

Disclosures and legal compliance



Auditor General

INDEPENDENT AUDITOR'S OPINION

2021

Child and Adolescent Health Service

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Child and Adolescent Health Service (Health Service) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Schedule of Income and Expense by Service for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Child and Adolescent Health Service for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the Health Service in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Health Service.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Child and Adolescent Health Service. The controls exercised by the Health Service are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Child and Adolescent Health Service are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2021.

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Child and Adolescent Health Service for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Child and Adolescent Health Service are relevant and appropriate to assist users to assess the Health Service's performance and fairly represent indicated performance for the year ended 30 June 2021.

The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control it determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected

depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Child and Adolescent Health Service for the year ended 30 June 2021 included on the Health Service's website. The Health Service's management is responsible for the integrity of the Health Service's website. This audit does not provide assurance on the integrity of the Health Service's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia

3 September 2021

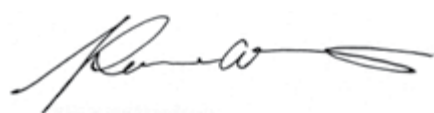
Certification of financial statements

Child and Adolescent Health Service

Certification of Financial Statements for the year ended 30 June 2021

The accompanying financial statements of the Child and Adolescent Health Service have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2021 and the financial position as at 30 June 2021.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



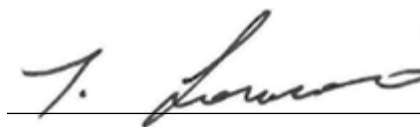
Dr Rosanna Capolingua

BOARD CHAIR
CHILD AND ADOLESCENT HEALTH SERVICE
2 September 2021



Prof Geoffrey Dobb

DEPUTY BOARD CHAIR
CHILD AND ADOLESCENT HEALTH SERVICE
2 September 2021



Mr Tony Loiacono

CHIEF FINANCE OFFICER
CHILD AND ADOLESCENT HEALTH SERVICE
2 September 2021

Child and Adolescent Health Service **Statement of comprehensive income** **For the year ended 30 June 2021**

	Notes	2021 \$000	2020 \$000		Notes	2021 \$000	2020 \$000
COST OF SERVICES				INCOME FROM STATE GOVERNMENT			
Expenses							
Employee benefits expense	3.1(a)	558,987	492,561	Service agreement funding - State	4.1	492,775	451,059
Fees for visiting medical practitioners		2,693	2,679	Service agreement funding - Commonwealth	4.1	159,824	140,252
Contracts for services	3.2	9,453	52,558	Grants from other state government agencies	4.1	68,828	65,044
Patient support costs	3.3	101,975	87,602	Services provided to other government agencies	4.1	3,981	1,383
Finance costs	7.2	255	185	Assets (transferred)/assumed	4.1	863	-
Depreciation and amortisation expense	5	59,601	60,192	Services received free of charge	4.1	42,368	39,262
Asset revaluation decrements	5.1	3,723	709	Total income from State Government		768,639	697,000
Loss on disposal of non-current assets	5.1.2	141	63				
Repairs, maintenance and consumable equipment	3.4	23,214	20,065	SURPLUS / (DEFICIT) FOR THE PERIOD		8,867	(22,179)
Other supplies and services	3.5	49,390	45,521				
Other expenses	3.6	25,345	22,124	OTHER COMPREHENSIVE INCOME			
Total cost of services		834,777	784,259	Items not reclassified subsequently to profit or loss			
INCOME				Changes in asset revaluation reserve		-	-
Patient charges	4.2	21,787	17,661	Total other comprehensive income		-	-
Other fees for services	4.2	30,470	25,872				
Grants and contributions	4.3	13,828	14,239	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		8,867	(22,179)
Donation revenue	4.4	2,096	1,978				
Asset revaluation increments	5.1	605	-				
Other revenue	4.5	6,219	5,330				
Total income other than income from State Government		75,005	65,080				
NET COST OF SERVICES		759,772	719,179				

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Child and Adolescent Health Service
Statement of financial position
For the year ended 30 June 2021

	Notes	2021 \$000	2020 \$000		Notes	2021 \$000	2020 \$000
ASSETS				Non-Current Liabilities			
Current Assets				Lease liabilities			
Cash and cash equivalents	7.3	67,836	60,743	Employee benefits provisions			
Restricted cash and cash equivalents	7.3	17,374	15,435	Total Non-Current Liabilities			
Receivables	6.1	11,490	10,403	TOTAL LIABILITIES			
Inventories	6.3	3,580	2,962				
Other current assets	6.4	909	669	NET ASSETS			
Total Current Assets		101,189	90,212				
Non-Current Assets				EQUITY			
Restricted cash and cash equivalents	7.3	9,972	7,472	Contributed equity			
Amounts receivable for services	6.2	408,937	346,357	Reserves			
Property, plant and equipment	5.1	1,097,608	1,124,827	Accumulated surplus/(deficit)			
Right-of-use assets	5.2	9,768	10,256	TOTAL EQUITY			
Intangible assets	5.3	29,370	37,889				
Total Non-Current Assets		1,555,655	1,526,801				
TOTAL ASSETS		1,656,844	1,617,013				
LIABILITIES							
Current Liabilities							
Payables	6.5	29,999	35,882				
Contract liabilities	6.6	89	53				
Grant liabilities	6.7	-	945				
Lease liabilities	7.1	1,858	1,790				
Employee benefits provisions	3.1 (b)	123,317	107,686				
Other current liabilities	6.8	83	89				
Total Current Liabilities		155,346	146,445				

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Child and Adolescent Health Service **Statement of cash flows** **For the year ended 30 June 2021**

	Notes	2021 \$000	2020 \$000		Notes	2021 \$000	2020 \$000
CASH FLOWS FROM STATE GOVERNMENT				CASH FLOWS FROM INVESTING ACTIVITIES			
Service agreement funding - State		430,195	384,570	Payments			
Service agreement funding - Commonwealth		159,824	140,252	Purchase of non-current assets		(8,239)	(3,713)
Grants from other state government agencies		68,828	65,044	Receipts			
Services provided to other government agencies		3,981	1,383	Proceeds from sale of non-current assets	5.1.2	11	132
Capital appropriations administered by Department of Health		11,769	7,592	Net cash used in investing activities		(8,228)	(3,581)
Net cash provided by State Government	7.3.3	674,597	598,841				
CASH FLOWS FROM OPERATING ACTIVITIES				CASH FLOWS FROM FINANCING ACTIVITIES			
Payments				Payments			
Employee benefits		(544,132)	(476,710)	Principal elements of lease payments		(1,853)	(1,380)
Supplies and services		(178,529)	(181,055)	Net cash used in financing activities		(1,853)	(1,380)
Finance costs		(253)	(151)				
Receipts				Net increase / (decrease) in cash and cash equivalents		11,532	274
Receipts from customers		21,451	15,493	Cash and cash equivalents at the beginning of the period		83,650	65,425
Grants and contributions		12,919	15,237	Cash and cash equivalents transferred from North Metropolitan Health Service	9.13	-	17,951
Donations received		123	677	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
Other receipts		35,437	32,903		7.3	95,182	83,650
Net cash used in operating activities	7.3.2	(652,984)	(593,606)				

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Child and Adolescent Health Service

Statement of changes in equity

For the year ended 30 June 2021

	Notes	Contributed equity \$000	Reserves \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2019		1,412,087	-	13,405	1,425,492
Deficit		-	-	(22,179)	(22,179)
Total comprehensive income for the period		-	-	(22,179)	(22,179)
Transactions with owners in their capacity as owners:					
Capital appropriations administered by Department of Health	9.13	7,335	-	-	7,335
Other contributions by owners	9.13	19,935	-	-	19,935
Total		27,270	-	-	27,270
Balance at 30 June 2020		1,439,357	-	(8,774)	1,430,583
Balance at 1 July 2020		1,439,357	-	(8,774)	1,430,583
Deficit		-	-	8,867	8,867
Other comprehensive income	9.13	-	-	-	-
Total comprehensive income for the period		-	-	8,867	8,867
Transactions with owners in their capacity as owners:					
Capital appropriations administered by Department of Health	9.13	11,769	-	-	11,769
Other contributions by owners	9.13	15,700	-	-	15,700
Total		27,469	-	-	27,469
Balance at 30 June 2021		1,466,826	-	93	1,466,919

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

1. Basis of preparation

The Child and Adolescent Health Service (The Health Service) is a statutory authority established under the *Health Services Act 2016* and governed by a Board. The Health Service is controlled by the State of Western Australia, which is the ultimate parent. The Health Service is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of the Health Service's operations and its principal activities has been included in the 'Overview' section of the annual report which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority (the Board) of the Health Service on 2 September 2021.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The Financial Management Act 2006;
- 2) The Treasurer's Instructions;
- 3) Australian Accounting Standards including applicable interpretations;
- 4) Where appropriate, those AAS paragraphs applicable for not for profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (TI) take precedence over Australian Accounting Standards (AAS). Several AAS are modified by the TI to vary application, disclosure, format and wording. Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$000).

Notwithstanding the Health Service's deficiency of working capital (total current assets being less than total current liabilities), the financial statements have been prepared on the going concern basis. This basis has been adopted because, with continuing funding from the State Government, the Health Service is able to pay its liabilities as and when they fall due.

The neonatal services at the King Edward Memorial Hospital (KEMH) have formally become part of the Child and Adolescent Health Service, after being operated as part of the North Metropolitan Health Service up to January 2020. In the first seven months of the 2019-20 financial year, the KEMH neonatal services were

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

operated under a purchasing arrangement whereby the Child and Adolescent Health Service was the purchaser and the North Metropolitan Health Service was the service provider.

Pursuant to the order made by the Minister for Health under section 194 of the *Health Services Act 2016*, the assets, rights and liabilities in connection with the KEMH neonatal services were transferred from the North Metropolitan Health Service to the Child and Adolescent Health Service on 1 February 2020. Note 9.13 (d) 'Equity' provides the details of the assets and liabilities transferred from NMHS.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and will be credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

2. Health Service outputs

How the Health Service operates

This section includes information regarding the nature of funding the Health Service receives and how this funding is utilised to achieve the Health Service's objectives. This note also provides the distinction between controlled funding and administered funding:

	Notes
Health Service objectives	2.1
Schedule of Income and Expenses by Service	2.2

2.1 Health Service objectives

Mission

The Health Service's mission is to deliver high quality health care in hospital and in the community by placing children, young people, families and carers at the centre of everything, as well as build partnerships to advocate and delivery care to those who need it most, advance internationally recognised research focuses on health outcomes and attract exceptional staff by offering continued education, training, support and career development.

The Health Service is predominantly funded by Parliamentary appropriations.

Services

The key services of the Health Service are:

Public Hospital Admitted Services

Public hospital admitted patient services describe the care services provided to inpatients in the hospital (excluding specialised mental health wards). An admission to hospital can be for a period of one or more days and includes medical and surgical treatment, and oncology services.

Public Hospital Emergency Services

Emergency department services describe the treatment provided to those people with sudden onset of illness or injury of such severity and urgency that they need immediate medical help which is either not available from their general practitioner, or for which their general practitioner has referred them for treatment. An emergency department can provide a range of services and may result in admission to hospital or in treatment without admission.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

2.1 Health Service objectives (cont.)

Public Hospital Non-admitted Services

Medical officers, nurses and allied health staff provide non-admitted (out-patient) care services and include clinics for pre- and post-surgical care, allied health care and medical care.

Mental Health Services

Contracted mental health services describe inpatient care in an authorised ward and community mental health services provided by the Health Service under an agreement with the Mental Health Commission for specialised admitted and community mental health.

Aged and Continuing Care Services

The provision of continuing care services includes the programs that provide functional interim care or support for children with disabilities to continue living with their families.

Public and Community Health Services

Community Health provides services and programs delivered to increase optimal health and wellbeing, encourage healthy lifestyle, reduce the onset of disease and disability, reduce the risk of long-term illness as well as detect, protect and monitor the incidence of disease in the population. These include child health services, school health services, child development services, public health programs and Aboriginal health programs.

2.2 Schedule of income and expenses by service

The Schedule of Income and Expenses by Service should be read in conjunction with the accompany notes.

(a) Under the service category of Aged and Continuing Care, only the Continuing Care Service component is applicable to the Health Service.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

2.2 Schedule of income and expenses by service (cont.)

	Public Hospital Admitted Services		Public Hospital Emergency Services		Public Hospital Non-Admitted Services		Mental Health Services	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
COST OF SERVICES								
Expenses								
Employee benefits expense	259,816	209,930	40,355	39,079	81,022	75,381	64,865	57,660
Fees for visiting medical practitioners	1,839	1,831	280	284	562	551	-	-
Contracts for services	6,651	48,577	31	164	127	797	14	35
Patient support costs	65,046	55,863	10,265	9,796	19,597	17,124	1,917	1,484
Finance costs	48	32	7	5	14	9	86	60
Depreciation and amortisation expense	36,875	37,424	5,613	5,805	11,276	11,261	3,954	3,688
Asset revaluation decrements	-	783	-	122	-	236	40	-
Loss on disposal of non-current assets	95	43	14	7	29	13	-	-
Repairs, maintenance and consumable equipment	10,062	9,355	1,593	1,480	3,196	2,869	3,106	1,582
Other supplies and services	24,381	22,149	3,730	3,566	7,492	6,909	4,849	4,073
Other expenses	9,028	8,405	1,393	1,308	2,797	2,536	3,596	2,724
Total cost of services	413,841	394,392	63,281	61,616	126,112	117,686	82,427	71,306
Income								
Patient charges	18,449	14,759	581	715	1,940	1,765	817	422
Other fees for services	20,652	17,449	3,143	2,706	6,315	5,250	168	140
Grants and contributions	9,197	9,551	1,400	1,482	2,812	2,874	337	214
Donation revenue	1,431	1,318	218	205	438	397	-	-
Asset revaluation increments	(7)	-	(1)	-	(2)	-	138	-
Other revenue	4,140	3,419	630	530	1,267	1,029	21	22
Total income other than income from State Government	53,862	46,496	5,971	5,638	12,770	11,315	1,481	798
NET COST OF SERVICES	359,979	347,896	57,310	55,978	113,342	106,371	80,946	70,508
INCOME FROM STATE GOVERNMENT								
Service agreement funding - State	239,622	227,898	37,146	34,273	75,597	61,093	3,954	3,688
Service agreement funding - Commonwealth	97,295	84,963	17,793	16,410	39,040	38,122	3,665	-
Grants from other state government agencies	458	146	69	23	139	44	68,097	64,643
Services provided to other government agencies	3,652	879	92	136	216	264	-	61
Assets (transferred)/assumed	589	-	90	-	180	-	-	-
Services received free of charge	21,036	20,039	3,495	3,559	5,997	5,069	4,232	3,630
Total income from State Government	362,652	333,925	58,685	54,401	121,169	104,592	79,948	72,022
SURPLUS / (DEFICIT) FOR THE PERIOD	2,673	(13,971)	1,375	(1,577)	7,827	(1,779)	(998)	1,514

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

2.2 Schedule of income and expenses by service (cont.)

	Aged and Continuing Care Services ^(a)		Public and Community Health Services		Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
COST OF SERVICES						
Expenses						
Employee benefits expense	1,734	1,815	111,195	108,696	558,987	492,561
Fees for visiting medical practitioners	12	13	-	-	2,693	2,679
Contracts for services	1	7	2,629	2,978	9,453	52,558
Patient support costs	384	400	4,766	2,935	101,975	87,602
Finance costs	-	-	100	79	255	185
Depreciation and amortisation expense	239	266	1,644	1,748	59,601	60,192
Asset revaluation decrements	-	-	3,683	(432)	3,723	709
Loss on disposal of non-current assets	-	-	3	-	141	63
Repairs, maintenance and consumable equipment	71	69	5,186	4,710	23,214	20,065
Other supplies and services	132	138	8,806	8,686	49,390	45,521
Other expenses	53	59	8,478	7,092	25,345	22,124
Total cost of services	2,626	2,767	146,490	136,492	834,777	784,259
Income						
Patient charges	-	-	-	-	21,787	17,661
Other fees for services	134	124	58	203	30,470	25,872
Grants and contributions	59	68	23	50	13,828	14,239
Donation revenue	9	9	-	49	2,096	1,978
Asset revaluation increments	-	-	477	-	605	-
Other revenue	27	24	134	306	6,219	5,330
Total income other than income from State Government	229	225	692	608	75,005	65,080
NET COST OF SERVICES	2,397	2,542	145,798	135,884	759,772	719,179
INCOME FROM STATE GOVERNMENT						
Service agreement funding - State	2,339	2,296	134,117	121,811	492,775	451,059
Service agreement funding - Commonwealth	-	-	2,031	757	159,824	140,252
Grants from other state government agencies	2	1	63	187	68,828	65,044
Services provided to other government agencies	5	7	16	36	3,981	1,383
Assets (transferred)/assumed	4	-	-	-	863	-
Services received free of charge	113	114	7,495	6,851	42,368	39,262
Total income from State Government	2,463	2,418	143,722	129,642	768,639	697,000
SURPLUS / (DEFICIT) FOR THE PERIOD	66	(124)	(2,076)	(6,242)	8,867	(22,179)

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

3. Use of our funding

This section provides information about how the Health Service's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Expenses incurred in the delivery of services

The primary expenses incurred by the Health Service in achieving its objectives are:

	Notes	2021 \$000	2020 \$000
Employee benefits expense	3.1(a)	558,987	492,561
Contracts for services	3.2	9,453	52,558
Patient support costs	3.3	101,975	87,602
Repairs, maintenance and consumable equipment	3.4	23,214	20,065
Other supplies and services	3.5	49,390	45,521
Other expenses	3.6	25,345	22,124

Liabilities incurred in the delivery of services

The primary employee related liabilities incurred by the Health Service in achieving its objectives are:

	Notes	2021 \$000	2020 \$000
Employee benefits provision	3.1(b)	149,682	139,026

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

3.1(a) Employee benefits expense

	2021 \$000	2020 \$000
Employee benefits	511,994	451,337
Termination benefits	470	224
Superannuation - defined contribution plans	46,523	41,000
	<u>558,987</u>	<u>492,561</u>

Employee benefits: Include salaries, wages, accrued and paid leave entitlements, paid sick leave and non-monetary benefits for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Health Service is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amounts recognised in the Statement of Comprehensive Income comprise employer contributions paid to the Gold State Superannuation Scheme (GSS), the West State Superannuation Scheme (WSS), the GESB Super Scheme (GESBS), or other superannuation funds.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for the Health Service's purposes because the concurrent contributions (defined contributions) made by the Health Service to the Government Employees Superannuation Board (GESB) extinguishes the Health Service's obligations to the related superannuation liability.

The Health Service does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Health Service to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Child and Adolescent Health Service

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For the year ended 30 June 2021

3.1(b) Employee benefits provisions

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave, time off in lieu leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2021 \$000	2020 \$000
Current		
Employee benefits provisions		
Annual leave ^(a)	60,603	55,370
Time off in lieu leave ^(a)	12,839	11,715
Long service leave ^(b)	48,664	39,369
Deferred salary scheme ^(c)	1,211	1,232
	<u>123,317</u>	<u>107,686</u>
Non-Current		
Employee benefits provisions		
Long service leave ^(b)	26,365	31,340
	<u>26,365</u>	<u>31,340</u>
	<u>149,682</u>	<u>139,026</u>

- (a) **Annual leave and time off in lieu leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021 \$000	2020 \$000
Within 12 months of the end of the reporting period	51,302	46,837
More than 12 months after the end of the reporting period	22,140	20,248
	<u>73,442</u>	<u>67,085</u>

The provision for annual leave and time off in lieu leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

3.1(b) Employee benefits provisions (cont.)

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Health Service does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Health Service has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021 \$000	2020 \$000
Within 12 months of the end of the reporting period	11,126	9,759
More than 12 months after the end of the reporting period	63,903	60,950
	<u>75,029</u>	<u>70,709</u>

The provision of the long service leave liabilities is calculated at present value as the Health Service does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021 \$000	2020 \$000
Within 12 months of the end of the reporting period	176	274
More than 12 months after the end of the reporting period	1,035	958
	<u>1,211</u>	<u>1,232</u>

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

3.1(b) Employee benefits provisions (cont.)

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Health Service's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

In estimating the non-current long service leave liabilities, employees are assumed to leave the Health Service each year on account of resignation or retirement at 7.2%. This assumption was based on an analysis of the historical turnover rates exhibited by employees in the Health Service. Employees with leave benefits to which they are fully entitled are assumed to take all available leave uniformly over the following five years or to age 65 if earlier.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Child and Adolescent Health Service

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For the year ended 30 June 2021

3.2 Contracts for services

	2021 \$000	2020 \$000
Neonatal services ^(a)	6,512	48,001
Community and primary health	2,604	4,065
Other contracts	337	492
	<u>9,453</u>	<u>52,558</u>

Contracts for services include the costs related to the provision of health care services by external organisations. Expenses are recognised in the reporting period in which they are incurred.

- (a) In the first seven months of the 2019-20 financial year, the neonatal services and the related support services were purchased from the North Metropolitan Health Service for the Perth Children's Hospital (PCH) and the King Edward Memorial Hospital (KEMH). After the neonatal services at the KEMH site formally became part of the Child and Adolescent Health Service on 1 February 2020, a new purchasing arrangement has been in place with the North Metropolitan Health Service to continue the provision of support services.

3.3 Patient support costs

	2021 \$000	2020 \$000
Medical supplies and services ^(a)	83,787	73,489
Domestic charges	10,249	6,202
Food supplies	1,356	1,410
Power and water charges	5,385	5,287
Patient transport costs	985	698
Research, development and other grants	213	516
	<u>101,975</u>	<u>87,602</u>

Patient support costs are recognised in the reporting period in which expenses are incurred.

- (a) Medical supplies and services include the pathology services received free of charge amounting to \$5.627 million from PathWest Laboratory Medicine WA (2020: \$5.319 million). See Note 4.1 'Income from State Government'.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

3.4 Repairs, maintenance and consumable equipment

	2021 \$000	2020 \$000
Repairs and maintenance	18,724	15,503
Consumable equipment	4,490	4,562
	<u>23,214</u>	<u>20,065</u>

Repairs and maintenance expenses include the day-to-day servicing and minor replacement parts of property, plant and equipment. The cost of replacing a significant part of an item of property, plant and equipment is recognised in its carrying amount, if the recognition criteria are met.

3.5 Other supplies and services

	2021 \$000	2020 \$000
Facility management services	6,065	5,288
Administrative services	3,866	3,549
Interpreter services	847	839
Shared services for accounting ^(a)	932	937
Shared services for human resources ^(a)	3,270	4,062
Shared services for information technology ^(a)	30,009	26,513
Shared services for supply ^(a)	2,500	2,386
Other	1,901	1,947
	<u>49,390</u>	<u>45,521</u>

Other supplies and services are recognised in the reporting period in which expenses are incurred.

(a) The Health Service receives the shared services free of charge from the Health Support Services. See Note 4.1 'Income from State Government'

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

3.6 Other expenses

	2021 \$000	2020 \$000
Workers compensation insurance	3,927	3,748
Other insurances	3,302	2,800
Other employee related expenses	1,033	1,330
Communications	1,743	1,626
Computer services	1,877	1,123
Consultancy fees	2,138	2,231
Expected credit losses expense ^(a)	513	172
Freight and cartage	426	302
Motor vehicle expenses	521	513
Rental expenses ^(b)	1,392	1,325
Other accommodation expenses ^(c)	1,257	1,130
Periodical subscription	537	490
Printing and stationery	2,662	2,196
Write-down of assets ^(d)	991	244
Asset write off - stock take ^(d)	407	-
Other	2,619	2,894
	<u>25,345</u>	<u>22,124</u>

Other expenses generally represent the administrative costs incurred by the Health Service.

- (a) **Expected credit losses expense** is recognised as the movement in the allowance for impairment of receivables, measured at the lifetime expected credit losses at each reporting date. The Health Service has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. See Note 6.1.1 Movement of the allowance for impairment of receivables.
- (b) **Rental expenses** include:
- (i) Short-term leases with a lease term of 12 months or less;
 - (ii) Low-value leases with an underlying value of \$5,000 or less; and
 - (iii) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.
- (c) **Other accommodation expenses** are for outgoing expenses only.
- (d) See Note 5.1 'Property, plant and equipment'.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

4. Our funding sources

How we obtain our funding

This section provides information about how the Health Service obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Health Service are:

	Notes	2021 \$000	2020 \$000
Income from State Government	4.1	768,639	697,000
Patient charges and other fees for services	4.2	52,257	43,533
Grants and contributions	4.3	13,828	14,239
Donations	4.4	2,096	1,978
Other revenue	4.5	6,219	5,330

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

4.1 Income from State Government

	2021 \$000	2020 \$000
Service agreement funding received during the period:		
Department of Health - Service agreement - State component	492,775	451,059
Department of Health - Service agreement - Commonwealth component ⁽ⁱ⁾	159,824	140,252
Total service agreement funding	652,599	591,311
Grants from other state government agencies during the period:		
Mental Health Commission - Service delivery agreement	68,097	64,643
Department of Health - Research development grant	598	366
Department of Health - COVID-19 vaccination	94	-
Department of Health - Aboriginal Cadetship Program	39	35
Total grants from other state government agencies	68,828	65,044
Services provided to other state government agencies during the period:		
North Metropolitan Health Service - various clinical services	3,187	494
WA Country Health Service - various clinical services	752	786
South Metropolitan Health Service - training for radiology registrars	18	18
Other	24	85
Total services provided to other state government agencies	3,981	1,383
Assets transferred from/(to) other State government agencies during the period:		
Transfer of medical equipment from other Health Services	893	-
Transfer of plant & equipment to other Health Services	(30)	-
Net assets transferred	863	-
Services received free of charge from other State government agencies during the period:		
Health Support Services - accounting, human resources, information technology and supply services	36,711	33,899
Department of Finance - leasing of accommodation	30	45
PathWest Laboratory Medicine WA - pathology services	5,627	5,319
Total services received free of charge	42,368	39,262
Total income from State Government	768,639	697,000

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Notes to the financial statements

For the year ended 30 June 2021

4.1 Income from State Government (cont.)

- (a) **Service agreement funding** is recognised as income at fair value in the period in which the Health Service gains control of the funds as appropriated under the Service Agreement with the Department of Health. The Health Service gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at the Department of Treasury.

Being the major income source to fund the net cost of services delivered (as set out in Note 2.2), service agreement funding comprises the following:

- Cash component; and
- A receivable (asset).

The receivable (holding account – Note 6.2) comprises the following:

- The budgeted depreciation expense; and
 - Any agreed increase in leave liabilities.
- (i) Included in the Commonwealth component of the service agreement funding are activity based funding and block grant funding received from the Commonwealth Government under the National Health Reform Agreement for services, health teaching, training and research provided by local hospital networks (Health Services). The funding arrangement established under the Agreement requires the Commonwealth Government to make funding payments to the State Pool Account from which distributions to the local hospital networks (Health Services) are made by the Department of Health and Mental Health Commission.
- (b) **Grants from other state government agencies** are recognised as revenue when the Health Service has satisfied its performance obligations under the grants agreement. If there is no performance obligation, revenue will be recognised when the grant is received or receivable.
- (c) **Transfer of assets:** Discretionary transfers of assets (including grants) and liabilities between State government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.
- (d) **Services received free of charge** or for nominal cost, are recognised as revenue at the fair value of those services that can be reliably measured and which would have been purchased if not received as free services. A corresponding expense is recognised for services received (Note 3.3 'Patient support costs' and Note 3.5 'Other supplies and services').

Child and Adolescent Health Service

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4.2 Patient charges and other fees for services

	2021 \$000	2020 \$000
Patient charges ^(a)		
Inpatient charges	19,254	15,181
Outpatient charges	2,533	2,480
	<u>21,787</u>	<u>17,661</u>
Other fees for services		
Recoveries from the Pharmaceutical Benefits Scheme ^(b)	27,287	22,789
Clinical services to other health organisations ^(c)	2,923	2,888
Non clinical services to other health organisations ^(c)	260	195
	<u>30,470</u>	<u>25,872</u>
	<u>52,257</u>	<u>43,533</u>

- (a) Patient charges are recognised at a point in time (or over a relatively short period of time) when the services have been provided to patients. As the Health Service is a not-for-profit entity, patient charges have not been determined on a full cost recovery basis.
- (b) Under the Pharmaceutical Benefits Scheme (PBS), the Health Service receives reimbursements from Medicare Australia for PBS-listed medicines dispensed to patients at the Perth Children's Hospital. Reimbursements are mostly received within the month of claims.
- (c) Revenue is recognised over time for services provided to other health organisations. The Health Service typically satisfies its performance obligations in relation to the fees and charges when the services are performed. The progress towards performance obligations is measured on the basis of an input method.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

4.3 Grants and contributions

	2021 \$000	2020 \$000
Perth Children's Hospital Foundation	3,599	3,866
Telethon Kids Institute	1,289	1,921
Channel 7 Telethon Trust	4,690	4,817
Stan Perron Charitable Trust	578	540
Medtronic Foundation	81	80
Angela Wright Bennett Foundation	400	400
University of Western Australia	505	179
Cystic Fibrosis clinical research	120	117
Raine Medical Research Foundation	294	253
Royal Australasian College of Physicians	473	395
ANZCHOG	179	31
The Children's Hospital of Philadelphia	156	88
Rural Health West	107	32
University of Queensland	86	215
WA Health Translation Network	88	206
Redkite	100	198
Royal Australian & NZ College of Radiologists	53	131
Other	1,030	770
	<u>13,828</u>	<u>14,239</u>

Where the arrangements are not classified as contract with customers, operational grants are recognised as income when the Health Service obtains control over the assets comprising the contribution, usually when cash is received. For contracts with customers, operational grants are recognised as revenue either over time or at a point in time, when the specific performance obligations are satisfied. Capital grants are recognised as income when the Health Service achieves milestones specified in the grant agreements.

Key judgements under AASB 15 *Revenue from Contracts with Customers* include determining the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations.

Child and Adolescent Health Service

Notes to the financial statements

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4.4 Donation revenue

	2021 \$000	2020 \$000
Perth Children's Hospital Foundation - donations of equipment	1,883	1,242
Humpty Dumpty Foundation - donations of medical equipment	90	-
City of Stirling - Donation of building	-	50
Paul Moncrieff - Donation of artwork	-	9
Deceased Estate	77	648
Other	46	29
	<u>2,096</u>	<u>1,978</u>

Donations and other bequests are recognised as revenue when cash or assets are received.

4.5 Other revenue

	2021 \$000	2020 \$000
Pharmaceutical manufacturing activities	1,749	2,099
Rent from commercial tenants	407	325
Expense recoupment from tenants	2,134	2,149
RiskCover insurance premium rebate	1,008	97
Immunisation services	138	160
Use of hospital facilities by medical practitioners	88	20
Other	695	480
	<u>6,219</u>	<u>5,330</u>

Revenue from pharmaceutical manufacturing activities, immunisation services and other services is recognised when the goods or services are delivered to the customers.

Rent and recoupment of outgoing expenses are received in accordance with the agreements with tenants, and are recognised as revenue on a monthly basis. Insurance premium rebate is recognised as revenue, when the cash is received from RiskCover.

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5. Key assets

Assets the Health Service utilises for economic benefit or service potential

This section includes information regarding the key assets the Health Service utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2021 \$000	2020 \$000
Property, plant and equipment	5.1	1,097,608	1,124,827
Right-of-use assets	5.2	9,768	10,256
Intangible assets	5.3	29,370	37,889
Total key assets		1,136,746	1,172,972

	Notes	2021 \$000	2020 \$000
Depreciation and amortisation expense			
Property, plant and equipment	5.1.1	49,081	50,140
Right-of-use assets	5.2	2,001	1,532
Intangible assets	5.3.1	8,519	8,520
		59,601	60,192

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Notes to the financial statements

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5.1 Property, plant and equipment

	Land	Build-ings	Site infra-structure	Lease-hold improve-ments	Com-puter equip-ment	Furni-ture & fittings	Medical equip-ment	Motor vehicles, other plant & equip-ment	Work in progress	Art-works	Total
Year ended 30 June 2020	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of period	23,363	941,113	19,656	145	64,185	10,505	82,845	20,148	373	5,035	1,167,368
Additions	-	-	-	106	18	95	4,012	-	408	17	4,656
Transfer of Neonatal assets from North Metropolitan Health Service (Note 9.13) ^(a)	-	-	-	-	18	-	2,851	62	-	-	2,931
Transfer from other agencies ^(c)	1,110	50	-	-	-	-	-	-	-	-	1,160
Disposals (Note 5.1.2)	-	-	-	-	-	-	(195)	-	-	-	(195)
Revaluation increments / (decrements) ^(b)	(150)	(559)	-	-	-	-	-	-	-	-	(709)
Depreciation (Note 5.1.1)	-	(19,915)	(479)	(43)	(14,299)	(731)	(12,187)	(2,486)	-	-	(50,140)
Write-down of assets (Note 3.6)	-	-	-	-	-	-	(240)	-	(4)	-	(244)
Carrying amount at 30 June 2020	24,323	920,689	19,177	208	49,922	9,869	77,086	17,724	777	5,052	1,124,827

- (a) Assets were transferred from the North Metropolitan Health Service on 1 February 2020 following the handover of management control over the Neonatal Services operated at the King Edward Memorial Hospital.
- (b) Revaluation increment is recorded in the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense. Revaluation decrement is recognised as an expense, except to the extent of any balance existing in the asset revaluation reserve in respect of that classes of assets. In 2019-20, revaluation decrement of \$0.709 million consisting of \$0.559 million for buildings and \$0.150 million for land was recognised as an expense.
- (c) This included the crown land (\$1.110 million) transferred from the Department of Planning, Lands and Heritage for the Karrinyup Child Health Centre and the Hilton Child Health Centre. The transfer was accounted for as contributions by owners (Note 9.13 Equity).

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For the year ended 30 June 2021

5.1 Property, plant and equipment (cont.)

	Land	Build-ings	Site infra-structure	Lease-hold improve-ments	Com-puter equip-ment	Furni-ture & fittings	Medical equip-ment	Motor vehicles, other plant & equip-ment	Work in progress	Art-works	Total
Year ended 30 June 2021	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1 July 2020											
Gross carrying amount	24,323	920,689	20,380	598	77,089	11,454	106,271	22,982	777	5,052	1,189,615
Accumulated depreciation	-	-	(1,203)	(390)	(27,167)	(1,585)	(29,185)	(5,258)	-	-	(64,788)
Carrying amount at start of period	24,323	920,689	19,177	208	49,922	9,869	77,086	17,724	777	5,052	1,124,827
Additions	-	711	-	1,225	6	100	3,813	290	3,822	-	9,967
Transfer from other agencies ^(a)	15,700	-	-	-	-	-	-	-	-	-	15,700
Transfer from/(to) other Health Services (Note 4.1)	-	-	-	-	-	-	893	(30)	-	-	863
Disposals (Note 5.1.2)	-	-	-	-	-	-	(149)	(3)	-	-	(152)
Revaluation increments / (decrements) ^(b)	(3,723)	605	-	-	-	-	-	-	-	-	(3,118)
Depreciation (Note 5.1.1)	-	(19,871)	(479)	(137)	(12,835)	(726)	(12,556)	(2,477)	-	-	(49,081)
Asset write offs - stock take (Note 3.6)	-	-	-	-	-	(5)	(372)	(30)	-	-	(407)
Write-down of assets (Note 3.6)	-	-	-	(26)	-	(1)	(867)	(97)	-	-	(991)
Carrying amount at 30 June 2021	36,300	902,134	18,698	1,270	37,093	9,237	67,848	15,377	4,599	5,052	1,097,608
Gross carrying amount	36,300	902,134	20,380	1,797	76,656	11,545	108,680	23,003	4,599	5,052	1,190,146
Accumulated depreciation	-	-	(1,682)	(527)	(39,563)	(2,308)	(40,832)	(7,626)	-	-	(92,538)

(a) A crown land was transferred from the Department of Planning, Lands and Heritage for the Perth Children's Hospice. The transfer was accounted for as contributions by owners (Note 9.13 Equity).

(b) Revaluation increment is recorded in the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense. Revaluation decrement is recognised as an expense, except to the extent of any balance existing in the asset revaluation reserve in respect of that classes of assets. In 2020-21, revaluation decrement of \$3.723 million for land is recognised as an expense and revaluation increment of \$0.605 million for buildings is recognised as an other revenue.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.1 Property, plant and equipment (cont.)

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land and buildings.

Land is carried at fair value. Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2020 by the Western Australian Land Information Authority (Landgate Valuation Services). The valuations were performed during the year ended 30 June 2021 and recognised at 30 June 2021. In undertaking the revaluation, fair value was determined by reference to market values for land: \$0.625 million (2020: \$0.603 million) and buildings: \$0.080 million (2020: \$0.102 million). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Revaluation model:

(a) Fair Value where market-based evidence is available:

The fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.1 Property, plant and equipment (cont.)

(b) Fair value in the absence of market-based evidence:

Fair value of land and buildings is determined on the basis of existing use where buildings are specialised or where land is restricted.

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Significant assumptions and judgements

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

A number of buildings that are located on the land of local government agencies have been recognised in the financial statements. The Health Service believes that, based on past experience, its occupancy in these buildings will continue to the end of their useful lives.

5.1.1 Depreciation and impairment charges for the period

	Notes	2021 \$000	2020 \$000
<u>Depreciation</u>			
Buildings	5.1	19,871	19,915
Site infrastructure	5.1	479	479
Leasehold improvement	5.1	137	43
Medical equipment	5.1	12,556	12,187
Computer equipment	5.1	12,835	14,299
Furniture and fittings	5.1	726	731
Motor vehicles, other plant and equipment	5.1	2,477	2,486
Total depreciation for the period		49,081	50,140

As at 30 June 2021 there were no indications of impairment to property, plant and equipment.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.1.1 Depreciation and impairment (cont.)

Finite useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale and land.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Buildings	50 years
Site infrastructure	50 years
Leasehold improvements	Term of the lease
Computer equipment	2 to 10 years
Furniture and fittings	3 to 20 years
Motor vehicles	4 to 10 years
Medical equipment	2 to 20 years
Other plant and equipment	2 to 20 years

Land and artworks, which are considered to have an indefinite useful life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.1.1 Depreciation and impairment (cont.)

Impairment (cont.)

As the Health Service is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

5.1.2 Gain/(loss) on disposal of non-current assets

The Health Service recognised the following gains on disposal of non-current assets:

	2021 \$000	2020 \$000
Carrying amount of non-current assets disposed:		
Property, plant and equipment	(152)	(195)
Proceeds from disposal of non-current assets:		
Property, plant and equipment	11	132
Net gain/(loss) on disposal of non-current assets	(141)	(63)

Realised and unrealised gains are usually recognised on a net basis.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.2 Right-of-use assets

	Buildings	Vehicles	Total
	\$000	\$000	\$000
Year ended 30 June 2020			
Carrying amount at start of period	4,304	1,238	5,542
Additions	5,443	348	5,791
Adjustments	469	7	476
Disposals	-	(21)	(21)
Depreciation	(1,049)	(483)	(1,532)
Carrying amount at 30 June 2020	9,167	1,089	10,256
Year ended 30 June 2021			
1 July 2020			
Gross carrying amount	9,996	1,535	11,531
Accumulated depreciation	(829)	(446)	(1,275)
Carrying amount at start of period	9,167	1,089	10,256
Additions	847	246	1,093
Adjustments	412	19	431
Disposals	-	(11)	(11)
Depreciation	(1,534)	(467)	(2,001)
Carrying amount at 30 June 2021	8,892	876	9,768
Gross carrying amount	10,966	1,714	12,680
Accumulated depreciation	(2,074)	(838)	(2,912)

The Health Service has leases for vehicles, office and clinical accommodations.

The Health Service has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

The Health Service recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 7.1.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.2 Right-of-use assets (cont.)

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset

The Health Service has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. If ownership of the leased asset transfers to the Health Service at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1.1.

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

	Notes	2021 \$000	2020 \$000
Depreciation expense of right-of-use assets	5.2	2,001	1,532
Lease interest expense	7.2	255	173
Short-term leases		30	382
Low-value leases		12	7
Total amount recognised in the Statement of Comprehensive Income		2,298	2,094

The total cash outflow for leases in 2021 was \$2.091 million (2020: \$1.422 million).

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.3 Intangible assets

	Computer software \$000
Carrying amount at 1 July 2019	46,409
Amortisation expense (Note 5.3.1)	(8,520)
Carrying amount at 30 June 2020	37,889
Amortisation expense (Note 5.3.1)	(8,519)
Carrying amount at 30 June 2021	29,370
Gross carrying amount	55,638
Accumulated amortisation	(26,268)
	29,370

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more, that comply with the recognition criteria (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.3 Intangible assets (cont.)

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use;
- (b) An intention to complete the intangible asset and use it;
- (c) The ability to use the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

5.3.1 Amortisation and impairment

Charges for the period

	2021	2020
	\$000	\$000
<u>Amortisation</u>		
Computer software	8,519	8,520
Total amortisation for the period	8,519	8,520

The Health Service held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Health Service have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Computer software ^(a) 5 to 10 years

(a) Software that is not integral to the operation of any related hardware.

Impairment

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1.1.

As at 30 June 2021 there were no indications of impairment to intangible assets.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Health Service's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2021 \$000	2020 \$000
Receivables	6.1	11,490	10,403
Amount receivable for services	6.2	408,937	346,357
Inventories	6.3	3,580	2,962
Other current assets	6.4	909	669
Payables	6.5	29,999	35,882
Contract liabilities	6.6	89	53
Grant liabilities	6.7	-	945
Other liabilities	6.8	83	89

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

6.1 Receivables

	2021 \$000	2020 \$000
Current		
Patient fee debtors	5,410	6,567
GST receivable	761	536
Receivable from North Metropolitan Health Service	-	1,281
Other receivables	3,996	3,430
Allowance for impairment of receivables	(2,581)	(3,729)
Accrued revenue	3,904	2,318
	11,490	10,403

Patient fee debtors and other receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amounts of net patient fee debtors and other receivables are equivalent to fair value as it is due for settlement within 30 days.

The Health Service does not hold any collateral or other credit enhancements as security for receivables.

Accounting procedure for Goods and Services Tax

Rights to collect amounts receivable from the Australian Taxation Office (ATO) and responsibilities to make payments for GST have been assigned to the Department of Health. This accounting procedure was a result of application of the grouping provisions of "A New Tax System (Goods and Services Tax) Act 1999" whereby the Department of Health became the Nominated Group Representative (NGR) for the GST Group as from 1 July 2012. The entities in the GST group include the Department of Health, Child and Adolescent Health Service, East Metropolitan Health Service, North Metropolitan Health Service, South Metropolitan Health Service, WA Country Health Service, Health Support Services, PathWest Laboratory Medicine WA, Queen Elizabeth II Medical Centre Trust, Mental Health Commission, and Health and Disability Services Complaints Office.

GST receivables on accrued expenses are recognised by the Health Service. Upon the receipt of tax invoices, GST receivables for the GST group are recorded in the accounts of the Department of Health.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

6.1.1 Movement of the allowance for impairment of receivables

	2021 \$000	2020 \$000
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	3,729	4,333
Transfer from North Metropolitan Health Service (Note 9.13(d))	-	255
Expected credit losses expense	513	172
Amount written off during the period	(1,661)	(1,031)
Balance at end of period	<u>2,581</u>	<u>3,729</u>

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account.

6.2 Amounts receivable for services (Holding Account)

	2021 \$000	2020 \$000
Current	-	-
Non-Current	408,937	346,357
	<u>408,937</u>	<u>346,357</u>

The Health Service receives service appropriations from the State Government via the Department of Health, partly in cash and partly as a non-cash asset. Amounts receivable for services represent the non-cash component and it is restricted in that it can only be used for asset replacement or payment of leave liability.

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss for the holding account).

Subject to the State Government's approval, the receivable is accessible on the emergence of the cash funding requirement to cover the payments for leave entitlements and asset replacement.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

6.3 Inventories

	2021 \$000	2020 \$000
Current		
Pharmaceutical stores - at cost	3,580	2,962

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted average cost basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

6.4 Other assets

	2021 \$000	2020 \$000
Current		
Prepayments	850	599
Unearned patient charges	56	68
Others	3	2
	909	669

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

6.5 Payables

	2021 \$000	2020 \$000
Current		
Trade payables	6,458	5,465
Payable for purchase of neonatal services ^(a)	-	8,796
Payable - return of capital appropriations ^(b)	-	996
Other payables	52	25
Accrued expenses	8,464	8,946
Accrued salaries	15,025	11,654
	<u>29,999</u>	<u>35,882</u>

(a) A final payment amounting to \$8.796 million for neonatal services was not made to the North Metropolitan Health Service (NMHS) within the 2019-20 financial year. See Note 3.2 for the details of neonatal services purchased from NMHS.

(b) \$0.996 million was payable to the Department of Health as the return of capital appropriations in excess of funding requirement for the principal repayments of lease liabilities (see Note 9.13).

Payables are recognised at the amounts payable when the Health Service becomes obliged to make future payments as a result of a purchase of assets or services.

The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to employees but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Health Service considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See 'Restricted cash and cash equivalents' in Note 7.3.1) consists of amounts paid annually into a Treasury suspense account to meet the additional cash outflow for employee salary payments in the reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

6.6 Contract liabilities

	2021 \$000	2020 \$000
Current	89	53
Non-current	-	-
	<u>89</u>	<u>53</u>

Contract liabilities are the values of payments received for services yet to be provided to the customers at the reporting date. Refer to Note 4.3 for details of the revenue recognition policy.

6.6.1 Movement in contract liabilities

	2021 \$000	2020 \$000
Reconciliation of changes in contract liabilities		
Opening balance	53	-
Additions	89	108
Revenue recognised in the reporting period	(53)	(55)
Balance at end of period	<u>89</u>	<u>53</u>

The Health Service expects to satisfy the performance obligations within the next 12 months.

6.7 Grant liabilities

	2021 \$000	2020 \$000
Current	-	945
Non-current	-	-
	<u>-</u>	<u>945</u>

Income is recognised when the Health Service achieves milestones specified in the grant agreement.

The Health Service's grant liabilities for 2020 related to capital grants received from the Channel 7 Telethon Trust for purchases of equipment.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

6.7 Grant liabilities (cont.)

6.7.1 Movement in grant liabilities

	2021 \$000	2020 \$000
Reconciliation of changes in grant liabilities		
Opening balance	945	-
Additions	-	945
Revenue recognised in the reporting period	(945)	-
Balance at end of period	<u>-</u>	<u>945</u>

6.7.2 Expected satisfaction of grant liabilities

	2021 \$000	2020 \$000
Income recognition is expected to occur within:		
1 year	-	945
1 to 5 years	-	-
Over 5 years	-	-
	<u>-</u>	<u>945</u>

6.8 Other liabilities

	2021 \$000	2020 \$000
Current		
Paid parental leave scheme	83	89
	<u>83</u>	<u>89</u>

Child and Adolescent Health Service

Notes to the financial statements

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7. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Health Service.

	Notes
Lease liabilities	7.1
Finance costs	7.2
Cash and cash equivalents	7.3
Reconciliation of cash	7.3.1
Reconciliation of cash flows used in operating activities	7.3.2
Reconciliation of cash flows from State Government	7.3.3
Capital commitments	7.4

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

7.1 Lease liabilities

	2021 \$000	2020 \$000
Current	1,858	1,790
Non-current	8,214	8,645
Total lease liabilities	10,072	10,435

The Health Service measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Health Service uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Health Service as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the lessee exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Health Service if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, are recognised by the Health Service in profit or loss in the period in which the condition that triggers the payment occurs.

This section should be read in conjunction with Note 5.2.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

7.1 Lease liabilities (cont.)

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Significant assumptions and judgements

Judgements have been made in the identification of leases within contracts, assessment of lease terms by considering the reasonable certainty in exercising extension or termination options, and identification of appropriate rate to discount the lease payments.

7.2 Finance costs

	2021	2020
	\$000	\$000
Interest expense on borrowings ^(a)	-	12
Lease interest expense	255	173
	255	185

Finance costs are recognised as expenses in the period in which they are incurred.

Lease interest expense is the interest component of lease liability repayments.

(a) Finance costs for 2020 included the interest on the Department of Treasury loans which was fully repaid prior to 30 June 2020.

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Notes to the financial statements

For the year ended 30 June 2021

7.3 Cash and cash equivalents

7.3.1 Reconciliation of cash

	2021 \$000	2020 \$000
Cash and cash equivalents	67,836	60,743
Restricted cash and cash equivalents		
<u>Current</u>		
Capital work projects	2,584	808
Mental Health Commission Funding ^(a)	2,006	2,175
Restricted cash assets held for other specific purposes ^(b)	12,784	12,452
	<u>17,374</u>	<u>15,435</u>
<u>Non-current</u>		
Accrued Salaries Suspense Account ^(c)	9,972	7,472
Total restricted cash and cash equivalents	<u>27,346</u>	<u>22,907</u>
Balance at end of period	<u>95,182</u>	<u>83,650</u>

Restricted cash and cash equivalents are assets of which the uses are restricted by specific legal or other externally imposed requirements.

- (a) The unspent funds from the Mental Health Commission are committed to the provision of mental health services.
- (b) The specific purposes include medical research grants, donations for the benefits of patients, medical education, scholarships, capital projects, employee contributions and staff benevolent funds.
- (c) The Accrued Salaries Suspense Account has been established for the Health Service at the Department of Treasury for the purpose of meeting the 27th pay which occurs in each eleventh year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the Statement of Cash Flows, cash and cash equivalents and restricted cash and cash equivalents assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

7.3.2 Reconciliation of net cost of services to net cash flows used in operating activities

	Notes	2021 \$000	2020 \$000
Net cost of services (Statement of Comprehensive Income)		(759,772)	(719,179)
<u>Non-cash items:</u>			
Expected credit losses expense	3.6	513	172
Write off of inventory		8	(8)
Depreciation and amortisation expense	5	59,601	60,192
Asset revaluation decrement	5.1	3,723	709
Asset revaluation increment	5.1	(605)	-
Net gain/(loss) from disposal of non-current assets	5.1.2	141	63
Write down of assets	3.6	991	244
Asset write off	3.6	407	-
Interest expense paid by the Department of Health	7.2	-	12
Interest capitalised		2	22
Donations of assets	4.4	(1,636)	(1,003)
Services received free of charge	4.1	42,368	39,262
<u>(Increase)/decrease in assets:</u>			
Receivables		(1,600)	(399)
Inventories		(626)	(394)
Other current assets		(264)	(47)
<u>Increase/(Decrease) in liabilities:</u>			
Payables		(5,976)	14,238
Current provisions		15,631	7,276
Non-current provisions		(4,975)	4,216
Grant liabilities		(945)	945
Contract liabilities		36	53
Other current liabilities		(6)	20
Net cash used in operating activities (Statement of Cash Flows)		(652,984)	(593,606)

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Notes to the financial statements

For the year ended 30 June 2021

7.3.3 Reconciliation of cash flows from State Government

	2021 \$000	2020 \$000
Notional cash flows		
Service agreement funding - State	492,775	451,059
Service agreement funding - Commonwealth	159,824	140,252
Grants from other state government agencies	68,828	65,044
Services provided to other government agencies	3,981	1,383
Capital appropriation credited directly to Contributed equity (refer Note 9.13)	11,769	7,335
	<u>737,177</u>	<u>665,073</u>
Return of capital appropriations to the Department of Health (refer Note 6.5)	-	996
<u>Less notional cash flows:</u>		
Items paid directly by the Department of Health for the Health Service and are therefore not included in the Statement of Cash Flows:		
Interest payments to the Department of Treasury	-	(14)
Repayment of borrowings to the Department of Treasury	-	(739)
Accrual appropriations	(62,580)	(66,475)
	<u>(62,580)</u>	<u>(67,228)</u>
Cash Flows from State Government as per Statement of Cash Flows	<u><u>674,597</u></u>	<u><u>598,841</u></u>

At the end of the reporting period, the Health Service had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

7.4 Capital commitments

	2021 \$000	2020 \$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements are payable as follows:		
Within 1 year	211	3,304
Later than 1 year, and not later than 5 years	-	45
	<u>211</u>	<u>3,349</u>

Amounts presented for capital expenditure commitments are GST inclusive.

Child and Adolescent Health Service

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For the year ended 30 June 2021

8. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Health Service.

	Notes
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.1 Financial risk management

Financial instruments held by the Health Service are cash and cash equivalents, restricted cash and cash equivalents, lease liabilities, receivables and payables. The Health Service has limited exposure to financial risks. The Health Service's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Health Service's receivables defaulting on their contractual obligations resulting in financial loss to the Health Service.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the tables at Note 8.1(c) 'Credit risk exposure' and Note 6.1 'Receivables'.

Credit risk associated with the Health Service's financial assets is generally confined to patient fee debtors (see Note 6.1). The main receivable of the Health Service is the amounts receivable for services (holding account). For receivables other than government agencies and patient fee debtors, the Health Service trades only with recognised, creditworthy third parties. The Health Service has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Health Service's exposure to bad debts is minimised. At the end of the reporting period, there were no significant concentrations of credit risk.

All debts are individually reviewed, on a timely basis at 30, 60, 90 and 120 days. In a circumstance where a third party is responsible for payment, or there are legal considerations, payment of accounts can be delayed considerably. Unpaid debts are referred to an external debt collection service within six months of the accounts being raised.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings.

Liquidity risk

Liquidity risk arises when the Health Service is unable to meet its financial obligations as they fall due. The Health Service is exposed to liquidity risk through its normal course of operations.

The Health Service has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Health Service's income or the value of its holdings of financial instruments. The Health Service does not trade in foreign currency and is not materially exposed to other price risks. The Health Service's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.1 Financial risk management (cont.)

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021 \$000	2020 \$000
Financial Assets		
Cash and cash equivalents	67,836	60,743
Restricted cash and cash equivalents	27,346	22,907
Financial assets at amortised cost ^(a)	419,666	356,224
	514,848	439,874
Financial Liabilities		
Financial liabilities measured at amortised cost	40,160	47,315
	40,160	47,315

(a) The amount of financial assets at amortised cost excludes GST recoverable from ATO (statutory receivable).

(c) Credit risk exposure

The following table details the credit risk exposure on the Health Service's receivables using a provision matrix.

	Days past due						
	Total \$000	Current \$000	31-60 days \$000	61-90 days \$000	91-180 days \$000	181-365 days \$000	>1 year \$000
30 June 2021							
Expected credit loss rate		3%	7%	17%	23%	55%	69%
Estimated total gross carrying amount at default	9,874	4,571	626	360	1,127	1,015	2,175
Expected credit losses	(2,582)	(149)	(46)	(60)	(263)	(554)	(1,510)
30 June 2020							
Expected credit loss rate		3%	7%	22%	29%	45%	77%
Estimated total gross carrying amount at default	9,690	3,242	779	220	633	1,130	3,686
Expected credit losses	(3,728)	(101)	(53)	(49)	(182)	(508)	(2,835)

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.1 Financial risk management (cont.)

(d) Liquidity Risk and Interest Rate Exposure

The following table details the Health Service's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure			Nominal Amount \$000	Maturity dates			
			Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000		Up to 3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2021										
<u>Financial Assets</u>										
Cash and cash equivalents		67,836	-	-	67,836	67,836	67,836	-	-	-
Restricted cash and cash equivalents		27,346	-	-	27,346	27,346	17,374	-	-	9,972
Receivables ^(a)		10,729	-	-	10,729	10,729	10,729	-	-	-
Amounts receivable for services		408,937	-	-	408,937	408,937	-	-	-	408,937
		514,848	-	-	514,848	514,848	95,939	-	-	418,909
<u>Financial Liabilities</u>										
Payables		29,999	-	-	29,999	29,999	29,999	-	-	-
Contract liabilities		89	-	-	89	89	89	-	-	-
Grant liabilities		-	-	-	-	-	-	-	-	-
Lease liabilities	2.49%	10,072	10,072	-	-	11,424	542	1,521	4,744	4,617
		40,160	10,072	-	30,088	41,512	30,630	1,521	4,744	4,617

(a) The amount of receivables excludes the GST recoverable from ATO (statutory receivable).

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.1 Financial risk management (cont.)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure			Nominal Amount \$000	Maturity dates			
			Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000		Up to 3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2020										
<u>Financial Assets</u>										
Cash and cash equivalents		60,743	-	-	60,743	60,743	60,743	-	-	-
Restricted cash and cash equivalents		22,907	-	-	22,907	22,907	15,435	-	-	7,472
Receivables ^(a)		9,867	-	-	9,867	9,867	9,867	-	-	-
Amounts receivable for services		346,357	-	-	346,357	346,357	-	-	-	346,357
		439,874	-	-	439,874	439,874	86,045	-	-	353,829
<u>Financial Liabilities</u>										
Payables		35,882	-	-	35,882	35,882	35,882	-	-	-
Contract liabilities		53	-	-	53	53	32	21	-	-
Grant liabilities		945	-	-	945	945	945	-	-	-
Lease liabilities	2.17%	10,435	10,435	-	-	11,876	518	1,474	5,180	4,704
		47,315	10,435	-	36,880	48,756	37,377	1,495	5,180	4,704

(a) The amount of receivables excludes the GST recoverable from ATO (statutory receivable).

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.1 Financial risk management (cont.)

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Health Service's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-100 basis points		+100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2021					
<u>Financial Liabilities</u>					
Lease liabilities	10,072	101	101	(101)	(101)
Total Increase/(Decrease)		101	101	(101)	(101)
2020					
<u>Financial Liabilities</u>					
Lease liabilities	10,435	104	104	(104)	(104)
Total Increase/(Decrease)		104	104	(104)	(104)

Child and Adolescent Health Service

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For the year ended 30 June 2021

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.2.1 Contingent assets

At the reporting date, the Health Service is not aware of any contingent assets.

8.2.2 Contingent liabilities

Under the *Long Service Leave Act 1958* (LSL Act), casual employees who have been employed for more than 10 years and meet continuous service requirements may be entitled to long service leave. Whilst a provision for casual employees, who are currently still employed by WA Health and who meet the criteria, has been recognised in the financial statements, the amount of the obligation for those casual employees who are no longer employed by WA Health cannot be measured with sufficient reliability at reporting date. We are currently assessing the impact of the LSL Act for those casual employees.

At the reporting date, the Health Service is not aware of other contingent liabilities.

Litigation in progress

The Health Service does not have any pending litigation that are not recoverable from RiskCover insurance at the reporting date.

Contaminated sites

Under the *Contaminated Sites Act 2003*, the Health Service is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values.

Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Health Service may have a liability in respect of investigation or remediation expenses.

At the reporting date, the Health Service does not have any suspected contaminated sites reported under the Act.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.3 Fair value measurements

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets (level 1);
- input other than quoted prices included within level 1 that are observable for the asset either directly or indirectly (level 2); and
- inputs for the asset that are not based on observable market data (unobservable input) (level 3).

The following table represents the Health Service's assets measured at fair value:

		Level 1	Level 2	Level 3	Fair value at end of period
	Notes	\$000	\$000	\$000	\$000
2021					
Land	5.1				
Residential		-	625	-	625
Specialised		-	-	35,675	35,675
Buildings	5.1				
Residential		-	80	-	80
Specialised		-	-	902,054	902,054
		-	705	937,729	938,434
2020					
Land	5.1				
Residential		-	603	-	603
Specialised		-	-	23,720	23,720
Buildings	5.1				
Residential		-	102	-	102
Specialised		-	-	920,587	920,587
		-	705	944,307	945,012

There were no transfers between Levels 1, 2 or 3 during the current and previous periods.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.3 Fair value measurements (cont.)

Valuation processes

The Health Service obtains independent valuations of land and buildings from the Western Australian Land Information Authority (Landgate Valuation Services) annually.

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land and buildings to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Valuation techniques to derive Level 2 fair values

Level 2 fair values of land and buildings (converted residential properties) are derived using the market approach. This approach provides an indication of value by comparing the asset with identical or similar properties for which price information is available. Analysis of comparable sales information and market data provides the basis for fair value measurement.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, Landgate Valuations Services consider current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, and adjust the valuation for differences in property characteristics and market conditions.

For properties with buildings and other improvements, the land value is measured by comparison and analysis of open market transactions on the assumption that the land is in a vacant and marketable condition. The amount determined is deducted from the total property value and the residual amount represents the building value.

The Health Service's residential properties consist of residential buildings that have been re-configured to be used as health centres or clinics.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.3 Fair value measurements (cont.)

Fair value measurements using significant unobservable inputs (Level 3)

	Land \$000	Buildings \$000
2021		
Fair value at start of period	23,720	920,587
Transfer from other agencies	15,700	-
Additions	-	711
Revaluation increments/(decrements) recognised in Profit or Loss	(3,745)	625
Depreciation expense	-	(19,869)
Fair Value at end of period	35,675	902,054
2020		
Fair value at start of period	22,740	941,006
Transfer from other agencies	1,110	50
Revaluation increments/(decrements) recognised in Profit or Loss	(130)	(556)
Depreciation expense	-	(19,913)
Fair Value at end of period	23,720	920,587

Valuation techniques to derive Level 3 fair values

Properties of a specialised nature that are rarely sold in an active market or are held to deliver public services are referred to as non-market or current use type assets. These properties do not normally have a feasible alternative use due to restrictions or limitations on their use and disposal. The existing use is their highest and best use.

Land (Level 3 fair values)

For current use land assets, fair value is measured firstly by establishing the opportunity cost of public purpose land, which is termed the hypothetical alternate land use value. This approach assumes unencumbered land use based upon potential highest and best alternative use as represented by surrounding land uses and market analysis.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

8.3 Fair value measurements (cont.)

Fair value of the land is then determined on the assumption that the site is rehabilitated to a vacant marketable condition. This requires costs associated with rehabilitation to be deducted from the hypothetical alternate land use value of the land. Costs may include building demolition, clearing, planning approvals and time allowances associated with realising that potential.

In some instances the legal, physical, economic and socio political restrictions on a land results in a minimal or negative current use land value. In this situation the land value adopted is the higher of the calculated rehabilitation amount or the amount determined on the basis of comparison to market corroborated evidence of land with low level utility. Land of low level utility is considered to be grazing land on the urban fringe of the metropolitan area with no economic farming potential or foreseeable development or redevelopment potential at the measurement date.

Buildings (Level 3 fair values)

The Health Service's hospital and medical centres are specialised buildings valued under the cost approach. This approach uses the depreciated replacement cost method which estimates the current cost of reproduction or replacement of the buildings, on its current site, less deduction for physical deterioration and relevant forms of obsolescence. Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

The techniques involved in the determination of the current replacement costs include:

- a) Review and updating of the 'as-constructed' drawing documentation;
- b) Categorisation of the drawings using the Building Utilisation Categories (BUC's) which designate the functional areas within the clinical facilities. Each BUC has different cost rates which are calculated from the historical construction costs of similar clinical facilities and are adjusted for the year-to-year change in building costs using building cost index;
- c) Measurement of the general floor areas;
- d) Application of the BUC cost rates per square meter of general floor areas.

The maximum effective age used in the valuation of specialised buildings is 50 years. The effective age of buildings is initially calculated from the commissioning date, and is reviewed after the buildings have undergone substantial renewal, upgrade or expansion.

The straight line method of depreciation is applied to derive the depreciated replacement cost, assuming a uniform pattern of consumption over the initial 37 years of asset life (up to 75% of current replacement costs). All specialised buildings are assumed to have a residual value of 25% of their current replacement costs.

The valuations are prepared on a going concern basis until the year in which the current use is discontinued.

Buildings with definite demolition plan are not subject to annual revaluation. The depreciated replacement costs at the last valuation dates for these buildings are written down to the Statement of Comprehensive Income as depreciation expenses over their remaining useful life.

Child and Adolescent Health Service

Notes to the financial statements

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9. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

Events occurring after the end of the reporting period	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian Accounting Standards issued not yet operative	9.3
Remuneration of auditors	9.4
Key management personnel	9.5
Related party transactions	9.6
Related bodies	9.7
Affiliated bodies	9.8
Services provided free of charge	9.9
Other statement of receipts and payments	9.10
Special purpose accounts	9.11
Administered trust accounts	9.12
Equity	9.13
Supplementary financial information	9.14
Explanatory statement	9.15

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Notes to the financial statements

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9.1 Events occurring after the end of the reporting period

There were no events occurring after the reporting period which had significant financial effects on these financial statements.

9.2 Initial application of Australian Accounting Standards

AASB 1059 *Service Concession Arrangements: Grantors* is effective from 1 July 2020. This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.

The Health Service does not manage any public private partnership that is within the scope of the Standard. Hence, there is no financial impact on the 2020-21 financial statements.

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Notes to the financial statements

For the year ended 30 June 2021

9.3 Future impact of Australian Accounting Standards not yet operative

The Health Service cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Where applicable, the Health Service plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 2020-1	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 Jan 2023
	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	
	There is no financial impact.	
AASB 2020-3	<i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i>	1 Jan 2022
	This Standard amends: (a) AASB 1 to simplify the application of AASB 1; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value.	
	There is no financial impact.	
AASB 2020-6	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i>	1 Jan 2022
	This Standard amends AASB 101 to defer requirements for the presentation of liabilities in the statement of financial position as current or non-current that were added to AASB 101 in AASB 2020-1.	
	There is no financial impact.	
AASB 2020-7	<i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures</i>	1 Jul 2021
	This Standard adds new disclosure requirements to AASB 1060.	
	There is no financial impact.	

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Notes to the financial statements

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9.3 Future impact of Australian Accounting Standards not yet operative (cont.)

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* 1 Jan 2023

This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

There is no financial impact.

AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021* 1 Apr 2021
This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4.

There is no financial impact.

9.4 Remuneration of auditors

Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2021 \$000	2020 \$000
Auditing the accounts, financial statements, controls, and key performance indicators	220	221

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9.5 Key management personnel

The key management personnel include Ministers, board members, and senior officers of the Health Service. The Health Service does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the Accountable Authority for the reporting period are presented within the following bands:

Compensation band (\$)	2021	2020
\$0	1	1
\$1 - \$10,000	1	-
\$40,001 - \$50,000	8	8
\$70,001 - \$80,000	1	-
\$80,001 - \$90,000	-	1
Total number of members of the Accountable Authority	11	10

	2021 \$000	2020 \$000
Short-term employee benefits	404	410
Post-employment benefits	38	39
Total compensation of members of the Accountable Authority	442	449

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9.5 Key management personnel (cont.)

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers for the reporting period are presented within the following bands:

Compensation band (\$)	2021	2020
\$80,001 - \$90,000	-	1
\$170,001 - \$180,000	-	1
\$190,001 - \$200,000	-	2
\$200,001 - \$210,000	1	-
\$210,001 - \$220,000	1	-
\$220,001 - \$230,000	1	1
\$230,001 - \$240,000	1	1
\$240,001 - \$250,000	1	-
\$310,001 - \$320,000	-	1
\$500,001 - \$510,000	1	-
\$530,001 - \$540,000	-	1
\$540,001 - \$550,000	1	1
\$580,001 - \$590,000	1	-
Total number of senior officers	8	9

	2021 \$000	2020 \$000
Short-term employee benefits	1,841	2,052
Post-employment benefits	216	235
Other long-term benefits	198	218
Termination benefits	470	-
Ex-gratia payment	55	-
Total compensation of senior officers	2,780	2,505

The short-term employee benefits include salaries, motor vehicle benefits and travel allowances incurred by the Health Service in respect of senior officers.

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9.6 Related party transactions

The Health Service is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Health Service include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all board members, senior officers and their close family members, and their controlled or jointly controlled entities;
- Wholly owned public sector entities (departments and statutory authorities), including their related bodies, that are included in the whole of government consolidated financial statements;
- Associates and joint ventures of a wholly-owned public sector entity; and
- Government Employees Superannuation Board (GESB).

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9.6 Related party transactions (cont.)

Significant transactions with Government-related entities

In conducting its activities, the Health Service is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

	Notes	2021 \$000	2020 \$000
<u>Income</u>			
Service agreement funding - State	4.1	492,775	451,059
Service agreement funding - Commonwealth	4.1	159,824	140,252
Mental Health Commission - Service delivery agreement	4.1	68,097	64,643
Department of Health - Research development grant	4.1	598	366
Department of Health grant - COVID-19 vaccination	4.1	94	-
Department of Health grant - Aboriginal Cadetship Program	4.1	39	35
North Metropolitan Health Service - various clinical services	4.1	3,187	494
WA Country Health Service - various clinical services	4.1	752	786
South Metropolitan Health Service - training for radiology registrars	4.1	18	18
Assets assumed/(transferred)	4.1	863	-
Services received free of charge	4.1	42,368	39,262
<u>Expenses</u>			
Contracts for services - Department of Communities ^(a)		522	515
Insurance payments - Insurance Commission (RiskCover)	3.6	7,229	6,548
Rental and other accommodation expenses - Department of Finance ^(a)		1,125	1,085
Interest expense on loan - Department of Treasury	7.2	-	12
Lease interest expense - State Fleet	7.2	31	29
Remuneration for audit services - Office of the Auditor General	9.4	220	221

(a) These transactions are included at Note 3.2 'Contracts for services' and Note 3.6 'Other expenses'.

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9.6 Related party transactions (cont.)

Significant transactions with Government-related entities (cont.)

	Notes	2021 \$000	2020 \$000
<u>Assets</u>			
Receivables at 30 June - North Metropolitan Health Service	6.1	-	1,281
<u>Liabilities</u>			
Payables at 30 June - North Metropolitan Health Service	6.5	180	8,796
Payables at 30 June - Department of Health	6.5	-	996
Lease liabilities at 30 June - State Fleet	7.1	935	1,142
Repayments of lease liabilities - State Fleet		461	432
<u>Contributed Equity</u>			
Capital appropriations administered by Department of Health	9.13	11,769	7,335
Transfer of assets from/(to) state government agencies	9.13	15,700	19,935

Material transactions with other related parties

Details of significant transactions between the Health Service and other related parties are as follows:

	2021 \$000	2020 \$000
Superannuation payments to GESB	37,532	34,425
Payable to GESB	1,169	921

All other transactions (including normal citizen type transactions) between the Health Service and Ministers, or board members, or senior officers, or their close family members, or their controlled (or jointly controlled) entities are not material for disclosure.

9.7 Related bodies

A related body is a body which receives more than half its funding and resources from the Health Service and is subject to operational control by the Health Service.

The Health Service had no related bodies during the financial year.

Child and Adolescent Health Service

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For the year ended 30 June 2021

9.8 Affiliated bodies

An affiliated body is a body which receives more than half its funding and resources from the Health Service but is not subject to operational control by the Health Service.

The Health Service had no affiliated bodies during the financial year.

9.9 Services provided free of charge

During the reporting period, the following services were provided to other agencies free of charge:

	2021 \$000	2020 \$000
Department for Communities - health assessments for children in care	275	293
Disability Services Commission - paediatric services for children with disability	3,243	3,197
Department of Education - school health services	15,118	16,543
	<u>18,636</u>	<u>20,033</u>

9.10 Other statement of receipts and payments

	2021 \$000	2020 \$000
Commonwealth Grant - Christmas and Cocos Island		
Balance at the start of period	(30)	-
Receipts		
Commonwealth grant - provision of paediatric services	69	35
Payments		
Costs of visiting specialists	(91)	(65)
Balance at the end of period	<u>(52)</u>	<u>(30)</u>

A grant amount of \$29,673 for 2019-20 was received from Commonwealth in the 2020-21 financial year.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

9.11 Special purpose accounts

Mental Health Commission Fund (Child and Adolescent Health Service) Account

The purpose of the special purpose account is to receive funds from the Mental Health Commission, to fund the provision of mental health services as jointly endorsed by the Department of Health and the Mental Health Commission, in the Child and Adolescent Health Service, in accordance with the annual Service Agreement and subsequent agreements.

The special purpose account has been established under section 16(1)(d) of the *Financial Management Act 2006*.

	2021	2020
	\$000	\$000
Balance at the start of period	2,175	1,356
Receipts		
Service delivery agreement - Commonwealth contributions	11,222	9,881
Service delivery agreement - State contributions	56,456	54,352
Other	419	410
	<u>68,097</u>	<u>64,643</u>
Payments	<u>(68,266)</u>	<u>(63,824)</u>
	<u>(169)</u>	<u>819</u>
Balance at the end of period	<u>2,006</u>	<u>2,175</u>

9.12 Administered trust accounts

Trust Accounts are used by the Health Service to account for funds that they may be holding on behalf of another party. The Health Service does not have control of the use of these funds, and cannot deploy them to meet its objectives. Trust Accounts do not form part of the resources available to the Health Service, and are not reported as assets in the financial statements.

The Health Service administers a trust account for the purpose of holding patients' private moneys.

The trust account did not have any receipts or payments during the financial year.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

9.13 Equity

The Western Australian Government holds the equity interest in the Health Service on behalf of the community. Equity represents the residual interest in the net assets of the Health Service. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

	2021 \$000	2020 \$000
Contributed equity		
Balance at start of period	1,439,357	1,412,087
<i>Contributions by owners</i>		
Capital appropriations administered by Department of Health ^(a)	11,769	7,335
<i>Transfer of net assets from other agencies</i> ^(b)		
Neonatal assets and liabilities from North Metropolitan Health Service ^(c)	-	18,825
Crown land from the Department of Planning, Lands and Heritage ^(d)	15,700	1,110
Total contributions by owners	27,469	27,270
Distributions to owners	-	-
Balance at end of period	1,466,826	1,439,357

- (a) Treasurer's Instruction (TI) 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' designates capital appropriations as contributions by owners in accordance with AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

	2021 \$000	2020 \$000
Capital appropriations received in cash	11,769	7,592
Plus: Capital appropriations received notionally	-	739
Less: Payable - return of capital appropriations	-	(996)
	11,769	7,335

- (b) AASB 1004 'Contributions' requires transfers of net assets as a result of a restructure of administrative arrangements to be accounted for as contributions by owners and distributions to owners. TI 955 designates non-discretionary and non-reciprocal transfers of net assets between state government agencies as contributions by owners in accordance with AASB Interpretation 1038. Where the transferee agency accounts for a non-discretionary and non-reciprocal transfer of net assets as a contribution by owners, the transferor agency accounts for the transfer as a distribution to owners.

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For the year ended 30 June 2021

9.13 Equity (cont.)

(c) Assets and liabilities for Neonatal Services were transferred from North Metropolitan Health Service (NMHS) to the Health Service:

	2020
	\$000
Property, plant and equipment	2,931
Right-of-use assets	30
Cash and cash equivalent	17,423
Restricted cash and cash equivalent	528
Patient fee debtors (i)	1,136
Amount receivable for services	14,922
Payables	(1,724)
Lease liabilities	(30)
Employee benefits provision	(16,391)
Total Neonatal service assets and liabilities transferred	18,825

(i) The transfer of patient fee debtors included the allowance for impairment of receivables amounting to \$0.254 million.

(d) Crown land for the Karrinyup Child Health Centre and Hilton Child Health Centre were transferred from the Department of Planning, Lands and Heritage during the 2019-20 financial year. In the 2020-21 financial year, a crown land was transferred from the Department of Planning, Lands and Heritage for the Perth Children's Hospice.

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Notes to the financial statements

For the year ended 30 June 2021

9.14 Supplementary financial information

(a) Revenue, public and other property written off

	2021 \$000	2020 \$000
Revenue and debts written off under the authority of the Accountable Authority	1,745	1,418
Public and other property written off under the authority of the Accountable Authority	-	-
	<u>1,745</u>	<u>1,418</u>

(b) Losses through theft, defaults and other causes

There were no losses of public money and public and other property through theft or default during the period.

(c) Gifts of public property

There were no gifts of public property provided by the Health Service during the period.

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

9.15 Explanatory statement

All variances between annual estimates (original budget) and actual results for 2021 and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are greater than 10% and 1% (\$7.844 million) of Total Cost of Services for the previous year for the Statements of Comprehensive Income and Statement of Cash Flows, and are greater than 10% and 1% (\$16.170 million) of Total Assets for the previous year for the Statement of Financial Position.

Treasurer's Instruction 945 excludes changes in asset revaluation surplus, cash assets, receivables, payables, contributed equity and accumulated surplus from the definition of major variances for disclosure purpose.

9.15.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
Expenses						
Employee benefits expense	(c)	549,124	558,987	492,561	9,863	66,426
Fees for visiting medical practitioners		2,545	2,693	2,679	148	14
Contracts for services	(d)	4,596	9,453	52,558	4,857	(43,105)
Patient support costs	(a) (e)	85,676	101,975	87,602	16,299	14,373
Finance costs		153	255	185	102	70
Depreciation and amortisation expense		63,698	59,601	60,192	(4,097)	(591)
Asset revaluation decrements		-	3,723	709	3,723	3,014
Loss on disposal of non-current assets		-	141	63	141	78
Repairs, maintenance and consumable equipment		18,723	23,214	20,065	4,491	3,149
Other supplies and services		42,203	49,390	45,521	7,187	3,869
Other expenses		31,217	25,345	22,124	(5,872)	3,221
Total cost of services		797,935	834,777	784,259	36,842	50,518

Child and Adolescent Health Service
Notes to the financial statements
For the year ended 30 June 2021

9.15.1 Statement of Comprehensive Income Variances (cont.)

	Variance note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
Revenue						
Patient charges		19,074	21,787	17,661	2,713	4,126
Other fees for services		25,787	30,470	25,872	4,683	4,598
Grants and contributions		15,830	13,828	14,239	(2,002)	(411)
Donation revenue		510	2,096	1,978	1,586	118
Asset revaluation increments		-	605	-	605	605
Other revenue		4,006	6,219	5,330	2,213	889
Total revenue		65,207	75,005	65,080	9,798	9,925
Total income other than income from State Government		65,207	75,005	65,080	9,798	9,925
NET COST OF SERVICES		732,728	759,772	719,179	27,044	40,593
INCOME FROM STATE GOVERNMENT						
Service agreement funding - State		488,853	492,775	451,059	3,922	41,716
Service agreement funding - Commonwealth	(b) (f)	139,854	159,824	140,252	19,970	19,572
Grants from other state government agencies		65,945	68,828	65,044	2,883	3,784
Services provided to other government agencies		1,121	3,981	1,383	2,860	2,598
Assets (transferred)/assumed		-	863	-	863	863
Services received free of charge		36,955	42,368	39,262	5,413	3,106
Total income from State Government		732,728	768,639	697,000	35,911	71,639
DEFICIT FOR THE PERIOD		-	8,867	(22,179)	8,867	31,046
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation reserve		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	8,867	(22,179)	8,867	31,046

Child and Adolescent Health Service

Notes to the financial statements

For the year ended 30 June 2021

9.15.1 Statement of Comprehensive Income Variances (cont.)

Major Variance Narratives

Variances between estimates and actuals

- (a) Patient support costs have exceeded the budget estimate by \$16.299 million because of the unexpectedly higher drug costs (\$10.473 million) and other medical supplies (\$5.143 million).
- (b) The variance of \$19.970 million in the Commonwealth component of service agreement funding consists of \$14.732 million for the National Health Reform Agreement, \$4.791 million for the National Partnership Agreement for COVID-19 Response and \$0.447 million for the National Partnership Agreement - Essential Vaccines.

Variances between actuals for 2020-21 and 2019-20

- (c) The \$66.388.million increase in employee benefits expense is mainly due to the increased activities at the Perth Children's Hospital and the full year's expenses for neonatal staff at the King Edward Memorial Hospital. Since the neonatal services at KEMH became part of the Health Service in February 2020, five months' expenses for neonatal staff were accounted for in the 2019-20 financial year.
- (d) Contracts for services have decreased by \$43.105 million predominately as a result of the changes in purchasing arrangements and governance of neonatal services in February 2020. See Note 3.2(a).
- (e) The higher costs incurred on drug supplies (\$6.227 million), medical and surgical instruments (\$1.260 million), personal protective equipment (\$2.990 million), pathology charges (\$1.100 million) and other medical supplies and services (\$1.712 million) have contributed to the overall increase of \$14.373 million in patient support costs.
- (f) The Commonwealth component of service agreement funding pursuant to the National Health Reform Agreement has increased by \$15.132 million. Additionally, \$4.791 million was received under the National Partnership Agreement for COVID-19 Response.

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Notes to the financial statements
For the year ended 30 June 2021

9.15.2 Statement of Financial Position Variances

	Variance note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
ASSETS						
Current Assets						
Cash and cash equivalents		53,065	67,836	60,743	14,771	7,093
Restricted cash and cash equivalents		14,250	17,374	15,435	3,124	1,939
Receivables		9,809	11,490	10,403	1,681	1,087
Inventories		3,745	3,580	2,962	(165)	618
Other assets		631	909	669	278	240
Total Current Assets		81,500	101,189	90,212	19,689	10,977
Non-Current Assets						
Restricted cash and cash equivalents		9,972	9,972	7,472	-	2,500
Amounts receivable for services	(a)	410,055	408,937	346,357	(1,118)	62,580
Property, plant and equipment		1,089,721	1,097,608	1,124,827	7,887	(27,219)
Right-of-use assets		10,447	9,768	10,256	(679)	(488)
Intangible assets		32,825	29,370	37,889	(3,455)	(8,519)
Total Non-Current Assets		1,553,020	1,555,655	1,526,801	2,635	28,854
TOTAL ASSETS		1,634,520	1,656,844	1,617,013	22,324	39,831

Child and Adolescent Health Service
Notes to the financial statements
For the year ended 30 June 2021

9.15.2 Statement of Financial Position Variances (cont.)

	Variance note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
LIABILITIES						
Current Liabilities						
Payables		26,802	29,999	35,882	3,197	(5,883)
Contract liabilities		-	89	53	89	36
Grant liabilities		868	-	945	(868)	(945)
Lease liabilities		1,834	1,858	1,790	24	68
Employee benefits provisions		108,770	123,317	107,686	14,547	15,631
Other liabilities		-	83	89	83	(6)
Total Current Liabilities		138,274	155,346	146,445	17,072	8,901
Non-Current Liabilities						
Lease liabilities		8,928	8,214	8,645	(714)	(431)
Employee benefits provisions		34,035	26,365	31,340	(7,670)	(4,975)
Total Non-Current Liabilities		42,963	34,579	39,985	(8,384)	(5,406)
TOTAL LIABILITIES		181,237	189,925	186,430	8,688	3,495
NET ASSETS		1,453,283	1,466,919	1,430,583	13,636	36,336
EQUITY						
Contributed equity		1,462,057	1,466,826	1,439,357	4,769	27,469
Reserves		-	-	-	-	-
Accumulated surplus		(8,774)	93	(8,774)	8,867	8,867
TOTAL EQUITY		1,453,283	1,466,919	1,430,583	13,636	36,336

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Notes to the financial statements
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9.15.2 Statement of Financial Position Variances (cont.)

Major Variance Narratives

Variances between actuals for 2020-21 and 2019-20

- (a) The increase of \$62.580 million in amounts receivable for services represents the receivable component of service appropriations received from the State Government via the Department of Health (see note 6.2).

Child and Adolescent Health Service
Notes to the financial statements
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9.15.3 Statement of Cash Flows Variances

	Variance note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Service agreement funding - State	(e)	425,156	430,195	384,570	5,039	45,625
Service agreement funding - Commonwealth	(a) (f)	139,854	159,824	140,252	19,970	19,572
Grants from other state government agencies		65,945	68,828	65,044	2,883	3,784
Services provided to other government agencies		1,121	3,981	1,383	2,860	2,598
Capital appropriations administered by Department of Health	(b)	22,700	11,769	7,592	(10,931)	4,177
Net cash provided by State Government		654,776	674,597	598,841	19,821	75,756
CASH FLOWS FROM OPERATING ACTIVITIES						
<u>Payments</u>						
Employee benefits	(g)	(544,346)	(544,132)	(476,710)	214	(67,422)
Supplies and services	(c)	(159,106)	(178,529)	(181,055)	(19,423)	2,526
Finance costs		(153)	(253)	(151)	(100)	(102)
<u>Receipts</u>						
Receipts from customers		19,158	21,451	15,493	2,293	5,958
Grants and contributions		15,830	12,919	15,237	(2,911)	(2,318)
Donations received		392	123	677	(269)	(554)
Other receipts		29,792	35,437	32,903	5,645	2,534
Net cash used in operating activities		(638,433)	(652,984)	(593,606)	(14,551)	(59,378)

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9.15.3 Statement of Cash Flows Variances (cont.)

	Variance note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
CASH FLOWS FROM INVESTING ACTIVITIES						
<u>Payments</u>						
Purchase of non-current assets	(d)	(20,855)	(8,239)	(3,713)	12,616	(4,526)
<u>Receipts</u>						
Proceeds from sale of non-current assets		-	11	132	11	(121)
Net cash used in investing activities		(20,855)	(8,228)	(3,581)	12,627	(4,647)
CASH FLOWS FROM FINANCING ACTIVITIES						
<u>Payments</u>						
Principal elements of lease		(1,848)	(1,853)	(1,380)	(5)	(473)
Net cash used in financing activities		(1,848)	(1,853)	(1,380)	(5)	(473)
Net increase / (decrease) in cash and cash equivalents		(6,360)	11,532	274	17,892	11,258
Cash and cash equivalents at the beginning of period		83,650	83,650	65,425	-	18,225
Cash transferred from North Metropolitan Health Service		-	-	17,951	-	(17,951)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		77,290	95,182	83,650	17,892	11,532

Child and Adolescent Health Service

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9.15.3 Statement of Cash Flows Variances (cont.)

Major Variance Narratives

Variances between estimates and actuals

- (a) Service agreement funding - Commonwealth - see explanation in variance note (b) for the Statement of Comprehensive Income.
- (b) The realignment and deferment of the capital works program have resulted in cash flows from capital appropriations to be lower than the original budget by \$10.931 million.
- (c) The higher than expected drug costs and other medical supplies have largely contributed to the variance of \$19.594 million in supplies and services.
- (d) Purchase of non-current assets is \$12.616 million below budget mainly because of realignment and deferment of the capital works program during the year, including \$3.464 million incurred on employee benefits, supplies and services rather than non-current assets.

Variances between actuals for 2020-21 and 2019-20

- (e) The overall increase of \$45.625 million in the State component of service agreement funding includes \$39.594 million for increased activities and \$6.031 million for COVID-19.
- (f) Service agreement funding - Commonwealth - see explanation in variance note (f) for the Statement of Comprehensive Income.
- (g) Employee benefits - see explanation in variance note (c) for the Statement of Comprehensive Income.