



INDEPENDENT AUDITOR'S REPORT

Illawarra Shoalhaven Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Illawarra Shoalhaven Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the District's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the District in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Emphasis of Matter - Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 38. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055

'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive's responsibility also includes such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole [are / is] free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

The scope of my audit does not include, nor provide assurance:

- that the District carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lisa Berwick
Director, Financial Audit Branch

Delegate of the Auditor-General for New South Wales

5 October 2023
SYDNEY

Illawarra Shoalhaven Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2023



We state, pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('GSF Act'):

1. The financial statements of Illawarra Shoalhaven Local Health District for the year ended 30 June 2023 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2018*; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly Illawarra Shoalhaven Local Health District's financial position as at 30 June 2023 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink that reads 'Margot K Mains'.

Margot Mains
Chief Executive

28 September 2023

A handwritten signature in black ink that reads 'Damien Van Rosmalen'.

Damien Van Rosmalen
Executive Director, Finance and Corporate Services

28 September 2023

Illawarra Shoalhaven Local Health District

Statement of Comprehensive Income for the year ended 30 June 2023

		Consolidated Actual 2023 \$000	Consolidated Budget ¹ 2023 \$000	Consolidated Actual Restated 2022 \$000	Parent Actual 2023 \$000	Parent Actual Restated 2022 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	785,115	770,787	754,947	-	-
Personnel services	3	-	-	-	766,182	759,158
Visiting medical officers	4	55,225	50,657	49,036	55,225	49,036
Operating expenses	5	362,895	331,073	345,872	362,895	345,872
Depreciation and amortisation	6	46,007	42,344	41,826	46,007	41,826
Grants and subsidies	7	5,485	6,738	5,897	5,485	5,897
Finance costs	8	508	244	392	508	392
Total expenses excluding losses		1,255,235	1,201,843	1,197,970	1,236,302	1,202,181
Revenue						
Ministry of Health recurrent allocations	11	1,081,162	1,034,446	996,787	1,081,162	996,787
Ministry of Health capital allocations	11	87,239	89,120	58,318	87,239	58,318
Acceptance by the Crown ² of employee benefits	15	18,933	19,021	(4,211)	-	-
Sale of goods and services from contracts with customers	12	115,150	108,856	97,077	115,150	97,077
Investment revenue	13	1,537	1,068	183	1,537	183
Grants and other contributions	14	15,311	12,021	17,983	15,311	17,983
Other income	16	1,490	4,434	1,090	1,490	1,090
Total revenue		1,320,822	1,268,966	1,167,227	1,301,889	1,171,438
Operating result		65,587	67,123	(30,743)	65,587	(30,743)
Gains / (losses) on disposal	17	(124)	-	(20)	(124)	(20)
Impairment losses on financial assets	22	(742)	(2)	(458)	(742)	(458)
Other gains / (losses)	18	(101)	(97)	(436)	(101)	(436)
Net result from continuing operations	39	64,620	67,024	(31,657)	64,620	(31,657)
Net result		64,620	67,024	(31,657)	64,620	(31,657)
Other comprehensive income						
<i>Items that will not be reclassified to net result in subsequent periods</i>						
Changes in revaluation surplus of property, plant and equipment	25	33,726	-	74,576	33,726	74,576
Total other comprehensive income		33,726	-	74,576	33,726	74,576
TOTAL COMPREHENSIVE INCOME		98,346	67,024	42,919	98,346	42,919

¹ Unaudited adjusted budget, see Note 38.

² Crown represents 'The Crown in right of the State of New South Wales'
See Note 20 for details regarding restated prior year balances for ISLHD.

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District
Statement of Financial Position as at 30 June 2023

		Consolidated	Consolidated	Consolidated	Consolidated	Parent	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual	Actual	Actual
		2023	2023	Restated	Restated	2023	Restated	Restated
	Notes	\$000	\$000	2022	1 July 2021	\$000	\$000	1 July 2021
				\$000	\$000			\$000
ASSETS								
Current assets								
Cash and cash equivalents	21	44,927	39,861	38,921	46,554	44,927	38,921	46,554
Receivables	22	32,702	22,857	23,220	23,107	32,702	23,220	23,107
Inventories	23	9,221	10,359	10,881	9,423	9,221	10,881	9,423
Total current assets		86,850	73,077	73,022	79,084	86,850	73,022	79,084
Non-current assets								
Receivables	22	30,651	30,651	-	-	30,651	-	-
Other financial assets	24	2,480	2,407	2,407	2,337	2,480	2,407	2,337
Property, plant & equipment	25							
- Land and buildings		691,202	659,689	635,202	547,935	691,202	635,202	547,935
- Plant and equipment		37,546	41,905	42,139	46,689	37,546	42,139	46,689
- Infrastructure systems		98,824	92,437	96,463	89,490	98,824	96,463	89,490
Total property, plant & equipment		827,572	794,031	773,804	684,114	827,572	773,804	684,114
Right-of-use assets	26	18,186	21,861	16,241	16,896	18,186	16,241	16,896
Intangible assets	27	144	144	161	203	144	161	203
Total non-current assets		879,033	849,094	792,613	703,550	879,033	792,613	703,550
Total assets		965,883	922,171	865,635	782,634	965,883	865,635	782,634

Illawarra Shoalhaven Local Health District
Statement of Financial Position as at 30 June 2023 (continued)

		Consolidated	Consolidated	Consolidated	Consolidated	Parent	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual	Actual	Actual
		2023	2023	Restated	Restated	2023	Restated	Restated
	Notes	\$000	\$000	2022	1 July 2021	\$000	\$000	1 July 2021
				\$000	\$000			\$000
LIABILITIES								
Current liabilities								
Payables	30	84,277	73,239	72,415	53,420	84,277	72,415	53,420
Contract liabilities	31	309	696	696	1,029	309	696	1,029
Borrowings	32	5,133	3,579	4,709	6,061	5,133	4,709	6,061
Provisions	33	134,287	129,873	146,313	120,047	134,287	146,313	120,047
Other current liabilities	34	-	-	-	10	-	-	10
Total current liabilities		224,006	207,387	224,133	180,567	224,006	224,133	180,567
Non-current liabilities								
Borrowings	32	16,121	21,217	14,992	14,861	16,121	14,992	14,861
Provisions	33	1,912	1,912	1,874	2,139	1,912	1,874	2,139
Other non-current liabilities	34	9,796	8,929	8,929	7,278	9,796	8,929	7,278
Total non-current liabilities		27,829	32,058	25,795	24,278	27,829	25,795	24,278
Total liabilities		251,835	239,445	249,928	204,845	251,835	249,928	204,845
Net assets		714,048	682,726	615,707	577,789	714,048	615,707	577,789
EQUITY								
Reserves		249,876	216,150	216,150	149,437	249,876	216,150	149,437
Accumulated funds		464,172	466,576	399,557	428,352	464,172	399,557	428,352
Total Equity		714,048	682,726	615,707	577,789	714,048	615,707	577,789

¹ Unaudited adjusted budget, see Note 38.

See Note 20 for details regarding restated prior year balances for ISLHD.

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District
Statement of Changes in Equity for the year ended 30 June 2023

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		400,461	216,150	616,611
Correction of error - long service leave calculations	20	(909)	-	(909)
Restated balance at 1 July 2022		399,552	216,150	615,702
Net result for the year		64,620	-	64,620
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	33,726	33,726
Total other comprehensive income		-	33,726	33,726
Total comprehensive income for the year		64,620	33,726	98,346
Balance at 30 June 2023		464,172	249,876	714,048

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2021		429,413	149,437	578,850
Correction of error - long service leave calculations	20	(1,061)	-	(1,061)
Restated balance at 1 July 2021		428,352	149,437	577,789
Restated net result for the year		(31,657)	-	(31,657)
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	74,576	74,576
Total other comprehensive income		-	74,576	74,576
Restated total comprehensive income for the year		(31,657)	74,576	42,919
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		7,863	(7,863)	-
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	35	(5,001)	-	(5,001)
Restated balance at 30 June 2022		399,557	216,150	615,707

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District
Statement of Cash Flows for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 \$000	Consolidated Budget ¹ 2023 \$000	Consolidated Actual 2022 \$000	Parent Actual 2023 \$000	Parent Actual 2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(788,897)	(777,605)	(750,646)	-	-
Suppliers for goods and services		(430,515)	(406,003)	(391,884)	(430,515)	(391,884)
Grants and subsidies		(5,814)	(7,116)	(6,305)	(5,814)	(6,305)
Finance costs		(508)	(244)	(392)	(508)	(392)
Personnel services		-	-	-	(788,897)	(750,646)
Total payments		(1,225,734)	(1,190,968)	(1,149,227)	(1,225,734)	(1,149,227)
Receipts						
Ministry of Health recurrent allocations		1,081,162	1,034,446	996,787	1,081,162	996,787
Ministry of Health capital allocations		87,239	89,120	58,318	87,239	58,318
Reimbursements from the Crown ²		12,849	12,849	13,553	12,849	13,553
Sale of goods and services		106,847	110,312	97,379	106,847	97,379
Interest received		1,464	227	154	1,464	154
Grants and other contributions		15,576	12,192	13,497	15,576	13,497
Other		23,253	25,408	23,959	23,253	23,959
Total receipts		1,328,390	1,284,554	1,203,647	1,328,390	1,203,647
NET CASH FLOWS FROM OPERATING ACTIVITIES	39	102,656	93,586	54,420	102,656	54,420
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		110	-	310	110	310
Purchases of property, plant and equipment and intangibles		(91,439)	(91,696)	(57,120)	(91,439)	(57,120)
Purchases of financial assets		-	840	(42)	-	(42)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(91,329)	(90,856)	(56,852)	(91,329)	(56,852)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances		(508)	(508)	(493)	(508)	(493)
Payment of principal portion of lease liabilities		(4,813)	(1,282)	(4,708)	(4,813)	(4,708)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(5,321)	(1,790)	(5,201)	(5,321)	(5,201)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		6,006	940	(7,633)	6,006	(7,633)
Opening cash and cash equivalents	21	38,921	38,921	46,554	38,921	46,554
CLOSING CASH AND CASH EQUIVALENTS	21	44,927	39,861	38,921	44,927	38,921

¹ Unaudited adjusted budget, see Note 38.

² Crown represents 'The Crown in right of the State of New South Wales'

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

a) Reporting entity

Illawarra Shoalhaven Local Health District (ISLHD), as a reporting entity, was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011. The reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

ISLHD is a NSW Government entity and is controlled by the Ministry of Health, which is the immediate parent. The Ministry of Health is controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent.

ISLHD is also a parent entity in its own right, as it controls the operations of the:

- * Hospital Facilities and the Community Health Centres within its designated geographical remit; and
- * Illawarra Shoalhaven Local Health District Special Purpose Service Entity which provides personnel services to ISLHD to exercise its functions and was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The consolidated entity includes ISLHD as a parent entity and ISLHD Special Purpose Service Entity. The consolidated financial statements disclose balances for the parent entity and the consolidated entity.

In preparing the consolidated financial statements, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2023 have been authorised for issue by the Chief Executive on 28 September 2023.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

b) Basis of preparation

ISLHD's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Government Sector Finance Act 2018* ('GSF Act'); and
- * Treasurer's Directions issued under the GSF Act.

The financial statements of ISLHD have been prepared on a going concern basis.

Each year the Secretary of NSW Health, the Chair of Illawarra Shoalhaven Local Health District Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under ISLHD's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where ISLHD fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction. The deferral of the NSW 2023-24 Budget until 19 September 2023 has necessitated a staged approach to the service agreements and budget allocation for the financial year 2023-24. The Illawarra Shoalhaven Local Health District has received, from the Ministry of Health, interim funding allocation for the first quarter of 2023-24, initial full year activity targets, key performance indicators and performance deliverables for the year and a commitment to receive and execute the final 2023-24 Service agreement in September 2023.

Other circumstances why the going concern assumption is appropriate include:

- * Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
- * ISLHD has the capacity to review the timing of Ministry of Health allocation cash flows to ensure debts can be paid when they become due and payable.
- * ISLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by ISLHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry of Health throughout the financial year.
- * From 1 July 2023, ISLHD's Service Agreement will have an adjusted state efficient price to incorporate the additional costs for COVID-19 expenditure.

Property, plant and equipment and certain financial assets are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

ISLHD has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia* [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future periods as new information comes to light on this matter.

Judgements, key assumptions and estimations management have made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars (unless otherwise stated) and are expressed in Australian currency, which is ISLHD's presentation and functional currency.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

d) Accounting for the Goods & Services Tax (GST)

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

- * amount of GST incurred by ISLHD as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

e) Foreign currency translation

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in net result.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or net results are also recognised in other comprehensive income or net results, respectively).

f) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

g) Changes in estimates

(i) Componentisation

During 2023, ISLHD conducted a review of the useful lives of its specialised buildings. As part of the review, new depreciation useful lives were determined for each of the four major specialised building components, which previously were all depreciated over 40 years. As a result, ISLHD has revised the accounting policy for the useful lives for specialised buildings, effective from 1 July 2022. The new useful lives were determined as follows:

	Useful lives 2023	Useful lives 2022
Structure / shell / building fabric	70 years	40 years
Fit out	30 years	40 years
Combined fit out and trunk reticulated building systems	30 years	40 years
Site engineering services / central plant	55 years	40 years

The net effect of the change in useful lives on actual and expected depreciation expense increase, included in the Statement of Comprehensive Income is as follows:

PARENT AND CONSOLIDATED

	2023 Actual \$'000	Future years Expected \$'000
Expenses		
Depreciation and amortisation	2,425	2,826

h) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2022-23

Several amendments and interpretations apply for the first time in 2022-23. ISLHD has assessed the new and amended standards and interpretations that are effective for the first time and have determined they are unlikely to have a material impact on the financial statements of ISLHD.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

i) Impact of COVID-19 on Financial Reporting for 2022-23

The COVID-19 pandemic has resulted in significant changes in ISLHD activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2022-23 and increased disclosures are presented in the following notes:

- * Note 5 Operating expenses
- * Note 7 Grants and subsidies
- * Note 11 Ministry of Health allocations
- * Note 14 Grants and other contributions
- * Note 18 Other gains / (losses)
- * Note 23 Inventories
- * Note 33 Provisions
- * Note 38 Adjusted budget review

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

2. Employee related expenses

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Salaries and wages (including annual leave and allocated days off)	685,206	687,498	-	-
Superannuation - defined benefit plans	2,679	2,988	-	-
Superannuation - defined contribution plans	67,676	63,875	-	-
Long service leave	16,679	(10,151)	-	-
Redundancies	965	888	-	-
Workers' compensation insurance	11,831	9,768	-	-
Fringe benefits tax	79	81	-	-
	785,115	754,947	-	-

¹ 'Long service leave' costs has been restated to be lower by \$1.23 million in the prior year for the consolidated entity. Refer to Note 20 for further details regarding restatement as a result of an error.

Refer to Note 33 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$1.59 million (2022: \$1.82 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

The long service leave in 2022 was impacted by significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

3. Personnel services

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	685,206	687,498
Superannuation - defined contribution plans	-	-	67,676	63,875
Long service leave	-	-	425	(2,952)
Redundancies	-	-	965	888
Workers' compensation insurance	-	-	11,831	9,768
Fringe benefits tax	-	-	79	81
	-	-	766,182	759,158

¹ 'Long service leave' costs has been restated to be lower by \$0.15 million in the prior year for the parent entity. Refer to Note 20 for further details regarding restatement as a result of an error.

Personnel services of Illawarra Shoalhaven Local Health District were provided by its controlled entity, Illawarra Shoalhaven Local Health District Special Purpose Service Entity.

Personnel services of \$1.59 million (2022: \$1.82 million) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout ISLHD's hospitals. VMO expenses of \$55.23 million (2022: \$49.04 million) represent part of the day-to-day running costs incurred in the normal operations of ISLHD. These costs are expensed as incurred.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

5. Operating expenses

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Advertising	231	397	231	397
Auditor's remuneration - audit of financial statements	201	195	201	195
Blood and blood products	7,337	7,448	7,337	7,448
Consultancies	606	383	606	383
Contractors	1,907	2,449	1,907	2,449
Domestic supplies and services	11,725	11,395	11,725	11,395
Drug supplies*	42,782	44,030	42,782	44,030
Food supplies	23,305	22,187	23,305	22,187
Fuel, light and power	6,459	5,529	6,459	5,529
Patient transport costs	14,863	14,050	14,863	14,050
Information management expenses	22,165	22,785	22,165	22,785
Insurance	1,741	1,761	1,741	1,761
Maintenance (see Note 5 (b))	22,176	24,795	22,176	24,795
Medical and surgical supplies	50,859	57,927	50,859	57,927
Motor vehicle expenses	1,034	995	1,034	995
Postal and telephone costs	1,886	2,063	1,886	2,063
Printing and stationery	1,433	1,733	1,433	1,733
Rates and charges	1,105	918	1,105	918
Hosted services purchased from entities controlled by the immediate parent	10,024	9,705	10,024	9,705
Specialised services (dental, radiology, pathology, renal and allied health)	49,395	45,719	49,395	45,719
Staff related costs	5,218	3,807	5,218	3,807
Travel related costs	4,613	1,918	4,613	1,918
Other (see Note 5 (a))	81,830	63,683	81,830	63,683
	362,895	345,872	362,895	345,872

* Drug supplies includes \$0.03 million (2022: \$5.51 million) of COVID-19 vaccinations administered by vaccination hubs within ISLHD. Refer to Note 23 for further details on COVID-19 vaccines.

The majority of the costs in relation to drug supplies and medical and surgical supplies expenses relate to the consumption of inventory held by ISLHD.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

5. Operating expenses (continued)

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
(a) Other				
Contract for patient services	65,449	40,600	65,449	40,600
Corporate support services ¹	5,415	4,966	5,415	4,966
Courier and freight	805	522	805	522
Disability equipment support expenses ¹	780	761	780	761
Isolated patient travel and accommodation assistance scheme*	-	578	-	578
Legal services	31	115	31	115
Membership/professional fees	397	388	397	388
Quality assurance / accreditation	17	147	17	147
Security services	334	3,070	334	3,070
Expenses relating to short-term leases	3,146	5,134	3,146	5,134
Expenses relating to leases of low-value assets	2,470	2,021	2,470	2,021
Other miscellaneous	2,986	5,381	2,986	5,381
	81,830	63,683	81,830	63,683

¹ Disability equipment payments under the Enable NSW program has been reclassified from 'Corporate support services' to 'Disability equipment support expenses' in the current year. The prior period 'Disability equipment support expenses' has been restated higher by \$0.76 million and 'Corporate support services' lower by \$0.76 million to reflect this change.

* From 1 July 2022, the isolated patient travel and accommodation assistance scheme program is being managed by HealthShare NSW, a controlled entity of the immediate parent.

(b) Reconciliation of total maintenance expense

Maintenance contracts	7,295	7,472	7,295	7,472
New / replacement equipment under \$10,000	6,105	7,733	6,105	7,733
Repairs maintenance / non contract	8,604	9,583	8,604	9,583
Other	172	7	172	7
Maintenance expense - contracted labour and other (non-employee related) in Note 5	22,176	24,795	22,176	24,795
Employee related/personnel services maintenance expense included in Notes 2 and 3*.	2,299	2,067	2,299	2,067
	24,475	26,862	24,475	26,862

* This balance consists of employees who have been classified as providing maintenance services for ISLHD and the expense is included in employee related expenses / personnel services in Notes 2 and 3. The prior year amount has been restated \$0.07 million higher as the one-off payment for services during the COVID-19 pandemic to maintenance staff has now been included.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

5. Operating expenses (continued)

Recognition and Measurement

Operating expenses includes non-employee costs incurred in delivering the services provided by ISLHD. These expenses are recognised in the reporting period in which they are incurred.

Maintenance expense

Day-to-day servicing costs or maintenance are charged as expenses as incurred except where they relate to the replacement or enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Insurance

ISLHD's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance for NSW, a controlled entity of the ultimate parent.

Lease expense

ISLHD recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term, i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

6. Depreciation and amortisation

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Depreciation - buildings	29,209	24,927	29,209	24,927
Depreciation - plant and equipment	7,827	8,503	7,827	8,503
Depreciation - infrastructure systems	4,026	3,716	4,026	3,716
Depreciation - right-of-use buildings	2,019	1,811	2,019	1,811
Depreciation - right-of-use plant and equipment	2,909	2,824	2,909	2,824
Amortisation - intangible assets	17	45	17	45
	46,007	41,826	46,007	41,826

Depreciation - buildings is higher by \$2.43 million in 2023 due to a change in the useful lives for specialised buildings. Refer to Note 1(g) for further details.

Refer to Note 25 Property, plant and equipment, Note 26 Leases, and Note 27 Intangible assets for recognition and measurement policies on depreciation and amortisation.

7. Grants and subsidies

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Non-government organisations	4,474	5,145	4,474	5,145
Grants to research organisations	222	320	222	320
Grants to entities controlled by the immediate parent*	732	425	732	425
Other grants*	57	7	57	7
	5,485	5,897	5,485	5,897

* ISLHD granted COVID-19 vaccines to other NSW Health entities and to third parties for nil consideration at current replacement cost. Refer to Note 23 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines provided as a grant under grants to entities controlled by the immediate parent (NSW Health entities) was \$Nil (2022: \$0.11 million).

Recognition and Measurement

Grants and subsidies expense generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grants and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

8. Finance costs

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Interest expense from lease liabilities	412	284	412	284
Interest expense from financial liabilities at amortised cost	94	108	94	108
Other interest charges	2	-	2	-
	508	392	508	392

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

9. Revenue

Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of Not-for-Profit Entities (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15. Comments regarding the accounting policies for the recognition of income are discussed below.

Under the GSF Act 2018, ISLHD's own source revenue (which includes but is not limited to receipts from operating activities and proceeds from the sale of minor property, plant and equipment) meets the definition of deemed appropriation money under the GSF Act.

Deemed appropriation money is money received directly by ISLHD which forms part of the consolidated fund and is not appropriated to ISLHD by an Act.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

10. Summary of compliance

The Appropriation Act 2022 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$18.7 billion to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2022-23. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including ISLHD.

The Treasury and Energy Legislation Amendment Act 2022 made some amendments to sections 4.7 and 4.9 of the Government Sector Finance Act 2018 (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for ISLHD, being the Minister for Health, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time ISLHD receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by ISLHD. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that ISLHD receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the GSF Amendment (Deemed Appropriations) Regulation 2023 was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

A summary of compliance is disclosed in the financial statements of the Annual Report of the Ministry of Health. It has been prepared by aggregating the spending authorities of the Minister for Health for the services of the Ministry of Health. It reflects the status at the point in time this disclosure statement is being made. ISLHD's spending authority and expenditure is included in the summary of compliance.

The delegation / sub-delegations for 2023 and 2022, authorising officers of the ISLHD to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the ISLHD. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

The State Budget and related Appropriation Bill for year commencing 1 July 2023 has been delayed and is anticipated to be tabled in September 2023. Pursuant to section 4.10 of the GSF Act, the Treasurer has authorised the payment of specified sums out of the Consolidated Fund to meet the requirements of this period. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2022-23 annual Appropriation Act.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

11. Ministry of Health allocations

Payments are made by the immediate parent as per the Service Agreement to ISLHD and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Service Agreement between the immediate parent and ISLHD does not contain sufficiently specific enforceable performance obligations as defined by AASB 15 and are therefore recognised upon the receipt of cash, in accordance with AASB 1058.

ISLHD recognised additional Ministry of Health recurrent allocations of \$30.93 million (2022: \$114.63 million) and Ministry of Health capital allocations of \$Nil (2022: \$0.65 million) to cover costs incurred for the testing, diagnosis, treatment and vaccination of COVID-19 patients.

Interstate patient flows are funded through the NSW State Pool Account, based on activity and consistent with the price determined in cross border agreements. The funding is also recognised as part of the Ministry of Health recurrent allocation from the immediate parent.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

12. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Sale and recovery of pharmaceutical supplies	18,755	17,745	18,755	17,745
Sale of prostheses	2,376	2,462	2,376	2,462
Other	70	77	70	77
	21,201	20,284	21,201	20,284

(b) Rendering of services comprise the following:

Patients

Patient Fees:

- Inpatient fees	47,057	40,578	47,057	40,578
- Nursing home fees	2,399	1,226	2,399	1,226
- Non inpatient fees	2,892	2,213	2,892	2,213
Department of Veterans' Affairs	9,012	6,976	9,012	6,976
Motor Accident Authority third party	4,121	2,970	4,121	2,970
Patient transport fees	14	-	14	-

Staff

Private use of motor vehicles	156	207	156	207
Salary packaging fee	318	371	318	371
Meals and accommodation	88	126	88	126
Child care fees	475	465	475	465

General community

Car parking	1,029	1,018	1,029	1,018
Clinical services (excluding clinical drug trials)	125	63	125	63
Commercial activities	770	1,673	770	1,673
Fees for conferences and training	319	206	319	206
Fees for medical records	110	116	110	116
Information retrieval	2	3	2	3

Non-NSW Health entities

Services to other organisations	2,358	229	2,358	229
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Entities controlled by the immediate parent

Hosted service revenues	337	395	337	395
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Other

Infrastructure fees - annual charge	5,914	3,358	5,914	3,358
Infrastructure fees - monthly facility charge	16,021	14,270	16,021	14,270
Other	432	330	432	330

	93,949	76,793	93,949	76,793
	115,150	97,077	115,150	97,077

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

12. Sale of goods and services from contracts with customers (continued)

Recognition and Measurement

Sale of goods

Revenue from the sale of goods is recognised when ISLHD satisfies a performance obligation by transferring the promised goods.

Type of good	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale and recovery of pharmaceutical supplies	The performance obligation of transferring pharmaceutical products is typically satisfied at the point in time when the products are dispensed to customers, which denotes acceptance by the customer, and therefore deemed as the point in time when the control is transferred to the customer. The payments are typically due within 30 days after the invoice date.	Revenue from these sales is recognised based on the price specified on the invoice, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.
Sale of prostheses	Relates to revenue generated for surgically implanted prostheses and medical devices. The performance obligation of transferring these products is typically satisfied at the point in time when the products are implanted in the body of the patient, which denotes acceptance by the customer, and therefore deemed as the point in time when the control is transferred to the customer. The payments are typically due within 30 days after the invoice date.	Revenue from these sales is recognised based on the price specified on the invoice, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.
Other	Relates to sale of various products including the sale of low value medical equipment, schedule 3 medical equipment, sale of publications, old wares and refuse and other general goods. The performance obligation of transferring these products is typically satisfied at the point in time when the products are purchased by the customer and takes delivery, which denotes acceptance by the customer, and therefore deemed as the point in time when the control is transferred to the customer. The payments are typically due within 30 days after the invoice date.	Revenue from these sales is recognised based on the price specified on the invoice, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

12. Sale of goods and services from contracts with customers (continued)

Recognition and Measurement (continued)

Rendering of services

Revenue from rendering of services is recognised when ISLHD satisfies the performance obligation by transferring the promised services.

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Patient services - Inpatient fees, Nursing home fees, Non inpatient fees, Department of Veterans' Affairs, Motor Accident Authority third party	The performance obligations in relation to patient services are typically satisfied as the health services are delivered to the chargeable inpatients and non-inpatients. Public patients are not charged for health services provided at public hospitals. Chargeable patients, including Medicare ineligible patients, privately insured patients, eligible veterans and compensable patients are billed for health services provided under various contractual arrangements. Billings are typically performed upon patient discharge and are based on the rates specified by the Ministry of Health. The payments are typically due within 30 days after the invoice date.	Revenue is recognised on an accrual basis when the service has been provided to the patient. In limited circumstances the price is not fully recovered, e.g. due to inadequate insurance policies, overseas patients returning to their home country before paying, etc. The likelihood of their occurrences is considered on a case by case basis. In most instances revenue is initially recognised at full amounts and subsequently adjusted when more information is provided. No element of financing is deemed present as majority of the services are made with a short credit term.
Non-Patient services provided to staff, General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various non-patient related services are provided to the members of staff, general community, non-NSW health entities and entities controlled by the immediate parent. The performance obligations for these services are typically satisfied by transferring the promised services to its respective customers. The payments are typically due within 30 days after the invoice date.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

12. Sale of goods and services from contracts with customers (continued)

Recognition and Measurement (continued)

Rendering of services (continued)

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Infrastructure fees	Specialist doctors with rights of private practice are subject to an infrastructure charge, including service charges where applicable for the use of hospital facilities at rates determined by the Ministry of Health. The performance obligations for these services are typically satisfied when the hospital facilities are made available and used by the doctors and staff specialists. The payments are typically due when monies are collected from patient billings for services provided under the arrangement.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Refer to Note 31 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when ISLHD expects to recognise the unsatisfied portion as revenue.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

13. Investment revenue

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Interest income from financial assets at amortised cost	1,464	131	1,464	131
Finance income on the net investment in the lease	73	70	73	70
Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss	-	(18)	-	(18)
	1,537	183	1,537	183

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss

Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss includes distributions received as well as movements in the fair value.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

14. Grants and other contributions

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	-	56	-	56
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	1,214	1,226	1,214	1,226
Clinical trials and research grants	3,094	2,810	3,094	2,810
Commonwealth government grants received for community based services	3,123	3,072	3,123	3,072
Commonwealth government grants other	576	541	576	541
Grants from entities controlled by the ultimate parent	59	67	59	67
Other grants from entities controlled by the immediate parent	539	-	539	-
Other grants	2,517	2,509	2,517	2,509
Grants without specific performance obligations				
Commonwealth government grants other*	3	5,274	3	5,274
Grants from entities controlled by the ultimate parent	165	(436)	165	(436)
Other grants from entities controlled by the immediate parent*	452	1,241	452	1,241
Other grants*	840	22	840	22
Donations				
Donations	2,729	1,601	2,729	1,601
	15,311	17,983	15,311	17,983

* ISLHD received the majority of COVID-19 vaccines directly from the Commonwealth government and the remainder were received from other NSW Health entities and external third parties. All COVID-19 vaccines were received for nil consideration and recorded at current replacement cost at the time of receipt. Refer to Note 23 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines received under Commonwealth government grants other (Commonwealth government) was \$0.003 million (2022: \$5.27 million), under other grants from entities controlled by the immediate parent (NSW Health entities) was \$Nil (2022: \$0.88 million) and under other grants (external third parties) was \$Nil (2022: \$0.02 million).

The negative balance under 'grants from entities controlled by the ultimate parent' is the result of the District returning funds which were received in the prior year relating to the completed HealthOne projects.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

14. Grants and other contributions

Recognition and Measurement

Grants and other contributions

Income from grants to acquire / construct a recognisable non-financial asset to be controlled by ISLHD are recognised when ISLHD satisfies its obligations under the transfer. ISLHD satisfies the performance obligation under the transfer over time as the non-financial assets are being constructed. The percentage of cost incurred is used to recognise income, because this most closely reflects the progress to completion.

Revenue from grants with sufficiently specific performance obligations are recognised when ISLHD satisfies a performance obligation by transferring the promised goods or services. ISLHD typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. ISLHD uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on an agreed timetable or on achievement of different milestones in the contract.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement / funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer to Note 31 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when ISLHD obtains control over the granted assets (e.g. cash).

Volunteer services

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services recognised are measured at fair value. ISLHD receives volunteer services for the below activities:

- Chaplaincies and Pastoral Care
- Pink Ladies / Hospital Auxiliaries
- Patient Support Groups
- Community Organisations
- Health Education
- Patient and Family Support
- Patient Services, Fund Raising
- Practical Support to Patients and Relatives
- Counselling, Transport, Home Help and Patient Activities

Receipt of these services, while important, is not recognised because typically such services would not have been purchased if not donated.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

15. Acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits

The following liabilities and / or expenses have been assumed by the Crown:

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Superannuation - defined benefit plans	2,680	2,988	-	-
Long service leave provision	16,253	(7,199)	-	-
	18,933	(4,211)	-	-

¹ 'Long service leave provision' revenue has been restated to be lower by \$1.08 million in the prior year for the consolidated and parent entity. Refer to Note 20 for further details regarding restatement as a result of an error.

Long service leave provision in 2022 was impacted by significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

16. Other income

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Other income comprises the following:				
Commissions	44	66	44	66
Discounts	155	49	155	49
Insurance refunds	153	259	153	259
Rental income				
- other rental income	1,111	611	1,111	611
Other	27	105	27	105
	1,490	1,090	1,490	1,090

Recognition and Measurement

Insurance refunds

Insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for Government entities. Insurance refunds are recognised when TMF accepts the insurance claim.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term. The rental income is incidental to the purpose for holding the property.

Other income

Other income arises from varying arrangements. Income is generally recognised on an accrual basis and/or when the right to receive the income has been established in accordance with the substance of the relevant agreement.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

17. Gains / (losses) on disposal

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	233	330	233	330
<i>Less: proceeds from disposal</i>	110	310	110	310
Net gains / (losses) on disposal	(123)	(20)	(123)	(20)
Right-of-use assets				
Written down value of assets disposed	11	1,214	11	1,214
<i>Less: lease liabilities extinguished</i>	10	1,214	10	1,214
Net gains / (losses) on disposal	(1)	-	(1)	-
Total gains / (losses) on disposal	(124)	(20)	(124)	(20)

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

18. Other gains / (losses)

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Inventory write down*	(97)	(436)	(97)	(436)
Foreign exchange gains / (losses)	(4)	-	(4)	-
	(101)	(436)	(101)	(436)

* Inventory write down includes COVID-19 vaccine wastage of \$0.19 million (2022: \$0.35 million), and impairment decrement of COVID-19 vaccines of \$(0.09) million (2022: impairment increment of \$0.09 million). Refer to Note 23 for further details on COVID-19 vaccines.

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 22 Receivables
- Note 23 Inventories
- Note 25 Property, plant and equipment
- Note 27 Intangible assets

19. Conditions and restrictions on income of not-for-profit entities

ISLHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. ISLHD determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 29 Restricted assets.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

20. Prior period error

During the year it was identified that the long service leave entitlement for certain employees had not been correctly calculated and recognised. The issue only impacted employees who had a period of part time service under certain awards during their employment. It was identified that the accrual for enhanced entitlement did not start on the completion of first 10 years of service by the employee, rather it started upon the completion of full-time equivalency of 10 years of service. This has resulted in an under accrual and / or underpayment of long service leave entitlements for such employees in current and prior years.

ISLHD's liability for long service leave are assumed by The Crown in right of the State of New South Wales. ISLHD accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits'. Specific on-costs relating to long service leave assumed by The Crown in right of the State of New South Wales are borne by ISLHD.

The incorrect calculation of long service leave entitlements has resulted in lower 'Employee related expenses' and lower 'Acceptance by the Crown of employee benefits' revenue in the Statement of Comprehensive Income in prior years. Any consequential on-costs has resulted in lower 'Provisions' liability in the Statement of Financial Position and lower 'Employee related expenses' in the Statement of Comprehensive Income. The error has been corrected during the year, with retrospective adjustments made in the prior periods.

The impact to the Statement of Comprehensive Income and Statement of Financial Position from restating the balances in the prior year due to above matter are shown below.

Statement of Comprehensive Income for the year ended 30 June 2022 (extract)

		Consolidated Actual 2022 \$000	Consolidated Adjustment 2022 \$000	Consolidated Restated 2022 \$000	Parent Actual 2022 \$000	Parent Adjustment 2022 \$000	Parent Restated 2022 \$000
	Notes						
Continuing operations							
Expenses excluding losses							
Employee related expenses	2	756,178	(1,231)	754,947	-	-	-
Personnel services	3	-	-	-	759,310	(152)	759,158
Total expenses excluding		1,199,201	(1,231)	1,197,970	1,202,333	(152)	1,202,181
Revenue							
Acceptance by the Crown of employee benefits	15	(3,132)	(1,079)	(4,211)	-	-	-
Total revenue		1,168,306	(1,079)	1,167,227	1,171,438	-	1,171,438
Operating result		(30,895)	152	(30,743)	(30,895)	152	(30,743)
Net result from continuing operations		-	-	-	-	-	-
Net result		(31,809)	152	(31,657)	(31,809)	152	(31,657)
Total other comprehensive income		74,576	-	74,576	74,576	-	74,576
TOTAL COMPREHENSIVE INCOME		42,767	152	42,919	42,767	152	42,919

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

20. Prior period error (continued)

Statement of Financial Position as at 1 July 2021 (extract)

	Notes	Consolidated Actual 1 July 2021 \$000	Consolidated Adjustment 1 July 2021 \$000	Consolidated Restated 1 July 2021 \$000	Parent Actual 1 July 2021 \$000	Parent Adjustment 1 July 2021 \$000	Parent Restated 1 July 2021 \$000
LIABILITIES							
Current liabilities							
Provisions	33	119,075	972	120,047	119,075	972	120,047
Total current liabilities		179,595	972	180,567	179,595	972	180,567
Non-current liabilities							
Provisions	33	2,050	89	2,139	2,050	89	2,139
Total non-current liabilities		24,189	89	24,278	24,189	89	24,278
Total liabilities		203,784	1,061	204,845	203,784	1,061	204,845
Net assets		578,850	(1,061)	577,789	578,850	(1,061)	577,789
EQUITY							
Accumulated funds		429,413	(1,061)	428,352	429,413	(1,061)	428,352
Total Equity		578,850	(1,061)	577,789	578,850	(1,061)	577,789

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

Statement of Financial Position as at 30 June 2022 (extract)

	Notes	Consolidated Actual 2022 \$000	Consolidated Adjustment 2022 \$000	Consolidated Restated 2022 \$000	Parent Actual 2022 \$000	Parent Adjustment 2022 \$000	Parent Restated 2022 \$000
LIABILITIES							
Current liabilities							
Provisions	33	145,479	834	146,313	145,479	834	146,313
Total current liabilities		223,299	834	224,133	223,299	834	224,133
Non-current liabilities							
Provisions	33	1,799	75	1,874	1,799	75	1,874
Total non-current liabilities		25,720	75	25,795	25,720	75	25,795
Total liabilities		249,019	909	249,928	249,019	909	249,928
Net assets		616,616	(909)	615,707	616,616	(909)	615,707
EQUITY							
Accumulated funds		400,466	(909)	399,557	400,466	(909)	399,557
Total Equity		616,616	(909)	615,707	616,616	(909)	615,707

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

There is no impact on the total operating, investing or financing cash flows for the year ended 30 June 2022.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

21. Cash and cash equivalents

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Cash at bank and on hand	44,927	38,921	44,927	38,921
	44,927	38,921	44,927	38,921

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	44,927	38,921	44,927	38,921
	44,927	38,921	44,927	38,921

Refer to Note 42 for details regarding credit risk and market risk arising from financial instruments.

Most cash and cash equivalents held by ISLHD are restricted assets and are not held for operating and capital expenditure.

HealthShare NSW, a controlled entity of the immediate parent manages accounts payable and employee related payments on behalf of ISLHD for payments to suppliers and employees. HealthShare NSW makes payments after ISLHD has reviewed and approved the invoices and employee rosters. ISLHD's approval of invoices and employee rosters provides authority to HealthShare NSW to make payments. These payments are reported as expenditures and cash outflows in the financial statements of ISLHD.

HealthShare NSW receives payments directly from the Ministry of Health on behalf of ISLHD to fund these payments. Upon payment, they are reported as revenue (Ministry of Health recurrent and capital allocations) and cash inflows in the financial statements of ISLHD.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

22. Receivables

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Trade receivables from contracts with customers	15,148	10,877	15,148	10,877
Intra health receivables	7,231	3,068	7,231	3,068
Goods and Services Tax	5,715	4,260	5,715	4,260
Other receivables	2,488	2,682	2,488	2,682
Sub total	30,582	20,887	30,582	20,887
<i>Less: Allowance for expected credit losses*</i>				
- Trade receivables from contracts with customers	(1,099)	(594)	(1,099)	(594)
- Other receivables	(8)	(12)	(8)	(12)
Sub total	29,475	20,281	29,475	20,281
Prepayments	3,227	2,939	3,227	2,939
	32,702	23,220	32,702	23,220

(a) * **Movement in the allowance for expected credit losses**

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Trade receivables from contracts with customers				
Balance at the beginning of the year	(594)	(414)	(594)	(414)
Amounts written off during the year	227	275	227	275
(Increase) / decrease in allowance recognised in the net result ¹	(732)	(455)	(732)	(455)
Balance at the end of the year	(1,099)	(594)	(1,099)	(594)
Other receivables				
Balance at the beginning of the year	(12)	(133)	(12)	(133)
Amounts written off during the year	13	124	13	124
(Increase) / decrease in allowance recognised in the net result	(10)	(3)	(10)	(3)
Balance at the end of the year	(8)	(12)	(8)	(12)
	(1,107)	(606)	(1,107)	(606)

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Non-current				
Prepayments	30,651	-	30,651	-
	30,651	-	30,651	-

¹ Includes total impairment loss of \$0.73 million (2022: \$0.46 million) recognised on receivables from contracts with customers.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

22. Receivables (continued)

(b) The current and non-current trade receivables from contracts with customers balances above include the following patient fee receivables:

Current and non-current include:

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Patient fees - compensable	1,277	632	1,277	632
Patient fees - ineligible	1,518	976	1,518	976
Patient fees - inpatient & other	10,657	8,619	10,657	8,619
	13,452	10,227	13,452	10,227

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 42.

	Consolidated 2023 \$000	Consolidated' 2022 \$000	Parent 2023 \$000	Parent' 2022 \$000
Contract receivables (included in Note 22)	22,379	13,945	22,379	13,945
Total contract receivables	22,379	13,945	22,379	13,945

¹ Prior year figures have been restated higher by \$1.57 million as a result of items previously excluded under contract receivables.

Recognition and Measurement

ISLHD recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, ISLHD considers:

- Whether ISLHD has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

ISLHD holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

ISLHD recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that ISLHD expects to receive, discounted at the original effective interest rate.

For trade receivables, ISLHD applies a simplified approach in calculating ECLs. ISLHD recognises a loss allowance based on lifetime ECLs at each reporting date. ISLHD has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

23. Inventories

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Held-for-distribution				
Drug supplies	2,852	3,447	2,852	3,447
Medical and surgical supplies	5,592	6,649	5,592	6,649
Other including goods in transit	777	874	777	874
Sub total	9,221	10,970	9,221	10,970
Less: Allowance for impairment				
- Drug supplies	-	(89)	-	(89)
	9,221	10,881	9,221	10,881

Recognition and Measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount or any loss of operating capacity due to obsolescence. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

In 2021, the Commonwealth government's COVID-19 vaccine program began, with the aim of offering free vaccines to all Australians. ISLHD played a key role in the rollout within NSW, including in relation to logistics, vaccination delivery, safety and reporting. The Commonwealth assumes the responsibility for procuring and distributing vaccines to all states and territories. COVID-19 vaccines were received for nil consideration and were provided to the public free of charge. On the basis that ISLHD controls the inventory once it is received from the Commonwealth, the value of the inventory received, administered / granted and wasted were recognised by ISLHD.

The value attributable to the COVID-19 vaccines received was measured at its fair value based on replacement cost. ISLHD was unsuccessful in obtaining cost information from the Commonwealth because of non-disclosure agreements signed by the Commonwealth and the pharmaceutical companies supplying the COVID-19 vaccines. An internal valuation was undertaken based on publicly available information to estimate the replacement cost of the COVID-19 vaccines received by ISLHD.

The value of the COVID-19 vaccines received and administered / granted as at 30 June 2023, was \$0.003 million (2022: \$6.18 million) and \$0.03 million (2022: \$5.62 million), respectively. \$0.19 million (2022: \$0.35 million) of COVID-19 vaccines were written-off and \$0.09 million allowance for impairment was reversed (2022: An allowance for impairment was provided for \$0.09 million). COVID-19 vaccine closing inventory balance as at 30 June 2023, was \$Nil (2022: \$0.21 million) which is included as part of the inventory drug supplies.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost ISLHD would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete items are disposed of in accordance with instructions issued by the Ministry of Health.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

24. Other financial assets

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Non-current				
Receivables on finance leases as lessor (Note 26)	2,480	2,407	2,480	2,407
	2,480	2,407	2,480	2,407

Refer to Note 42 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

All 'regular way' purchases or sales of other financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of other financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Other financial assets are initially measured at fair value plus any transaction costs. Other financial assets include intra health loans and deposits with a maturity of three months or more.

Subsequent measurement

Financial assets at amortised cost

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as a separate line item in the Statement of Comprehensive Income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains / (losses) together with foreign exchange gains and losses.

Impairment

ISLHD recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that ISLHD expects to receive, discounted at the original effective interest rate.

ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e. a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. a lifetime ECL). In addition, ISLHD considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

ISLHD term deposits are issued by financial institutions that have strong credit ratings and therefore considered to be low credit risk investments. Hence, ISLHD measures the loss allowance for term deposits at an amount equal to a 12-month ECL. However, when there is a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

ISLHD uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the deposits and to estimate ECLs. These estimates are performed at every reporting date.

For lease receivables, the entity applies the simplified approach permitted by AASB 9, where the loss allowance is based on lifetime ECLs.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

25. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2021 - fair value				
Gross carrying amount	1,047,232	104,960	144,820	1,297,012
Less: accumulated depreciation and impairment	499,297	58,271	55,330	612,898
Net carrying amount	547,935	46,689	89,490	684,114
	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2022				
Net carrying amount at beginning of year	547,935	46,689	89,490	684,114
Additions	52,947	4,283	361	57,591
Disposals	-	(330)	-	(330)
Equity transfers - transfers in / (out)	(4,925)	-	(76)	(5,001)
Net revaluation increments less revaluation decrements	64,172	-	10,404	74,576
Depreciation expense	(24,927)	(8,503)	(3,716)	(37,146)
Net carrying amount at end of year	635,202	42,139	96,463	773,804

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 21-09.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

25. Property, plant and equipment (continued)

(a) Total property, plant and equipment (continued)

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	1,195,853	105,194	161,555	1,462,602
<i>Less: accumulated depreciation and impairment</i>	560,651	63,055	65,092	688,798
Net carrying amount	635,202	42,139	96,463	773,804

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	635,202	42,139	96,463	773,804
Additions	57,235	2,949	662	60,846
Disposals	-	(233)	-	(233)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	491	-	491
Net revaluation increments less revaluation decrements	27,564	-	6,162	33,726
Depreciation expense	(29,209)	(7,827)	(4,026)	(41,062)
Reclassifications	410	27	(437)	-
Net carrying amount at end of year	691,202	37,546	98,824	827,572

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2023 - fair value				
Gross carrying amount	1,312,022	106,608	172,745	1,591,375
<i>Less: accumulated depreciation and impairment</i>	620,820	69,062	73,921	763,803
Net carrying amount	691,202	37,546	98,824	827,572

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 21-09.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

(b) Property, plant and equipment held and used by ISLHD

PARENT AND CONSOLIDATION

ISLHD has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by ISLHD.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

25. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Health Infrastructure, a controlled entity of the immediate parent, manages the approved major capital works program for the Ministry of Health and its controlled entities. Health Infrastructure receives Ministry of Health Capital Allocations and grants on behalf of ISLHD and records all costs incurred as work in progress or expenses and subsequently transfers to ISLHD. The costs are then accordingly reflected in ISLHD's financial statements. ISLHD acquires most assets in this manner.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 35).

Land and buildings are owned by the Health Administration Corporation. Land and buildings which are operated / occupied by ISLHD are deemed to be controlled by ISLHD and are reflected as such in the financial statements.

Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

25. Property, plant and equipment (continued)

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to ISLHD.

All material identifiable components of assets are depreciated separately over their useful life.

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

Details of depreciation rates initially applied for major asset categories are as follows:

	Useful lives 2023	Useful lives 2022
Buildings	30-70 years	40 years
Buildings - leasehold improvements	3-10 years	3-10 years
Plant and equipment	4-20 years	4-20 years
Infrastructure Systems	40 years	40 years

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles, furniture and fittings.

'Infrastructure Systems' comprises public facilities which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

In 2023, the estimated useful lives for buildings were revised. Refer Note 1 (g) for further details regarding the change and the impacts.

Right-of-use assets acquired by lessees

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. ISLHD has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 26.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

25. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction, 'Valuation of Physical Non-Current Assets at Fair Value' (TD 21-05). TPP 21-09 and TD 21-05 adopt fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 28 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. ISLHD conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure. Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. ISLHD uses an independent professionally qualified valuer for such interim revaluations.

The last comprehensive revaluation was completed on 31 December 2020 and was based on an independent assessment.

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated a cumulative increase of 12.01% in market prices for land and material increases in construction and labour costs of 17.72% for buildings and 19.50% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2022 and 2023.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. ISLHD has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

25. Property, plant and equipment (continued)

Revaluation of property, plant and equipment (continued)

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material.

ISLHD assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, ISLHD estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The reversal is recognised in other comprehensive income and is treated as a revaluation increase, except to the extent that an impairment loss on the same class of asset was previously recognised in net result, where a reversal of that impairment loss is also recognised in net result.

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

26. Leases

(a) Entity as a lessee

ISLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 15 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. ISLHD does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by ISLHD and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$Nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$2.12 million.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

ISLHD has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new and comprise mainly of small office and medical equipment items.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

26. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	6,241	10,000	16,241
Additions	454	3,858	4,312
Reassessments	2,541	31	2,572
Disposals	(1)	(10)	(11)
Depreciation expense	(2,019)	(2,909)	(4,928)
Balance at 30 June 2023	7,216	10,970	18,186

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2021	7,482	9,414	16,896
Additions	514	3,339	3,853
Reassessments	1,257	84	1,341
Disposals	(1,201)	(13)	(1,214)
Depreciation expense	(1,811)	(2,824)	(4,635)
Balance at 30 June 2022	6,241	10,000	16,241

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

26. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2023	2022
	\$000	\$000
Balance at 1 July	16,419	17,147
Additions	4,312	3,853
Interest expenses	412	284
Payments	(5,225)	(4,992)
Terminations / derecognition	(10)	(1,214)
Other adjustments	2,572	1,341
Balance at 30 June	18,480	16,419

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where ISLHD is the lessee:

PARENT AND CONSOLIDATION

	2023	2022
	\$000	\$000
Depreciation expense of right-of-use assets	4,928	4,635
Interest expense on lease liabilities	412	284
Expenses relating to short-term leases	3,146	5,134
Expenses relating to leases of low-value assets	2,470	2,021
(Gains) / losses on disposal	1	-
Total amount recognised in the statement of comprehensive income	10,957	12,074

ISLHD had total cash outflows for leases of \$10.84 million for the year ended 30 June 2023 (2022: \$12.15 million).

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

26. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and Measurement

ISLHD assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

ISLHD recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

ISLHD recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	1 to 5 years
Motor vehicles and other equipment	1 to 15 years

If ownership of the leased asset transfers to ISLHD 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.

The right-of-use assets are also subject to impairment. ISLHD assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, ISLHD estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, ISLHD recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by ISLHD; and
- payments of penalties for terminating the lease, if the lease term reflects ISLHD exercising the option to terminate.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

26. Leases (continued)

(a) Entity as a lessee (continued)

ii. Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. ISLHD does not borrow funds in the market. Instead they receive an allocation of the appropriations from the Crown and where the Crown needs additional funding, Treasury Corporation (TCorp) goes to the market to obtain these funds. As a result, ISLHD is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

ISLHD's lease liabilities are included in borrowings in Note 32.

iii. Short-term leases and leases of low-value assets

ISLHD applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

iv. Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable ISLHD to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

26. Leases (continued)

(b) Entity as a lessor

WH Smith leases three retail spaces located within the District's hospitals under operating leases with rental payable monthly including a percentage of turnover. Lease payments generally contain uplift clauses to align to the market conditions.

JG Holdings leases three retail spaces located within Wollongong Hospital under operating leases with rental payable monthly including a percentage of turnover. Lease payments generally contain uplift clauses to align to the market conditions.

Optus leases roof space located at Wollongong Hospital for their telecommunications tower under operating leases with rental payable monthly including a percentage of turnover. Lease payments generally contain uplift clauses to align to the market conditions.

Grand Pacific Health has leased the building at Scenic Drive Nowra for 30 years with a 10 year option to renew, which is treated as a finance lease receivable. No lease payments are made during the period of the lease, with the building becoming ISLHD's asset at the end of the lease term.

Reconciliation of net investment in leases

PARENT AND CONSOLIDATION

	2023	2022
	\$'000	\$'000
Unguaranteed residual amounts - undiscounted	4,767	4,767
Less: unearned finance income	(2,287)	(2,360)
Net investment in finance lease	2,480	2,407

Recognition and Measurement

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease are, as follows:

PARENT AND CONSOLIDATION

	2023	2022
	\$'000	\$'000
Within one year	395	365
One to two years	121	370
Two to three years	5	117
Three to four years	-	6
Total (excluding GST)	521	858

Recognition and Measurement

Lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

27. Intangible assets

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 1 July 2021		
Cost (gross carrying amount)	1,396	1,396
Less: accumulated amortisation and impairment	1,193	1,193
Net carrying amount	203	203

	Software \$000	Total \$000
Year ended 30 June 2022		
Net carrying amount at beginning of year	203	203
Additions - acquired separately	3	3
Amortisation (recognised in depreciation and amortisation)	(45)	(45)
Net carrying amount at end of year	161	161

	Software \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	1,399	1,399
Less: accumulated amortisation and impairment	1,238	1,238
Net carrying amount	161	161

	Software \$000	Total \$000
Year ended 30 June 2023		
Net carrying amount at beginning of year	161	161
Amortisation (recognised in depreciation and amortisation)	(17)	(17)
Net carrying amount at end of year	144	144

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

27. Intangible assets (continued)

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 30 June 2023		
Cost (gross carrying amount)	1,399	1,399
Less: accumulated amortisation and impairment	1,255	1,255
Net carrying amount	144	144

Recognition and Measurement

ISLHD recognises intangible assets only if it is probable that future economic benefits will flow to ISLHD and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for ISLHD's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

ISLHD's intangible assets are amortised using the straight-line method over a period of five years.

Computer software developed or acquired by ISLHD are recognised as intangible assets. Most computer software is acquired from eHealth NSW, a controlled entity of the immediate parent. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

28. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, ISLHD categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

ISLHD recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 25)				
- Land and buildings	-	17,854	598,071	615,925
- Infrastructure systems	-	-	98,708	98,708
	-	17,854	696,779	714,633

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 25.

	Level 1	Level 2	Level 3	Total Fair Value
2022	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 25)				
- Land and buildings	-	18,212	585,327	603,539
- Infrastructure systems	-	-	95,979	95,979
	-	18,212	681,306	699,518

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 25.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

28. Fair value measurement of non-financial assets (continued)

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems ISLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Opteon Solutions for the 2021-22 financial year. Opteon Solutions is an independent entity and is not an associated entity of ISLHD.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 25).

The non-current assets categorised in (a) above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

- For land, the valuation by the valuer is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.

All commercial and non-restricted land is included in level 2 as these land valuations have a high level of observable inputs although these lands are not identical.

The majority of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

- For buildings and infrastructure, many assets are of a specialised nature or use, including some modified residential properties and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as level 3 as these assets have a high level of unobservable inputs. However some residential properties are valued on a market approach and included in level 2.
- Non-current assets held for sale is a non-recurring item that is measured at the lower of its fair value less cost to sell or its carrying amount. These assets are categorised as level 2.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

28. Fair value measurement of non-financial assets (continued)

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

2023	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2022	585,327	95,979	681,306
Additions*	14,364	593	14,957
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	27,564	6,162	33,726
Depreciation expense	(29,184)	(4,026)	(33,210)
Fair value as at 30 June 2023	598,071	98,708	696,779

* Additions include assets previously carried at cost which have been revalued under the level 3 fair value hierarchy for the first time as a result of a comprehensive revaluation or an interim desktop revaluation.

There were no transfers between level 2 or 3 during the period ended 30 June 2023.

2022	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2021	519,798	89,272	609,070
Additions*	33,564	53	33,617
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	57,009	10,377	67,386
Depreciation expense	(24,373)	(3,647)	(28,020)
Equity transfers - transfers in / (out)	(671)	(76)	(747)
Fair value as at 30 June 2022	585,327	95,979	681,306

* Additions include assets previously carried at cost which have been revalued under the level 3 fair value hierarchy for the first time as a result of a comprehensive revaluation or an interim desktop revaluation.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

29. Restricted assets

PARENT AND CONSOLIDATION

ISLHD's financial statements include the following assets which are restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2023.

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening			Closing
	\$000	\$000	\$000	\$000
Facility improvements	11,597	1,448	107	12,938
Patient welfare	3,020	1,373	2,111	2,282
Private practice disbursements (No.2 Accounts)	18,394	6,566	4,221	20,739
Public contributions	966	408	281	1,093
Research	2,464	318	101	2,681
Staff welfare	188	198	200	186
Training and education including conferences	1,749	1,156	93	2,812
	38,378	11,467	7,114	42,731

Restricted assets are held for the following purpose and cannot be used for any other purpose.

Category	Purpose
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients' privacy and dignity.
Private practice disbursements (No.2 Accounts)	Staff specialists' private practice arrangements to improve the level of clinical services provided.
Public contributions	Donations or legacies received without any donor-specified conditions as to its use.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.

Unclaimed monies

All money and personal effects of patients which are left in the custody of ISLHD by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of ISLHD.

All such money and the proceeds of the realisation of any personal effects are lodged to the credit of the Samaritan Fund which is used specifically for the benefit of necessitous patients or necessitous outgoing patients.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

30. Payables

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Accrued salaries, wages and on-costs	9,321	7,368	-	-
Salaries and wages deductions	103	205	-	-
Payroll and fringe benefits tax	-	136	-	-
Accrued liability - purchase of personnel services	-	-	9,424	7,709
Creditors ¹	55,869	49,840	55,869	49,840
Other creditors				
- Payables to entities controlled by the immediate parent	18,984	14,866	18,984	14,866
	84,277	72,415	84,277	72,415

¹ Manual creditors has been reclassified from 'Other creditors - other' to 'Creditors' in the current year. The prior period 'Other creditors - other' has been restated lower by \$29.97 million and 'Creditors' has been restated higher by \$29.97 million to reflect this change.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 42.

Recognition and Measurement

Payables represent liabilities for goods and services provided to ISLHD and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

31. Contract liabilities

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Contract liabilities	309	696	309	696
	309	696	309	696

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2023 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2023. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

The contract liability balance has decreased during the year because of the timing of payments received.

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	696	1,029	696	1,029
Transaction price allocated to the remaining performance obligations from contracts with customers	309	696	309	696

The transaction price allocated to the remaining performance obligations relates to the following revenue classes and is expected to be recognised as follows:

Specific revenue class	2024 \$'000	2025 \$'000	2026 \$'000	≥ 2027 \$'000
Grants and other contributions	309	-	-	-
	309	-	-	-

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

32. Borrowings

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Other loans and deposits	522	508	522	508
Lease liabilities (see Note 26)	4,611	4,201	4,611	4,201
	5,133	4,709	5,133	4,709
Non-current				
Other loans and deposits	2,252	2,774	2,252	2,774
Lease liabilities (see Note 26)	13,869	12,218	13,869	12,218
	16,121	14,992	16,121	14,992

No assets have been pledged as security / collateral for liabilities and there are no restrictions on any title to property.

Final repayment of loan is scheduled for 30 June 2028.

Other loans still to be extinguished represent monies to be repaid to The Crown in right of the State of New South Wales, an entity controlled by the ultimate parent.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 42.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

32. Borrowings (continued)

Recognition and Measurement

Borrowings represents interest bearing liabilities mainly raised through NSW Treasury Corporation, lease liabilities, service concession arrangement liabilities and other interest bearing liabilities.

Financial liabilities at amortised cost

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Borrowings are classified as current liabilities unless ISLHD has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 42 (b) for derecognition policy.

Financial liabilities at fair value through profit or loss

ISLHD has not designated any financial liability as at fair value through profit or loss.

The changes in fair value of liabilities designated at fair value through profit or loss are recorded in profit or loss with the exception that movements in fair value due to changes in the entity's own credit risk are recorded in other comprehensive income and do not get recycled to net result.

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Recognition and Measurement

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, being the premium received. Subsequent to initial recognition, ISLHD's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation, and an expected credit loss provision.

ISLHD has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2023 and as at 30 June 2022.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2021	3,775	17,147	20,922
Cash flows	(493)	(4,708)	(5,201)
New leases	-	3,853	3,853
Lease terminations	-	(1,214)	(1,214)
Lease reassessments	-	1,341	1,341
30 June 2022	3,282	16,419	19,701
1 July 2022	3,282	16,419	19,701
Cash flows	(508)	(4,813)	(5,321)
New leases	-	4,312	4,312
Lease terminations	-	(10)	(10)
Lease reassessments	-	2,572	2,572
30 June 2023	2,774	18,480	21,254

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

33. Provisions

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	72,318	65,471	-	-
Annual leave - obligations expected to be settled after 12 months	38,644	38,944	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	1,733	1,624	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	17,674	17,395	-	-
Provision for other employee benefits*	3,918	21,994	-	-
Provision for personnel services liability	-	-	134,287	145,428
	134,287	145,428	134,287	145,428
Other Provisions				
Other	-	885	-	885
	-	885	-	885
Total current provisions	134,287	146,313	134,287	146,313
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	1,912	1,874	-	-
Provision for personnel services liability	-	-	1,912	1,874
Total non-current provisions	1,912	1,874	1,912	1,874
Aggregate employee benefits and related on-costs				
Provisions - current	134,287	145,428	-	-
Provisions - non-current	1,912	1,874	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 30)	9,424	7,573	-	-
Liability - purchase of personnel services	-	-	145,623	154,875
	145,623	154,875	145,623	154,875

¹ Long service leave consequential on-costs has been restated to be higher by \$0.91 million in the prior year for the consolidated entity. Provision for personnel services liability has been restated to be higher by \$0.91 million in the prior year for the parent entity. Refer to Note 20 for further details regarding restatement as a result of an error.

* Provision for other employee benefits in 2022 included a one-off payment to employees of \$18.40 million for the recognition of service during the COVID-19 pandemic.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

33. Provisions (continued)

Movements in provisions (other than employee benefits)

Movements in other provisions during the financial year, other than employee benefits, are set out below:

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Other				
Carrying amount at beginning of period	885	-	885	-
- Additional provisions recognised*	-	885	-	885
- Amounts used	(885)	-	(885)	-
Carrying amount at end of period	-	885	-	885

* Additional provisions recognised in 2022 included a one-off payment of \$0.89 million to visiting medical officers for the recognition of service during the COVID-19 pandemic.

Recognition and Measurement

Employee benefits and other provisions

Salaries and wages, annual leave, sick leave, allocated days off (ADO) and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave and ADO are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 21.4% are applied to the value of leave payable at 30 June 2023 (comparable on-costs for 30 June 2022 were 20.7%). ISLHD has assessed the actuarial advice based on the ISLHD's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where ISLHD does not expect to settle the liability within 12 months as ISLHD does not have an unconditional right to defer settlement.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

33. Provisions (continued)

Recognition and Measurement (continued)

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The majority of employee benefits and related on-cost balances have increased since the beginning of the COVID-19 pandemic. Management of the COVID-19 pandemic, along with state and international border closures at different times have adversely impacted the provision balance.

Long service leave and superannuation

ISLHD's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by The Crown in right of the State of New South Wales. ISLHD accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits'.

Specific on-costs relating to long service leave assumed by The Crown in right of the State of New South Wales are borne by ISLHD.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the long-term Commonwealth Government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and Aware Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of workers' compensation insurance premiums and fringe benefits tax.

Other provisions

Other provisions are recognised when: ISLHD has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When ISLHD expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when ISLHD has a detailed formal plan, and ISLHD has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

34. Other liabilities

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	9,796	8,929	9,796	8,929
	9,796	8,929	9,796	8,929

PARENT AND CONSOLIDATION

Reconciliation of financial assets and corresponding liabilities arising from transfers to acquire or construct non-financial assets to be controlled by ISLHD.

	2023 \$'000	2022 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	8,929	7,278
Add: receipt of cash during the financial year	867	1,706
Deduct: income recognised during the financial year	-	55
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	9,796	8,929

Refer to Note 14 for a description of ISLHD's obligations under transfers received to acquire or construct non-financial assets to be controlled by ISLHD.

ISLHD expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period evenly in the next 1-5 financial years, as the related asset(s) are constructed / acquired.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

35. Equity

Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with ISLHD's policy on the revaluation of property, plant and equipment as discussed in Note 25.

Accumulated funds

The category 'accumulated funds' includes all current and prior period retained funds.

Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).

Increase / (decrease) in net assets from equity transfers

Equity transfers effected in the 2022/23 year were:

(a) Nil

Equity transfers effected in the 2021/22 year were:

(a) As at 30 June 2022, Old Bulli Hospital at 29 Hospital Road, Bulli was transferred to the Ministry of Health, an entity of the ultimate parent. All assets were transferred at the fair value of the assets of \$5.00 million.

Equity transfers effected comprised:

	2023 \$000	2022 \$000
(a) Old Bulli Hospital, 29 Hospital Road, Bulli	-	5,001
	-	5,001

Assets and Liabilities transferred are as follows:

	2023 \$000	2022 \$000
Assets		
(a) Old Bulli Hospital, 29 Hospital Road, Bulli	-	(5,001)
Increase / (Decrease) in Net Assets From Equity Transfers	-	(5,001)

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

35. Equity (continued)

Equity transfers

Recognition and Measurement

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between entities controlled by the ultimate parent are recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at amortised cost by the transferor because there is no active market, ISLHD recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, ISLHD does not recognise that asset.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

36. Commitments

(a) Capital commitments

Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems, and intangible assets, contracted for at balance date and not provided for:

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Within one year	156,684	16,158	156,684	16,158
Later than one year and not later than five years	196,181	2,330	196,181	2,330
Total (including GST)	352,865	18,488	352,865	18,488

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$352.87 million as at 30 June 2023 includes input tax credits of \$32.08 million that are expected to be recoverable from the Australian Taxation Office (2022: \$1.68 million).

Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$0.57 million as at 30 June 2023 includes taxable sales of \$0.05 million that are expected to be payable to the Australian Taxation Office (2022: \$0.09 million).

37. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

ISLHD is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

(a) Contingent liabilities

ISLHD is not aware of any contingent liabilities at reporting date other than those disclosed in Note 36 (b).

(b) Contingent assets

Contingent assets relate to commitments for expenditure - refer Note 36 (b).

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

38. Adjusted budget review

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). ISLHD's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present original budget information, ISLHD's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between ISLHD and the Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant budget entries in the financial statements are unaudited.

PARENT AND CONSOLIDATION

Net result

The actual Net Result was lower than adjusted budget by \$2.4 million, primarily due to:

Expenses were unfavourable to budget by \$53.4 million driven by \$14.3 million in employee related expenses plus \$31.8 million in operating expenses. Operating expenses comprise mostly operational costs and was influenced by \$23.6 million in unfunded outsourced surgery costs as the District focused on reducing overdue patients on surgical waitlists as a result of COVID theatre closures. Unfavourable pathology costs \$3.8 million, dental services \$1.8 million and \$3.5 million in maintenance costs drove the remainder of the variance. Employee related expense variance of \$14.3 million unfavourable includes premium labour costs of \$15.0 million in overtime plus superannuation related impacts of \$2.8 million. Visting Medical Officers were recruited to assist with activity as well as address medical vacancies and were \$4.6 million unfavourable. Historically unbudgeted Right of Use Asset (ROUA) drove the \$3.7 million unfavourable depreciation and amortisation variance. These were offset by combined favourable \$1.0 million grants & subsidy and finance cost variances.

Revenue was favourable to budget by \$51.9 million with additional recurrent and capital allocations from the Ministry of Health accounting for \$44.8 million of this variance. Revenue from contracts with customers comprises mostly patient fee revenue, was strong in FY23 being \$6.3 million higher than budget.

Assets and liabilities

Current assets are \$13.8 million above budget. Cash is \$5.1 million above budget which is due to higher than budgeted RFA funds available at year end. Receivables are \$9.8 million above budget which is driven by higher than expected patient fees. Non current assets are \$29.9 million above budget which is primarily related to the revaluation increase to the District's land, buildings and infrastructure of \$33.7 million. The revaluation was not budgeted this year as it was a desktop revaluation.

Total liabilities are \$12.4 million above budget. Payables are \$11.0 million above budget which is attributable to outsourced surgery costs and timing of intra-health creditors. Provisions are \$4.4 million above budget which relates to the continued increase in annual leave and year end actuarial adjustments.

Cash flows

Net cash flow from operating activities is \$9.1 million favourable to budget. An additional \$44.8 million in NSW Ministry of Health Allocations funding is offset by an additional \$11.3 million in employee related payments and additional \$24.5 million in goods and services, of which \$22.6 million relates to outsourced surgery.

Cash outflows from investment activities is in line with budget. Repayments for lease liabilities was above budget by \$3.5 million which is related to additional medical imaging leases and property lease extensions that were not originally budgeted.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

38. Adjusted budget review (continued)

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 21 June 2022 are as follows:

	\$000
Initial allocation, 21 June 2022	897,591
Award increases	24,049
Special projects	
COVID 19 Response	20,479
COVID 19 Pharmaceutical Drug Allocation	2,539
COVID 19 Uplift NWAU January to June	2,657
Drug and Alcohol Services Ice Inquiry Implementation	1,750
Enhancing End of Life Care	910
Nursing & Midwifery Strategy Reserves	794
Translational Research Grants Rollover	145
NSW Aged Care Assessment Program	213
DeliverEASE Funding Allocation	202
Litmus Medical Locum - VMS Implementation Co-Ordinator	156
Rural & Regional Workforce Funding (Clinical Nurse Educators & Remote New Graduates)	131
Specialist Dementia Care Unit - Clinical Enhancement	120
Primary School Mobile Dental Program	500
Special projects funding under \$100,000 each	861
Other	
COVID 19 Workforce Bonus Rollover	19,281
Voluntary Redundancies	721
Support for patients with Long COVID	640
COVID 19 Recovery & Workforce Resilience	8,700
COVID 19 Antiviral Pharmaceutical Drug Allocation	4,104
Rural Junior Doctors Training Rollover	(110)
TMF Agency Performance Adjustment	552
S100 Highly Specialised Drugs Co-Payments	300
Workforce Culture & Safety	220
Emergency Protocols Initiating Care Program Implementation	125
Microsoft Contract Uplift	830
Radiology Information System (RIS) & Picture Archiving & Communications Adjustment (RIS/PACS)	246
Rebalancing of ICT Budget	(307)
Rural Generalist Medical and General Practitioner Procedural Training Programs	701
Natural Gas Contract	865
Food Price Increase	332
Voluntary Assisted Dying Implementation Fund	200
Defined Benefit Superannuation	243
Queen's Memorial Public Holiday	844
Deferred Care Elective Surgery	12,100
Deferred Care Dental Program	650
Aged Care Access & Flow Improvement Response	13,302
Additional Elective Surgery Funding	13,800
ICT Charges - Infrastructure as a Service (IaaS)	1,622
Virtual Hospital in the Home (HITH)	195

Illawarra Shoalhaven Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

38. **Adjusted budget review (continued)**

Other (continued)	\$000
Waived Car Parking Fees for Staff - April to June 23	374
Workforce Resilience Capacity Uplift	359
Workforce Wellbeing Initiative Funding	250
Funding for projects and programs under \$100,000 each	210
Balance as per Statement of Comprehensive Income	1,034,446

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

39. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Consolidated 2023 \$000	Consolidated ^{1,2} 2022 \$000	Parent 2023 \$000	Parent ^{1,2} 2022 \$000
Net cash used on operating activities	102,656	54,420	102,656	54,420
Depreciation and amortisation expense	(46,007)	(41,826)	(46,007)	(41,826)
Allowance for impairment	(839)	(894)	(839)	(894)
(Increase) / decrease in other liabilities	(867)	(1,641)	(867)	(1,641)
Decrease / (increase) in provisions	11,986	(25,998)	11,986	(25,998)
Increase / (decrease) in inventory	(1,562)	1,894	(1,562)	1,894
Increase / (decrease) in prepayments and other assets	10,480	356	10,480	356
Decrease / (increase) in payables	(12,039)	(18,713)	(12,039)	(18,713)
Decrease / (increase) in contract liabilities	387	333	387	333
Increase / (decrease) in financial instruments at fair value	-	(42)	-	(42)
Net gain / (loss) on sale of property, plant and equipment	(123)	(20)	(123)	(20)
Net gain / (loss) on disposal of right-of-use assets	(1)	-	(1)	-
Assets donated or brought to account (Note 40)	549	474	549	474
Net result	64,620	(31,657)	64,620	(31,657)

¹ 'Decrease / (increase) in provisions' has been restated to be lower by \$0.15 million in the prior year for the consolidated and parent entity. Refer to Note 20 for further details regarding restatement as a result of an error.

² Inventory write down has been reclassified from 'Increase / (decrease) in prepayments and other assets' to 'Increase / (decrease) in Inventory' in the current year. The prior period comparatives have been restated to reflect this change.

40. Non-cash financing and investing activities

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Assets donated or brought to account	549	474	549	474
Property, plant and equipment acquired by a lease	4,312	3,853	4,312	3,853
	4,861	4,327	4,861	4,327

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

41. Trust funds

PARENT AND CONSOLIDATION

ISLHD holds trust funds of \$0.31 million (2022: \$0.30 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

These funds are excluded from the financial statements as ISLHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

Category	1 July 2022 Opening equity \$'000	Revenue \$'000	Expense \$'000	30 June 2023 Closing equity \$'000
Refundable Deposits	197	12	-	209
Private Patient Trust Funds	-	23,544	(23,567)	(23)
Third Party Funds	106	18	-	124
Total trust funds	303	23,574	(23,567)	310

Category	1 July 2021 Opening equity \$'000	Revenue \$'000	Expense \$'000	30 June 2022 Closing equity \$'000
Refundable Deposits	190	7	-	197
Private Patient Trust Funds	-	18,187	(18,187)	-
Third Party Funds	73	33	-	106
Total trust funds	263	18,227	(18,187)	303

The following list provides a brief description of the purpose of the trust fund categories.

Category	Purpose
Refundable Deposits	A sum of money held in trust as a security deposit.
Private Patient Trust Funds	The revenue derived from private patient and other billable services provided by Staff Specialists.
Third Party Funds	A sum of money held in trust on behalf of external parties, e.g. external foundations, volunteer groups and auxiliaries.

Any amounts drawn down from trust funds under the private practice arrangements are not included in the key management personnel compensation amounts or disclosed as a related party transaction in Note 43.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

42. Financial instruments

ISLHD's principal financial instruments are outlined below. These financial instruments arise directly from ISLHD's operations or are required to finance its operations. ISLHD does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

ISLHD's main risks arising from financial instruments are outlined below, together with ISLHD's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by ISLHD, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2023 \$000	Carrying Amount 2022 \$000
Financial assets			
Cash and cash equivalents (Note 21)	Amortised cost	44,927	38,921
Receivables (Note 22) ¹	Amortised cost	23,760	16,021
Other financial assets (Note 24)	Amortised cost	2,480	2,407
Total financial assets		71,167	57,349
Financial liabilities			
Borrowings (Note 32)	Financial liabilities measured at amortised cost	21,254	19,701
Payables (Note 30) ²	Financial liabilities measured at amortised cost	84,277	72,279
Total financial liabilities		105,531	91,980

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

ISLHD determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- ISLHD has transferred substantially all the risks and rewards of the asset; or
- ISLHD has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

42. Financial instruments (continued)

(b) Derecognition of financial assets and financial liabilities (continued)

When ISLHD has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where ISLHD has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of ISLHD's continuing involvement in the asset. In that case, ISLHD also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that ISLHD has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that ISLHD could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to ISLHD. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

Credit risk arises from financial assets of ISLHD, including cash, receivables and authority deposits. No collateral is held by ISLHD. ISLHD has not granted any financial guarantees.

Credit risk associated with ISLHD's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

ISLHD considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, ISLHD may also consider a financial asset to be in default when internal or external information indicates that ISLHD is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by ISLHD.

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned daily on restricted financial asset cash on hand and bank balances only. The TCorpIM Cash Fund is discussed in market risk below.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and lease receivables

Collectability of trade receivables, other receivables, contract assets and lease receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

ISLHD applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and lease receivables.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

42. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets (continued)

Receivables - trade receivables, other receivables and lease receivables (continued)

To measure the expected credit losses, trade receivables, other receivables and lease receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. ISLHD has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and lease receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and lease receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.90%	3.81%	8.90%	15.36%	22.94%	5.50%
Estimated total gross carrying amount ¹	14,610	945	427	612	3,522	20,116
Expected credit loss	131	36	38	94	808	1,107
30 June 2022	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.92%	5.49%	15.23%	13.52%	14.93%	3.80%
Estimated total gross carrying amount ¹	12,117	801	302	355	2,391	15,966
Expected credit loss	111	44	46	48	357	606

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 22.

ISLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2023 and 30 June 2022.

ii. Liquidity risk

Liquidity risk is the risk that ISLHD will be unable to meet its payment obligations when they fall due. ISLHD continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

ISLHD has negotiated no loan outside of arrangements with the Ministry of Health or NSW Treasury.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. ISLHD's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

42. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

ISLHD has exposure to liquidity risk. However, the risk is minimised by the service agreement with the Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where ISLHD fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that have a correctly rendered invoice, a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be affected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

42. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

The table below summarises the maturity profile of ISLHD's financial liabilities together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Nominal Amount ¹ \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2023								
Payables:								
- Creditors ²		84,277	-	-	84,277	84,277	-	-
Borrowings:								
- Other loans and deposits	2.97%	3,006	3,006	-	-	601	2,405	-
- Lease liabilities	2.82%	20,178	20,178	-	-	5,136	11,259	3,783
		107,461	23,184	-	84,277	90,014	13,664	3,783
2022								
Payables:								
- Creditors ²		72,279	-	-	72,279	72,279	-	-
Borrowings:								
- Other loans and deposits	2.97%	3,608	3,608	-	-	601	2,405	602
- Lease liabilities	1.90%	17,326	17,326	-	-	4,514	9,932	2,880
		93,213	20,934	-	72,279	77,394	12,337	3,482

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which ISLHD can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

³ Weighted Average Effective Interest Rate (EIR).

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

42. Financial instruments (continued)

(d) Financial risk (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. ISLHD's exposures to market risk are primarily through interest rate risk on ISLHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. ISLHD has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which ISLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2022. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through ISLHD's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. ISLHD does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

However, ISLHD is not permitted to borrow external to the Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and the Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

PARENT AND CONSOLIDATION

	2023		2022	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(262)	262	(216)	216
Equity	(262)	262	(216)	216

(e) Fair value measurement

i. Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

Therefore the fair value of the financial instruments does not differ from the carrying amount.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

43. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2023	2022
	\$000	\$000
Short-term employee benefits	383	242
Post-employment benefits	37	22
	420	264

During the financial year, Illawarra Shoalhaven Local Health District obtained key management personnel services from the immediate parent and incurred \$0.40 million (2022: \$0.39 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

ISLHD's key management personnel comprise its board members and chief executive (or acting chief executive) from time to time during the year.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

(b) Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2022: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2022: \$Nil).

(d) Transactions ISLHD had with government related entities during the financial year

During the financial year and comparative year, ISLHD entered into the various transactions with other entities consolidated as part of the Ministry of Health (the immediate parent) and the NSW Total State Sector (the ultimate parent) within the normal course of business.

The following operating expenses were incurred with entities controlled by the immediate parent:

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of patient transport services, information management services, drug supplies, domestic supplies and services, food supplies and corporate support services
- Health Administration Corporation provides hosted services which include patient billing and ICT core charges
- Health Administration Corporation provides some specialised services which includes pathology related costs
- Various grants and subsidies towards research and other projects

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

43. Related party disclosures (continued)

(d) Transactions ISLHD had with government related entities during the financial year (continued)

The following operating expenses were incurred with entities controlled by the ultimate parent:

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- Utilities, including electricity, gas and water expenses
- Insurance costs

The following revenues were earned from entities controlled by the immediate parent:

- Revenue from recurrent and capital allocations
- Various grants and contributions towards research and other projects
- Commercial activities revenue in respect of medical imaging

The following revenues were earned from entities controlled by the ultimate parent:

- Motor Accident Authority third party revenue received from the State Insurance Regulatory Authority (SIRA)
- Revenue from acceptance of long service leave liabilities and defined benefit
- Patient revenue relating to Transitional Aged Care Program and Regional Assessment Scheme

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- Energy Efficient Government Program loans are held with the Crown in right of the State of New South Wales
- The majority of the construction of property, plant and equipment is managed and overseen by Health Administration Corporation
- The majority of capital commitments contracted but not provided for related to capital works overseen by the Health Administration Corporation.

44. Events after the reporting period

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS