrying amount at the end of the period	**113,935**	**275,280**	**2,526,580**	**21,264**	**16,970**	**136,991**	**8,293**	**241,793**	**6,005**	**-**	**3,347,111**

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

21. Reconciliation of intangible assets

The following table shows the movement:

Consolidated

	2019-20			2018-19		
	Computer software $'000	Capital works in progress intangibles $'000	Total $'000	Computer software $'000	Capital works in progress intangibles $'000	Total $'000
Carrying amount at the beginning of the period	**45,472**	**759**	**46,231**	**51,956**	**3,887**	**55,843**
Additions	15	931	**946**	15	750	**765**
Amortisation	(9,400)	-	**(9,400)**	(10,777)	-	**(10,777)**
Transfers between asset classes	25	-	**25**	4,278	(3,878)	**400**
Carrying amount at the end of the period	**36,112**	**1,690**	**37,802**	**45,472**	**759**	**46,231**
Gross carrying amount						
Gross carrying amount	74,326	1,690	**76,016**	74,346	759	**75,105**
Accumulated amortisation	(38,214)	-	**(38,214)**	(28,874)	-	**(28,874)**
Carrying amount at the end of the period	**36,112**	**1,690**	**37,802**	**45,472**	**759**	**46,231**
Parent						
Carrying amount at the beginning of the period	**45,472**	**759**	**46,231**	**51,956**	**3,887**	**55,843**
Additions	15	931	**946**	15	750	**765**
Amortisation	(9,400)	-	**(9,400)**	(10,777)	-	**(10,777)**
Transfers between asset classes	25	-	**25**	4,278	(3,878)	**400**
Carrying amount at the end of the period	**36,112**	**1,690**	**37,802**	**45,472**	**759**	**46,231**
Gross carrying amount						
Gross carrying amount	74,326	1,690	**76,016**	74,346	759	**75,105**
Accumulated amortisation	(38,214)	-	**(38,214)**	(28,874)	-	**(28,874)**
Carrying amount at the end of the period	**36,112**	**1,690**	**37,802**	**45,472**	**759**	**46,231**

22. 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 owned by the Hospital 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 20 and 22.2 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

22.1 Fair value hierarchy

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

Fair value measurements at 30 June 2020

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Recurring fair value measurements (Note 20)						
Land	-	113,935	113,935	-	113,935	113,935
Buildings and improvements	-	274,504	274,504	-	274,503	274,503
Leasehold improvements	-	15,622	15,622	-	15,622	15,622
Plant and equipment	-	124,432	124,432	-	123,920	123,920
Investment property	5,550	-	5,550	-	-	-
Total recurring fair value measurements	**5,550**	**528,493**	**534,043**	-	**527,980**	**527,980**

Fair value measurements at 30 June 2019

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Recurring fair value measurements (Note 20)						
Land	-	113,935	113,935	-	113,935	113,935
Buildings and improvements	-	275,280	275,280	-	275,280	275,280
Leasehold improvements	-	16,970	16,970	-	16,970	16,970
Plant and equipment	-	146,038	146,038	-	145,284	145,284
Investment property	4,670	-	4,670	-	-	-
Total recurring fair value measurements	**4,670**	**552,223**	**556,893**	-	**551,469**	**551,469**

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 and 2019, the Hospital had no valuations categorised into Level 1; there were no transfers of assets between Level 1 and 2 fair value hierarchy levels in 2019-20.

22.2 Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. For this reason they are deemed to have been valued using Level 3 valuation inputs.

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

Unobservable inputs used to arrive at final valuation figures included:

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

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

23. Payables

	Consolidated		Parent	
	2020	2019	2020	2019
Current	$'000	$'000	$'000	$'000
Creditors and accrued expenses	75,600	116,717	74,888	115,435
Paid Parental Leave Scheme	379	128	379	128
Staff on-costs*	20,313	18,209	20,261	18,153
Other payables	3,719	3,931	3,719	3,931
Total current payables	**100,011**	**138,985**	**99,247**	**137,647**
Non-current				
Creditors and accrued expenses	-	624	-	624
Staff on-costs*	11,770	8,958	11,770	8,958
Total non-current payables	**11,770**	**9,582**	**11,770**	**9,582**
Total payables	**111,781**	**148,567**	**111,017**	**147,229**

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 has increased from the 2019 rate (29%) to 38% and the average factor for the calculation of employer superannuation on-costs has remained at 9.80%. These rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is an increase in the staff on-cost and staff benefits expense of $3.345 million. The estimated impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions.

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

Refer to note 34 for information on risk management.

24. Financial liabilities

	Consolidated		Parent	
	2020	2019	2020	2019
Current	$'000	$'000	$'000	$'000
Lease liabilities	68,702	61,234	68,541	61,234
Total current financial liabilities	**68,702**	**61,234**	**68,541**	**61,234**
Non-current				
Lease liabilities	2,636,100	2,650,031	2,636,043	2,650,031
Total non-current financial liabilities	**2,636,100**	**2,650,031**	**2,636,043**	**2,650,031**
Total financial liabilities	**2,704,802**	**2,711,265**	**2,704,584**	**2,711,265**

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year. For 2019-20 the lease liabilities reflect only finance leases recognised in accordance with AASB 117

Refer to note 34 for information on risk management.

24.1 Leasing activities

The Hospital has a number of lease agreements including concessional. Lease terms vary in length from 2 to 27 years. Major lease activities include the use of:

- Properties – SA Pathology collection centres, primary health, dental clinics and non-DPTI provided office accommodation are generally leased from the private sector. 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 – lease include the Royal Adelaide Hospital.
  Royal Adelaide Hospital (RAH) lease commenced in June 2011, achieved commercial acceptance in June 2017, and is for 35 years. The SA Health Partnership Consortium trading as Celsus entered into an arrangement to finance, design, build, operate and maintain the new RAH. Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information and communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. The arrangement is referred to as a Public Private Partnership (PPP). At the conclusion of the contract in 2046, the Hospital will take full ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.
- Motor vehicles – leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period (usually 3 years) or a specified number of kilometres, whichever occurs first.

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

Refer note 20 for details about the right of use assets (including depreciation) and note 5 for financing costs associated with these leasing activities.

24.2 Concessional lease arrangements

The Hospital has 41 concessional lease arrangements as lessee, 16 within the SA Health economic entity, 19 with SA government entities, 2 with other government entities (e.g. local councils, universities and the Commonwealth government), and 4 with not-for-profit entities.

Right of use asset	Nature of arrangements	Details
Buildings and improvements	Terms are up to 37 years Payments range from $1 to $1,312 pa	Concessional building arrangements include the use of premises for dental services, pathology collection, Breastscreen services, community health services and vacant land.

24.3 Maturity analysis

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

	Consolidated		Parent	
	2020	2019	2020	2019
Lease Liabilities	**$'000**	**$'000**	**$'000**	**$'000**
1 to 3 years	923,341	913,047	922,187	913,047
3 to 5 years	597,453	596,208	597,453	596,208
5 to 10 years	1,437,715	1,438,070	1,437,715	1,438,070
More than 10 years	3,895,864	4,167,765	3,895,864	4,167,765
Total lease liabilities (undiscounted)	**6,854,373**	**7,115,090**	**6,853,219**	**7,115,090**

25. Staff benefits

	Consolidated		Parent	
	2020	2019	2020	2019
Current	**$'000**	**$'000**	**$'000**	**$'000**
Accrued salaries and wages	57,762	38,113	57,463	37,750
Annual leave	138,118	132,145	137,818	131,825
Long service leave	28,020	28,053	27,680	27,689
Skills and experience retention leave	10,024	9,582	10,024	9,582
Other	73	66	52	50
Total current staff benefits	**233,997**	**207,959**	**233,037**	**206,896**
Non-current				
Long service leave	305,824	299,997	305,812	299,980
Total non-current staff benefits	**305,824**	**299,997**	**305,812**	**299,980**
Total staff benefits	**539,821**	**507,956**	**538,849**	**506,876**

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.

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

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

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

The actuarial assessment performed by DTF decreased the salary inflation rate from 2019 (2.20%) to 2.00% for annual leave and skills, experience and retention leave liability. The net financial effect of the change in the salary inflation rate in the current financial year is a decrease in annual leave liability of $0.318 million.

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from the 2019 rate (1.25%) to 0.75%. This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The actuarial assessment performed by DTF decreased the salary inflation rate from 2019 (4.00%) to 2.50% for long service leave liability, resulting in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions is a decrease in the long service leave liability of $3.671 million, payables (staff on-costs) of $0.141 million and staff benefits expense of $3.812 million. The impact on future periods is

impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption being the long-term discount rate.

26. Provisions

Provisions represent workers compensation.

Reconciliation of workers compensation (statutory and non-statutory)	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Carrying amount at the beginning of the period	18,708	26,209	18,708	26,209
Increase in provisions recognised	3,265	-	3,265	-
Reductions arising from payments/other sacrifices of future economic benefits	(1,435)	(1,170)	(1,435)	(1,170)
Reductions resulting from re-measurement or settlement without cost	-	(6,331)	-	(6,331)
Carrying amount at the end of the period	**20,538**	**18,708**	**20,538**	**18,708**

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. There is a high level of uncertainty as to the valuation of the liability (including future claim costs). The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

Workers compensation non-statutory provision

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

The workers compensation non-statutory provision is an actuarial assessment of the outstanding claims liability, 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 $1.267 million ($2.376 million).

27. Contract liabilities and other liabilities

	Consolidated		Parent	
	2020	2019	2020	2019
Current	$'000	$'000	$'000	$'000
Unearned revenue	640	931	499	931
Accommodation and lease incentive*	-	160	-	160
Other	3,701	788	3,701	788
Total current contract liabilities and other liabilities	**4,341**	**1,879**	**4,200**	**1,879**
Non-current				
Unearned revenue	-	607	-	607
Accommodation and lease incentive*	-	1,062	-	1,062
Other	743	825	743	825
Total non-current other liabilities	**743**	**2,494**	**743**	**2,494**
Total other contract liabilities and other liabilities	**5,084**	**4,373**	**4,943**	**4,373**

* Lease incentive liabilities on transition to AASB 16 were written off against retained earnings.

28. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	170,694	125,083	166,439	122,291
Cash as per Statement of Financial Position	**170,694**	**125,083**	**166,439**	**122,291**
Balance as per Statement of Cash Flows	**170,694**	**125,083**	**166,439**	**122,291**
Reconciliation of net cash provided by operating activities to net result:				
Net cash provided by (used in) operating activities	140,847	47,963	140,148	46,768
Add/less non-cash items				
Asset donated free of charge	(1,182)	-	(1,182)	-
Capital revenues	7,613	12,549	7,613	12,549
Capitalised interest expense on finance lease	(12,040)	(11,962)	(12,040)	(11,962)
Depreciation and amortisation expense of non-current assets	(139,602)	(127,700)	(139,003)	(127,374)
Gain/(loss) on sale or disposal of non-current assets	(145)	(985)	(158)	(985)
Increments/(decrements) on revaluation of non-current assets	880	-	-	-
Interest credited directly to investments	-	28	-	-
Net effect of the adoption of new Accounting Standard	(1,846)	651	(1,846)	651
Resources received free of charge	137	107	137	107
Revaluation of investments	3,256	224	3,467	(10)
Transfer of Lot14 Carpark Lease to Renewal SA	7,123	-	7,123	-
Movement in assets/liabilities				
Increase/(decrease) in contract assets	(3,237)	9,801	(3,237)	9,801
Increase/(decrease) in inventories	4,056	(549)	3,636	(385)
Increase/(decrease) in receivables	(17,394)	35,135	(15,817)	34,902
(Increase)/decrease in other liabilities	(691)	291	(570)	291
(Increase)/decrease in payables and provisions	35,128	(37,004)	34,554	(36,728)
(Increase)/decrease in staff benefits	(28,809)	(73,439)	(28,917)	(73,263)
Net result	**(5,906)**	**(144,890)**	**(6,092)**	**(145,638)**

Total cash outflows for leases is $206.199 million ($215.142 million) for the consolidated entity, and $206.034 million (215.142 million) for the parent entity

29. Unrecognised contractual commitments

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

29.1 *Capital and Expenditure commitments*

29.1.1 Capital commitments

	Consolidated 2020 $'000	Consolidated 2019 $'000	Parent 2020 $'000	Parent 2019 $'000
Within one year	1,437	1,579	1,220	1,504
Total capital commitments	**1,437**	**1,579**	**1,220**	**1,504**

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

29.1.2 Expenditure commitments

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Within one year	132,553	121,822	132,553	121,822
Later than one year but not longer than five years	342,332	355,257	342,332	355,257
Later than five years	2,359,943	2,449,493	2,359,943	2,449,493
Total other expenditure commitments	**2,834,828**	**2,926,572**	**2,834,828**	**2,926,572**
Less contingent rentals	(1,164,994)	(1,178,834)	(1,164,994)	(1,178,834)
Total finance lease commitments	**1,669,834**	**1,747,738**	**1,669,834**	**1,747,738**

The Hospital's expenditure commitments are for agreements for goods and services ordered but not received; and administrative arrangements with DPTI for accommodation.

Included in other expenditure commitments above is $2,783.444 million ($2,879.821 million), including contingent rentals, which relates directly to the PPP operations and maintenance commitments.

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2020 have not been quantified.

29.2 *Operating lease revenue commitments*

	Consolidated		Parent	
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Within one year	488	482	-	-
Later than one year but not longer than five years	81	562	-	-
Total operating lease revenue commitments	**569**	**1,044**	**-**	**-**

The operating lease revenue commitments relates to property owned by the Hospital and leased to external parties

29.3 *Operating lease expenditure commitments*

	Consolidated		Parent	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Within one year	-	9,084	-	8,920
Later than one year but not longer than five years	-	27,305	-	26,644
Later than five years	-	24,519	-	24,262
Total operating lease commitments	**-**	**60,908**	**-**	**59,826**
Representing:				
Non-cancellable operating leases	-	60,908	-	59,826
Total operating lease commitments	**-**	**60,908**	**-**	**59,826**

Operating lease expenditure commitments are provided for comparative purposes only as AASB 16 does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for administrative arrangements with DPTI for accommodation. This has been reclassified and included under expenditure commitments.

29.4 *Finance lease liabilities commitments*

29.4.1 Finance lease liability commitments - RAH car park

Future minimum lease payments for the Hospital under finance lease and hire purchase contracts together with the present value of net minimum lease payments for the RAH car park are as follows:

	2020		2019	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	$'000	$'000	$'000	$'000
Within one year	-	-	2,215	850
Later than one year but not longer than five years	-	-	8,860	3,918
Later than five years	-	-	7,199	3,898
Total minimum lease payments	-	-	**18,274**	**8,666**
Less future finance lease charges and contingent rentals	-		(9,608)	
Total finance lease commitments	-	-	**8,666**	**8,666**

Finance lease liability commitments – RAH Carpark are provided for comparative purposes only. On 23 June 2020, a Tripartite agreement was executed to novate CALHN's finance lease liability commitment to the Urban Renewal Authority.

Included in finance lease commitments above is nil ($0.788 million) which is the GST component of the finance lease commitments.

29.4.2 Finance lease liability commitments - new RAH building and plant and equipment

Future minimum lease payments for the Hospital under the PPP arrangement together with the present value of net minimum lease payments for the buildings and plant and equipment at the new RAH are as follows:

	2020		2019	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	$'000	$'000	$'000	$'000
Within one year	308,125	285,759	309,683	288,706
Later than one year but not longer than five years	1,217,706	885,867	1,228,111	896,358
Later than five years	5,975,657	1,482,630	6,273,375	1,517,535
Total minimum lease payments	**7,501,488**	**2,654,256**	**7,811,169**	**2,702,599**
Less future finance lease charges and contingent rentals	(4,847,232)		(5,108,570)	
Total finance lease commitments	**2,654,256**	**2,654,256**	**2,702,599**	**2,702,599**

There is nil GST in the finance lease commitments above.

A 35 year contract was entered into in June 2011 with SA Health Partnership Consortium now trading as Celsus to finance, design, build, operate and maintain the new Royal Adelaide Hospital (RAH). Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. This arrangement is referred to as a Public Private Partnership (PPP). Commercial acceptance was achieved on 13 June 2017.

Under the PPP agreement, the Hospital pays the operator over the period of the arrangement, subject to specified performance criteria being met.

The PPP costs are disclosed as:

- a component accounted for as finance lease payment for the buildings and furniture, fitting and equipment provided under the agreement; and
- a component related to the ongoing operation and maintenance of the facilities accounted for as PPP Operating Costs, which are expensed in the Statement of Comprehensive Income.

At the conclusion of the contract in 2046, the Hospital will take ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

30. Trust funds

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

	Consolidated		Parent	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Carrying amount at the beginning of period	46	33	46	33
Client trust receipts	69	41	69	41
Client trust payments	84	28	84	28
Carrying amount at the end of the period	**31**	**46**	**31**	**46**

31. 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.

31.1 Contingent Assets

The new RAH project is being delivered under a public-private partnership agreement with Celsus. The new RAH PPP agreement contains a number of indexation elements which relate to adjustments to certain service payments i.e. interest rate and refinancing service payment adjustments. Where the indexation element is closely related to a lease contract, such as the interest rate payment adjustment, it is not required to be separately accounted for as a derivative. The change in interest rate is accounted for as a contingent rental and expensed in the period incurred.

Like the interest rate service payment adjustment, the refinancing element is an embedded derivative. However the economic characteristics and risks of this embedded derivative are not closely related to the lease contract and are required to be accounted for separately in the financial statements. The refinancing element could be considered akin to a purchase option in that the Hospital benefits from a portion of gains without exposure to any of the losses. The valuation of this derivative would be derived via the present value of the estimated future cash flows over the life of the project based on observable interest yield curves, basis spread, credit spreads and option pricing models, as appropriate, adjusted for Celsus's credit risk, (i.e. forward curve of credit risk margin).

The estimated value of the contingent asset is unable to be fully determined because of the following uncertain future events that will have an impact on Celsus's credit margin:

- Celsus's credit risk profiling and the number of times Celsus will refinance during the term of the PPP arrangement.
- The type of finance Celsus sources e.g. short term debt from the banking market vs longer term debt potentially sourced via a private placement.
- Uncertainty around the margin negotiated and whether it will be higher or lower than those assumed margins in the financial modelling.
- Whether the State Government will make a Capital Contribution during the first or any refinancing points.
- The lodgment and resolution of any claims under the PPP Agreement.

31.2 Contingent Liabilities

On 1 August 2017, Hansen Yuncken Pty Ltd and CBP Contractors Pty Ltd (formerly known as Leighton Contractors Pty Ltd) filed legal proceedings in the Federal Court of Australia against Celsus Pty Ltd (formerly known as SA Health Partnership Nominees Pty Ltd), independent certifier Donald Cant Watts Corke Pty Ltd and the Crown in right of the State of South Australia for alleged breaches of contract in relation to the construction of the new Royal Adelaide Hospital. In December 2017 the respondents to the builder's Federal Court proceedings successfully obtained a stay of the proceedings pending the outcome of an arbitration process. At the time of this Report, the arbitration process was still in progress. It is not possible to estimate the dollar effect of this claim or whether it will be successful.

31.3 Guarantees

The Hospital has made no guarantees.

32. 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.

33. 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 Royal Adelaide Hospital, 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 Hospital's 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 Hospital's 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.

34. Financial instruments/financial risk management

34.1 Financial risk management

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

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

Liquidity Risk

The Hospital is funded principally by the South Australian Government via the Department. The Department works with DTF to determine the cash flows associated with the SA Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. Refer to notes 1.4, 23 and 24 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 14, 15 and 16 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 its interest bearing liabilities, including borrowings. The Hospital's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

34.2 Categorisation of financial instruments

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

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

A financial asset is measured at amortised cost if:

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

		Consolidated		Parent	
Category of financial asset and financial liability	Notes	2020 Carrying amount/ Fair value $'000	2019 Carrying amount/ Fair value $'000	2020 Carrying amount/ Fair value $'000	2019 Carrying amount/ Fair value $'000
Financial assets					
Cash and equivalent					
Cash and cash equivalents	14, 28	170,694	125,083	166,439	122,291
Loans and receivables					
Receivables [1][2]	15	86,868	104,156	86,427	102,121
Available for sale financial assets					
Other financial assets	16	13,075	11,238	8,239	4,854
Total financial assets		**270,637**	**240,477**	**261,105**	**229,266**
Financial liabilities					
Financial liabilities at amortised cost					
Payables [1]	23	78,921	120,902	78,209	119,151
Lease liabilities	24, 29	2,704,802	2,711,265	2,704,584	2,711,265
Other financial liabilities	27	4,444	2,835	4,444	2,835
Total financial liabilities		**2,788,167**	**2,835,002**	**2,787,237**	**2,833,251**

For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

[1] Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes, Auditor-General's Department audit fees, etc.). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

[2] Receivable amount disclosed excludes prepayments.

34.3 Credit risk exposure and impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss (ECL) using the simplified approach in AASB 9. From 1 July 2020, loss allowances for contract assets are measured at an amount equal to an ECL method using a 12 month method.

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 Hospital.

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, compensable and sundry). The provision matrix is initially based on the Hospital's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the 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			30 June 2019		
	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000	Expected credit loss rate(s) %	Gross carrying amount $'000	Expected credit losses $'000
Days past due						
Current	0.4 – 2.7%	13,735	181	1.0 – 3.6%	18,130	265
<30 days	1.4 – 3.2%	6,262	174	2.6 – 4.2%	6,924	189
31-60 days	3.1 – 5.1%	2,309	101	3.6 – 6.3%	4,096	151
61-90 days	4.5 – 7.5%	2,349	121	4.9 – 8.2%	3,086	188
91-120 days	6.4 – 10.0%	1,548	131	6.6 – 10.2%	2,491	174
121-180 days	8.7 – 15.7%	1,763	181	9.0 – 14.8%	4,248	404
181-360 days	11.4 – 31.4%	3,713	863	18.7 -31.7 %	7,937	1,621
361-540 days	32.2 – 54.7%	2,491	1,339	47.2 – 51.4%	2,603	1,241
>540 days	38.1 – 62.7%	3,431	2,067	54.5 – 62.2%	4,093	2,464
Total		**37,601**	**5,158**		**53,608**	**6,697**

35. Significant transactions with government related entities

The Hospital is controlled by the SA Government.

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

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

The Hospital received funding from the SA Government via the Department (note 13), and incurred significant expenditure via the Department for medical, surgical and laboratory supplies, inter-health staff recharging, insurance and computing (note 3). The Department transferred capital works in progress of $7.613 million ($15.248 million) to the Hospital. The Hospital incurred expenditure with the Department of Planning, Transport and Infrastructure (DPTI) of $3.439 million ($3.531 million) which largely reflects occupancy rent and rates (note 3). As at 30 June the value of unrecognised contractual expenditure commitments with DPTI was $19.452 million ($24.192 million).

In addition, the Hospital has lease arrangements as lessee with other SA Government controlled entities. The premises are received at nil or nominal rental with outgoings such as utilities being paid by the lessee.

36. Interests in other entities

Controlled Entities

Central Adelaide Local Health Network Incorporated has a 100% interest (1,150,000 shares) in AusHealth. AusHealth is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia. AusHealth also manages patient payment solutions for Australian hospitals and commercialises hospital research into leading edge medical technologies and treatments.

Joint arrangements

The Hospital participates in the following joint operations:

Name of arrangement	Nature of the arrangement	Principal activity	Location	Interest
Centre for Cancer Biology Alliance	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Undertake health and medical research in South Australia as an integrated clinical, educational and research activity, with a focus on cancer research.	Adelaide SA	50%

Structured entities

The Hospital participates in the unconsolidated structured entity, CTM@CRC Ltd - the CRC for Cell Therapy Manufacturing (CTM). CTM is a cooperative research centre designed to implement research to provide new treatments and develop new materials-based manufacturing technologies to increase the accessibility, affordability and efficacy of cell therapies for previously incurable, or difficult to treat diseases.

CTM is funded by cash and in-kind resources from a number of partners in the health and research sectors throughout Australia in addition to a $20.000 million grant from the Australian Government. CTM's headquarters are at the University of South Australia's Mawson Lakes campus.

37. Board and committee members

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

Board/Committee name:	Government employee members	Other members
Acute Medicine and Mental Health Partnership Working Group (ceased 10/2019)	25	Sutton P
AusHealth Corporate Pty Ltd	1	Baccanti M, Flynn P, Gruevski Z (resigned 23/06/2020), Hinton A and Johansen G
Best Practice Spotlight Organisation Steering Committee	26	Chester M, Williams N
Central Adelaide Local Health Network Clinical Ethics Committee (commenced 20/05/2020)	10	Brown A Prof (Chair), Digance A, Lambert A and Merlin T Prof
Central Health Local Health Network Complex Behaviour Committee	39	Chester M
Central Adelaide Local Health Network Consumer Carer Advisory Group	5	Barbara A, Bickley B (appointed 14/01/2020), Burns T, Eckermann C (appointed 09/07/2019), Horgan J (appointed 09/07/2019), Law D, Lucas G, Meegan J (appointed 09/07/2019), Reid L (appointed (09/07/2019), Smith J (appointed 09/07/2019) and Verrall A (Chair)
Central Adelaide Local Health Network Executive Quality Governance Committee	60	Fyfe D
Central Adelaide Local Health Network Governing Board (commenced 01/07/2019)	-	Beilby J Prof, Cockram A Dr, Dwyer J Prof, James N (resigned 03/04/2020), Morey K, Reid M, Spencer R (Chair) and Yuile J (appointed 29/05/2020)
Central Adelaide Local Health Network Governing Council (ceased 30/09/2019)	1	Deegan V, Eckert M, Ellery B, Fyfe D, Hubczenko N, Ielasi J, and Kellie A
Central Adelaide Local Health Network Human Research Ethics Committee	11	Air T, Bonython J, Crabb A, Crockett J (appointed 04/12/2019), Cullen J, Dale L, Digance A, Fisher A, Greenberg Z, Hackett J, Iankov I (appointed 25/07/2019), Lee J Dr, L Lu (appointed 21/08/2019), Mattner J (resigned 05/07/2019), Need A Prof, Newsham, P (appointed 29/12/2019), Parry C, Partridge G, Phillips C (appointed 03/12/2019), Raschella F, Ruediger C and Slater H
Central Adelaide Local Health Network Pelvic Mesh Specialists Group	11	Blieschke K, Millhouse A (resigned 01/02/2020), Overton J, Short K
Community Mental Health Redesign Project Management Committee	24	Bickley B, Corena M, Meegan J and Vega L

Board/Committee name:	Government employee members	Other members
Comprehensive Care Priority Care Committee	44	Bickley B and Marshall J
Hampstead Rehabilitation Centre Hydrotherapy Committee	5	Heydrich S (resigned 31/12/2019)
Inpatient Rehabilitation Services Model of Care Workgroup (Commenced 16/07/2019)	23	Bickley B
Priority Care Committee: Managing Deterioration	30	Price J and Raschella F
Priority Care Committee: Medication Safety	22	Raschella F
SA Brain Injury Rehabilitation Service Consumer Advisory Group	3	Canavan D (Chair) (resigned 12/12/2019), Dunn K (appointed 12/12/2019), Miller L, Francese L, Morgan T (Chair) and Regan-Coe F
SA Dental Services Consumer Advisory Panel	-	Ali H, Beddall P (resigned 01/08/2019), Brown M, Costa D, Ireland K (appointed 29/01/2020), Kerekes E, Matiasz S Dr, McMahon J, Millier P, Sutherland R (appointed 10/02/2020) Whiteway L (appointed 29/01/2020) and Zerna J
SA Pathology Clinical Safety Working Group	16	Christenson C
Statewide Clinical Support Services Risk Management & Audit Committee	3	Christley S Dr and Davies T (Chair)
The Queen Elizabeth Hospital Meal Management	18	Chester M and Heydrich S
Youth Cancer Advisory Group	2	Armstrong N, Binns T, Edwards S (appointed 16/10/2019), Fowler N, Hammerling S (appointed 16/10/2019), Ieremia T (appointed 16/10/2019), Merton T (appointed 16/10/2019), Mitra D, Pexton T (appointed 16/10/2019), Smith O (appointed 04/12/2019) and Spangenberg C (appointed 16/10/2019)

Where a Board/Committee commenced during the financial year, unless otherwise specified all members were appointed on the commencement date. Similarly when a Board/Committee ceased during the current financial year, unless otherwise specified all members ceased on the same day as the committee.

Refer to note 2.2 for remuneration of board and committee members

The Hospital administers the following:

- Private practice arrangements, representing funds billed on behalf of salaried medical officers and subsequently distributed to the Hospital and salaried medical officers according to Rights of Private Practice Deeds of Agreement; and
- Other, which largely represents Research funds

	Private Practice		Other		Total	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from fees and charges	61,369	75,394	350	370	61,719	75,764
Interest revenue	-	-	3	3	3	3
Staff benefits expense	-	-	(116)	(269)	(116)	(269)
Supplies and services	(50)	(942)	(3)	(1)	(53)	(943)
Other expenses	(64,421)	(73,628)	(137)	-	(64,727)	(73,628)
Net result	**(3,102)**	**824**	**97**	**103**	**(3,005)**	**927**
Cash and cash equivalents	5,326	7,729	113	54	5,439	7,783
Receivables	3,098	4,265	65	-	3,163	4,265
Payables	(4,802)	(5,250)	(70)	(54)	(4,872)	(5,303)
Staff benefits	-	-	(25)	(54)	(25)	(54)
Other provisions/liabilities	43	23	(59)	(20)	(16)	3
Net assets	**3,665**	**6,767**	**24**	**(74)**	**3,689**	**6,693**
Cash at 1 July	7,729	5,920	54	(137)	7,783	5,783
Cash inflows	62,536	76,855	289	455	62,825	77,310
Cash outflow	(64,939)	(75,046)	(230)	(264)	(65,169)	(75,310)
Cash at 30 June	**5,326**	**7,729**	**113**	**54**	**5,439**	**7,783**