



INDEPENDENT AUDITOR'S REPORT

Hunter New England Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Hunter New England Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, the Statement of Material Accounting Policy Information and notes to the financial statements and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

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 2024* (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 [Comments]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 37. The note states that AASB 1055 Budgetary Reporting (AASB 1055) is not applicable to the District. It also states that, unlike the requirement in AASB 1055 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 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 assumptions used in formulating the budget figures disclosed in the financial statements
- 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.



Renee Meimaroglou
Assistant Auditor-General, Financial Audit

Delegate of the Auditor-General for New South Wales

13 September 2024
SYDNEY

Hunter New England Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2024



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

1. The financial statements of the Hunter New England Local Health District for the year ended 30 June 2024 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 2024*; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Hunter New England Local Health District's financial position as at 30 June 2024 and the financial performance and cash flows for the year then ended; and
3. I am 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 'Tracey McCosker'.

Tracey McCosker
Chief Executive
12 September 2024

Hunter New England Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	1,833,588	1,814,126	1,648,680	-	-
Personnel services	3	-	-	-	1,774,837	1,606,672
Visiting medical officers	4	139,413	124,093	124,866	139,413	124,866
Operating expenses	5	763,221	718,025	782,970	763,221	782,970
Depreciation and amortisation	6	139,333	140,490	141,390	139,333	141,390
Grants and subsidies	7	13,550	13,461	9,165	13,550	9,165
Finance costs	8	6,371	6,924	6,525	6,371	6,525
Payments to Affiliated Health Organisations	9	170,429	170,429	161,540	170,429	161,540
Total expenses excluding losses		3,065,905	2,987,548	2,875,136	3,007,154	2,833,128
Revenue						
Ministry of Health recurrent allocations	12	1,483,020	1,402,361	2,390,000	1,483,020	2,390,000
Ministry of Health capital allocations	12	208,440	208,098	183,887	208,440	183,887
Acceptance by the Crown ² of employee benefits	16	58,751	59,515	42,008	-	-
Sale of goods and services from contracts with customers	13	312,292	314,738	308,302	312,292	308,302
Investment revenue	14	6,838	2,565	4,763	6,838	4,763
Grants and other contributions	15	1,026,544	1,023,003	63,556	1,026,544	63,556
Other income	17	10,940	10,326	11,293	10,940	11,293
Total revenue		3,106,825	3,020,606	3,003,809	3,048,074	2,961,801
Operating result		40,920	33,058	128,673	40,920	128,673
Gains / (losses) on disposal	18	832	(785)	(483)	832	(483)
Impairment losses on financial assets	22	(2,420)	(825)	(1,362)	(2,420)	(1,362)
Other gains / (losses)	19	(45)	(46)	(206)	(45)	(206)
Net result from continuing operations	38	39,287	31,402	126,622	39,287	126,622
Net result		39,287	31,402	126,622	39,287	126,622
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	25	96,148	-	124,223	96,148	124,223
Total other comprehensive income		96,148	-	124,223	96,148	124,223
TOTAL COMPREHENSIVE INCOME		135,435	31,402	250,845	135,435	250,845

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

Hunter New England Local Health District

Statement of Financial Position as at 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
ASSETS						
Current assets						
Cash and cash equivalents	21	124,397	123,466	132,314	124,397	132,314
Receivables	22	90,598	88,601	72,314	90,598	72,314
Inventories	24	3,416	3,417	4,741	3,416	4,741
Total current assets		218,411	215,484	209,369	218,411	209,369
Non-current assets						
Receivables	22	623	971	20,971	623	20,971
Property, plant & equipment	25					
- Land and buildings		3,220,453	3,111,737	3,030,674	3,220,453	3,030,674
- Plant and equipment		168,456	171,548	174,494	168,456	174,494
- Infrastructure systems		76,738	78,135	78,138	76,738	78,138
Total property, plant & equipment		3,465,647	3,361,420	3,283,306	3,465,647	3,283,306
Right-of-use assets	26	7,364	6,213	9,304	7,364	9,304
Intangible assets	27	-	93	93	-	93
Total non-current assets		3,473,634	3,368,697	3,313,674	3,473,634	3,313,674
Total assets		3,692,045	3,584,181	3,523,043	3,692,045	3,523,043
LIABILITIES						
Current liabilities						
Payables	30	204,685	207,852	196,908	204,685	196,908
Contract liabilities	31	1,524	1,769	1,769	1,524	1,769
Borrowings	32	7,897	2,394	7,026	7,897	7,026
Provisions	33	320,784	312,079	288,637	320,784	288,637
Other current liabilities	34	1,700	1,080	1,100	1,700	1,100
Total current liabilities		536,590	525,174	495,440	536,590	495,440
Non-current liabilities						
Borrowings	32	67,059	73,452	74,473	67,059	74,473
Provisions	33	6,314	6,509	5,488	6,314	5,488
Other non-current liabilities	34	4,672	5,668	5,667	4,672	5,667
Total non-current liabilities		78,045	85,629	85,628	78,045	85,628
Total liabilities		614,635	610,803	581,068	614,635	581,068
Net assets		3,077,410	2,973,378	2,941,975	3,077,410	2,941,975
EQUITY						
Reserves		1,644,544	1,548,396	1,548,396	1,644,544	1,548,396
Accumulated funds		1,432,866	1,424,982	1,393,579	1,432,866	1,393,579
Total Equity		3,077,410	2,973,378	2,941,975	3,077,410	2,941,975

¹ Unaudited adjusted budget, see Note 37.

The accompanying notes form part of these financial statements.

Hunter New England Local Health District

Statement of Changes in Equity for the year ended 30 June 2024

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023		1,393,579	1,548,396	2,941,975
Net result for the year		39,287	-	39,287
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	96,148	96,148
Total comprehensive income for the year		39,287	96,148	135,435
Balance at 30 June 2024		1,432,866	1,644,544	3,077,410

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		1,268,435	1,424,381	2,692,816
Correction of error - long service leave calculations		(1,686)	-	(1,686)
Balance at 1 July 2022		1,266,749	1,424,381	2,691,130
Net result for the year		126,622	-	126,622
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	124,223	124,223
Total comprehensive income for the year		126,622	124,223	250,845
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		208	(208)	-
Balance at 30 June 2023		1,393,579	1,548,396	2,941,975

The accompanying notes form part of these financial statements.

Hunter New England Local Health District

Statement of Cash Flows for the year ended 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(1,763,682)	(1,764,043)	(1,655,339)	-	-
Suppliers for goods and services		(974,516)	(878,177)	(985,924)	(974,516)	(985,924)
Grants and subsidies		(201,031)	(200,941)	(185,965)	(201,031)	(185,965)
Finance costs		(6,371)	(6,924)	(6,525)	(6,371)	(6,525)
Personnel services		-	-	-	(1,763,682)	(1,655,339)
Total payments		(2,945,600)	(2,850,085)	(2,833,753)	(2,945,600)	(2,833,753)
Receipts						
Ministry of Health recurrent allocations		1,483,020	1,402,361	2,390,000	1,483,020	2,390,000
Ministry of Health capital allocations		208,440	208,098	183,887	208,440	183,887
Reimbursements from the Crown ²		30,219	30,219	31,119	30,219	31,119
Sale of goods and services		308,987	320,725	316,969	308,987	316,969
Interest received		6,785	3,034	4,770	6,785	4,770
Grants and other contributions		1,052,126	1,025,264	57,603	1,052,126	57,603
Other		75,706	72,447	69,238	75,706	69,238
Total receipts		3,165,283	3,062,148	3,053,586	3,165,283	3,053,586
NET CASH FLOWS FROM OPERATING ACTIVITIES	38	219,683	212,063	219,833	219,683	219,833
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		3,121	1,173	2,236	3,121	2,236
Purchases of property, plant and equipment		(223,562)	(215,800)	(208,880)	(223,562)	(208,880)
NET CASH FLOWS FROM INVESTING		(220,441)	(214,627)	(206,644)	(220,441)	(206,644)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances		(4,348)	(3,878)	(3,891)	(4,348)	(3,891)
Payment of principal portion of lease liabilities		(2,811)	(2,406)	(2,397)	(2,811)	(2,397)
NET CASH FLOWS FROM FINANCING		(7,159)	(6,284)	(6,288)	(7,159)	(6,288)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
		(7,917)	(8,848)	6,901	(7,917)	6,901
Opening cash and cash equivalents	21	132,314	132,314	125,413	132,314	125,413
CLOSING CASH AND CASH EQUIVALENTS	21	124,397	123,466	132,314	124,397	132,314

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

The Hunter New England Local Health District (the HNELHD), 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.

The HNELHD 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.

The HNELHD 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
- * The Hunter New England Local Health District Special Purpose Service Entity, which provides personnel services to the HNELHD 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 the HNELHD as a parent entity and the HNELHD 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 2024 have been authorised for issue by the Chief Executive on 12 September 2024.

b) Basis of preparation

The HNELHD'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'), the *Government Sector Finance Regulation 2024*; and
- * Treasurer's Directions issued under the GSF Act.

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

The Secretary of NSW Health, the Chair of the Hunter New England 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 the HNELHD'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 the HNELHD 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 withholding or providing additional financial support and increased management interaction.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

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.
- * The HNELHD 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.
- * The HNELHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the HNELHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry of Health throughout the financial year.

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.

The HNELHD has determined that it is not probable that 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 the HNELHD's presentation and functional currency.

c) Statement of Compliance

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

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

d) 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. These include:

- * Note 3 Operating expenses: Details of operating expenses were previously split into two tables but have now been combined into one table for a more streamlined presentation in the current year. A number of new expense lines have also been added to provide additional information, these expenses previously formed part of different expense lines. There has been no change in the total operating expense amount.
- * Note 29 Restricted assets: A new category, Clinical trials, has been added from 1 July 2023. The balance of Clinical trials was previously included in the Research category which has now been reclassified out of Research category into Clinical trials.

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

(i) Effective for the first time in 2023-24

The HNELHD applied AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates for the first time in 2023. The amendment requires reporting entities to disclose only 'material' accounting policies, rather than 'significant' accounting policies. This amendment has led to removal of several previously disclosed accounting policies that were not considered material.

Apart from the above noted change, the accounting policies applied in 2023-24 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

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

The following new AAS has not been applied and is not yet effective:

- * AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. For these assets, AASB 2022-10 clarifies when an entity is required to consider whether the asset's highest and best use differs from its current use, under what circumstances the asset's use is considered 'financially feasible', and when an entity should use its own assumptions as a starting point in developing unobservable inputs. AASB 2022-10 also provides guidance on how the cost approach is to be applied to measure the asset's fair value. The standard applies prospectively to annual periods beginning on or after 1 January 2024. The impact of the standard is yet to be determined by The HNELHD.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

2. Employee related expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	1,582,636	1,438,356	-	-
Superannuation - defined benefit plans	4,509	6,029	-	-
Superannuation - defined contribution plans	164,511	142,749	-	-
Long service leave	59,707	36,565	-	-
Redundancies	612	2,220	-	-
Workers' compensation insurance	21,549	22,664	-	-
Fringe benefits tax	64	97	-	-
	1,833,588	1,648,680	-	-

* Salaries and wages includes annual leave, accrued days off (ADOs) and parental leave.

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

Employee related costs of \$1.04 million (2023: \$1.18 million) have been capitalised in property, plant and equipment assets and are therefore excluded from the above amounts.

3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	1,582,636	1,438,356
Superannuation - defined contribution plans	-	-	164,511	142,749
Long service leave	-	-	5,465	586
Redundancies	-	-	612	2,220
Workers' compensation insurance	-	-	21,549	22,664
Fringe benefits tax	-	-	64	97
	-	-	1,774,837	1,606,672

* Salaries and wages includes annual leave, accrued days off (ADOs) and parental leave.

Personnel services of Hunter New England Local Health District were provided by its controlled entity, Hunter New England Local Health District Special Purpose Service Entity.

Personnel services of \$1.04 million (2023: \$1.18 million) have been capitalised in property, plant and equipment assets and are excluded from the above amounts.

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout the HNELHD's hospitals. VMO expenses of \$139.41 million (2023: \$124.87 million) represent part of the day-to-day running costs incurred in the normal operations of the HNELHD. These costs are expensed as incurred.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Advertising	621	828	621	828
Agency expenses	10,424	14,119	10,424	14,119
Auditor's remuneration - audit of financial statements	260	244	260	244
Blood and blood products	13,524	11,538	13,524	11,538
Consultants	383	1,626	383	1,626
Corporate support services	16,207	13,414	16,207	13,414
Courier and freight	1,652	1,523	1,652	1,523
Disability equipment support expenses	1,602	1,542	1,602	1,542
Domestic supplies and services	74,174	74,224	74,174	74,224
Drug supplies	85,957	104,755	85,957	104,755
Expenses relating to short-term leases	3,592	3,370	3,592	3,370
Expenses relating to leases of low-value assets	1,994	2,018	1,994	2,018
Food supplies	51,763	48,757	51,763	48,757
Fuel, light, power and water	22,837	23,183	22,837	23,183
Hosted services purchased from entities controlled by the immediate parent	(2)	(121)	(2)	(121)
Information management expenses	41,524	38,366	41,524	38,366
Insurance	3,987	3,479	3,987	3,479
Legal services	1,323	605	1,323	605
Maintenance (see Note 5 (a))	60,920	59,128	60,920	59,128
Medical and surgical supplies (including prostheses)	125,685	120,662	125,685	120,662
Membership / professional fees	1,189	1,252	1,189	1,252
Motor vehicle expenses	4,786	3,364	4,786	3,364
Outsourced patient services	22,890	52,395	22,890	52,395
Patient transport costs	54,743	48,077	54,743	48,077
Postal and telephone costs	7,037	6,536	7,037	6,536
Printing and stationery	4,894	4,607	4,894	4,607
Professional services (excluding consultants)	3,856	3,102	3,856	3,102
Public private partnership contracted services	5,986	5,466	5,986	5,466
Quality assurance / accreditation	512	378	512	378
Rates and charges	2,432	1,180	2,432	1,180
Security services	1,811	1,381	1,811	1,381
Specialised services (dental, radiology, pathology and allied health)	104,096	99,960	104,096	99,960
Staff related costs	2,344	2,520	2,344	2,520
Travel related costs	19,033	20,764	19,033	20,764
Other miscellaneous	9,185	8,728	9,185	8,728
	763,221	782,970	763,221	782,970

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

Other miscellaneous of \$9.18 million (2023: \$8.73 million) includes audiovisual expenses, capital project expenses, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services, patient support services and translator services, amongst others.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses (continued)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Reconciliation of total maintenance expense				
Corrective maintenance	18,242	16,005	18,242	16,005
Planned maintenance	23,834	20,472	23,834	20,472
New / replacement equipment under \$10,000	18,808	22,642	18,808	22,642
Other	36	9	36	9
Maintenance expense - contracted labour and other (non-employee related) in Note 5	60,920	59,128	60,920	59,128
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	9,329	9,328	9,329	9,328
	70,249	68,456	70,249	68,456

* This balance consists of employees who have been classified as providing maintenance services for the HNELHD and the expense is included in employee related expenses / personnel services in Notes 2 and 3.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

6. Depreciation and amortisation

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Depreciation - buildings	101,701	101,849	101,701	101,849
Depreciation - plant and equipment	31,275	32,458	31,275	32,458
Depreciation - infrastructure systems	3,795	3,742	3,795	3,742
Depreciation - right-of-use buildings	2,562	3,341	2,562	3,341
	139,333	141,390	139,333	141,390

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

7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-government organisations	5,636	5,818	5,636	5,818
Grants to research organisations	416	1,142	416	1,142
Grants to entities controlled by the immediate parent	5,480	918	5,480	918
Other grants	2,018	1,287	2,018	1,287
	13,550	9,165	13,550	9,165

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

8. Finance costs

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest expense from lease liabilities	215	318	215	318
Interest expense from financial liabilities at amortised cost	6,156	6,207	6,156	6,207
	6,371	6,525	6,371	6,525

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.

9. Payments to Affiliated Health Organisations

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Recurrent sourced				
Calvary Mater Newcastle	169,344	160,044	169,344	160,044
	169,344	160,044	169,344	160,044
(b) Capital sourced				
Calvary Mater Newcastle	1,085	1,496	1,085	1,496
	1,085	1,496	1,085	1,496
	170,429	161,540	170,429	161,540

Recognition and Measurement

Payments to non-government affiliated health organisations generally comprise contributions in cash or in kind. Non-government affiliated health organisations support the Ministry of Health's role of 'system manager' in relation to the NSW public health system. The payments are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

10. Revenue

Comments regarding the accounting policies for the recognition of income are discussed below.

Under the GSF Act 2018, the HNELHD'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 the HNELHD which forms part of the consolidated fund and is not appropriated to the HNELHD by an Act.

11. Summary of compliance

The Appropriation Act 2023 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$19,613 million to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2023-24. 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 the HNELHD.

The lead Minister for the HNELHD, 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 the HNELHD receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the HNELHD. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that the HNELHD receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is also deemed appropriation moneys 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)).

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. HNELHD's spending authority and expenditure is included in the summary of compliance.

The delegation / sub-delegations for 2024 and 2023, authorising officers of the HNELHD to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the HNELHD. 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.

12. Ministry of Health allocations

Payments are made by the immediate parent, as per the Service Agreement to the HNELHD, and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Service Agreement between the immediate parent and the HNELHD 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.

Interstate patient flows are funded through the NSW State Pool Account, are 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Sale and recovery of pharmaceutical supplies	43,956	59,722	43,956	59,722
Sale of prostheses	9,150	8,335	9,150	8,335
Other	459	471	459	471
	53,565	68,528	53,565	68,528

(b) Rendering of services comprise the following:

Patients				
Patient Fees:				
- Inpatient fees	103,894	98,171	103,894	98,171
- Nursing home fees	2,171	2,483	2,171	2,483
- Non inpatient fees	10,389	9,334	10,389	9,334
Department of Veterans' Affairs	16,938	16,113	16,938	16,113
Motor Accident Authority third party	26,052	24,604	26,052	24,604
Multi Purpose Service Centre fees	15,208	14,137	15,208	14,137
Patient transport fees	55	-	55	-
Staff				
Private use of motor vehicles	195	242	195	242
Salary packaging fee	376	372	376	372
Meals and accommodation	248	131	248	131
Child care fees	1,838	1,723	1,838	1,723
General community				
Car parking	3,944	2,579	3,944	2,579
Clinical services (excluding clinical drug trials)	19,416	16,197	19,416	16,197
Commercial activities	7,891	7,156	7,891	7,156
Fees for conferences and training	666	798	666	798
Fees for medical records	423	423	423	423
Information retrieval	6	7	6	7
Meals on Wheels	1	9	1	9
Non-NSW Health entities				
Services to other organisations	2,061	1,910	2,061	1,910
Entities controlled by the immediate parent				
Hosted service revenues	-	3	-	3
Shared corporate service revenues	313	314	313	314
Other				
Infrastructure fees - annual charge	5,100	4,878	5,100	4,878
Infrastructure fees - monthly facility charge	25,095	23,908	25,095	23,908
Other	16,447	14,282	16,447	14,282
	258,727	239,774	258,727	239,774
	312,292	308,302	312,292	308,302

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. 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 the HNELHD 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 delivery is taken, 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. 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 the HNELHD 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.
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 the HNELHD expects to recognise the unsatisfied portion as revenue.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	6,838	4,770	6,838	4,770
Royalties	-	(7)	-	(7)
	6,838	4,763	6,838	4,763

Recognition and Measurement

Interest income from financial assets at amortised cost

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).

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	304	3,372	304	3,372
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	820,835	-	820,835	-
Cancer Institute grants received from an entity controlled by the immediate parent	10,504	10,855	10,504	10,855
Clinical trials and research grants	3,295	3,883	3,295	3,883
Commonwealth government grants received for community based services	10,339	10,786	10,339	10,786
Commonwealth government grants other	4,311	5,801	4,311	5,801
Grants from entities controlled by the ultimate parent	503	-	503	-
Other grants from entities controlled by the immediate parent	607	2,924	607	2,924
Other grants	12,751	8,448	12,751	8,448
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	151,981	-	151,981	-
Clinical trial and research grants	1,027	806	1,027	806
Commonwealth government grants other	1,891	2,601	1,891	2,601
Grants from entities controlled by the ultimate parent	566	7,102	566	7,102
Other grants from entities controlled by the immediate parent	1,635	2,815	1,635	2,815
Other grants	1,194	1,229	1,194	1,229
Donations				
Donations	4,801	2,934	4,801	2,934
	1,026,544	63,556	1,026,544	63,556

* Represents funding received by the HNELHD from the Ministry of Health, the immediate parent, in respect of activity-based funding and block funding in scope of the Commonwealth National Health Reform Agreement (NHRA). The Ministry of Health receives funding from the Commonwealth and distributes it based on activity levels for activity-based funding and at set amounts for the block funding component. The activity-based funding is recognised under AASB 15 Revenue from Contracts with Customers (AASB 15), while block funding is recognised under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) due to lack of specific performance obligations. The activity-based revenue is calculated by multiplying activity levels with the agreed National Weighted Activity Unit price. In previous years, NHRA funding was not separately distributed by the Ministry of Health and was included within the Ministry of Health recurrent allocations (Note 12).

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Grants and other contributions (continued)

Recognition and Measurement

Income from grants to acquire / construct a recognisable non-financial asset to be controlled by the HNELHD are recognised when the HNELHD satisfies its obligations under the transfer. The HNELHD 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 the HNELHD satisfies a performance obligation by transferring the promised goods or services. The HNELHD typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The HNELHD 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 the HNELHD obtains control over the granted assets (e.g. cash).

16. 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	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Superannuation - defined benefit plans	4,509	6,029	-	-
Long service leave provision	54,242	35,979	-	-
	58,751	42,008	-	-

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

17. Other income

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other income comprises the following:				
Commissions	358	685	358	685
Discounts	-	1	-	1
Insurance refunds	1,162	1,586	1,162	1,586
Rental income				
- Rental income from subleasing right-of-use-assets	27	-	27	-
- Other rental income	5,410	4,747	5,410	4,747
Sponsorship	62	176	62	176
Unclaimed deposits	-	1	-	1
Other	3,921	4,097	3,921	4,097
	10,940	11,293	10,940	11,293

Recognition and Measurement

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

18. Gains / (losses) on disposal

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	2,297	2,719	2,297	2,719
Less: proceeds from disposal	3,121	2,236	3,121	2,236
Net gains / (losses) on disposal	824	(483)	824	(483)
Right-of-use assets				
Written down value of assets disposed	6	-	6	-
Less: lease liabilities extinguished	14	-	14	-
Net gains / (losses) on disposal	8	-	8	-
Total gains / (losses) on disposal	832	(483)	832	(483)

19. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(46)	(205)	(46)	(205)
Foreign exchange gains / (losses)	1	(1)	1	(1)
	(45)	(206)	(45)	(206)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the HNELHD 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 Contract assets
- Note 24 Inventories
- Note 25 Property, plant and equipment
- Note 26 Leases
- Note 27 Intangible assets.

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

The HNELHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The HNELHD 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Cash and cash equivalents

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Cash at bank and on hand	449	132,314	449	132,314
Cash at bank - held by HealthShare NSW*	123,948	-	123,948	-
	124,397	132,314	124,397	132,314

* Represents cash held by HealthShare NSW, a controlled entity of the immediate parent, in a central bank account, on behalf of the HNELHD for its operating and investing activities. It is an operational bank account that earns interest on daily bank balances. Refer to Note 14 Investment revenue for the recognition and measurement policies on interest income.

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)	124,397	132,314	124,397	132,314
	124,397	132,314	124,397	132,314

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

Most cash and cash equivalents held by the HNELHD are restricted assets. Refer to Note 29 for details of restricted assets.

HealthShare NSW, a controlled entity of the immediate parent, manages accounts payable and employee related payments on behalf of the HNELHD for payments to suppliers and employees. HealthShare NSW makes payments after the HNELHD has reviewed and approved the invoices and employee rosters. The HNELHD'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 the HNELHD.

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

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	44,549	37,152	44,549	37,152
Intra health receivables	6,090	6,928	6,090	6,928
Goods and Services Tax	10,813	14,170	10,813	14,170
Other receivables	10,810	12,295	10,810	12,295
Sub total	72,262	70,545	72,262	70,545
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(3,917)	(3,068)	(3,917)	(3,068)
- Other receivables	(275)	(155)	(275)	(155)
Sub total	68,070	67,322	68,070	67,322
Prepayments	22,528	4,992	22,528	4,992
	90,598	72,314	90,598	72,314

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(3,068)	(1,851)	(3,068)	(1,851)
Amounts written off during the year	1,401	516	1,401	516
(Increase) / decrease in allowance recognised in the net result ¹	(2,250)	(1,733)	(2,250)	(1,733)
Balance at the end of the year	(3,917)	(3,068)	(3,917)	(3,068)
Other receivables				
Balance at the beginning of the year	(155)	(592)	(155)	(592)
Amounts written off during the year	50	65	50	65
(Increase) / decrease in allowance recognised in the net result	(170)	372	(170)	372
Balance at the end of the year	(275)	(155)	(275)	(155)
	(4,192)	(3,223)	(4,192)	(3,223)
Non-current				
Prepayments	623	20,971	623	20,971
	623	20,971	623	20,971

¹ Includes total impairment loss of \$2.25 million (2023: \$1.73 million) recognised on receivables from contracts with customers.

(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 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Patient fees - compensable	3,426	3,115	3,426	3,115
Patient fees - Medicare ineligible	3,198	2,846	3,198	2,846
Patient fees - inpatient & other	17,401	19,406	17,401	19,406
	24,025	25,367	24,025	25,367

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 22)	50,639	44,083	50,639	44,083
Total contract receivables	50,639	44,083	50,639	44,083

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Receivables (continued)

Recognition and Measurement

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

The HNELHD 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

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

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

23. Contract assets

The contract asset balance has increased during the year due to the timing of the rights to invoice and the obligations met.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 22)	50,639	44,083	50,639	44,083
	50,639	44,083	50,639	44,083

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Inventories

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Held for distribution				
Drug supplies	3,416	4,741	3,416	4,741
	3,416	4,741	3,416	4,741

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.

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 the HNELHD 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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 2022 - fair value				
Gross carrying amount	4,095,079	347,436	114,639	4,557,154
Less: accumulated depreciation and impairment	1,216,293	169,870	62,476	1,448,639
Net carrying amount	2,878,786	177,566	52,163	3,108,515

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	2,878,786	177,566	52,163	3,108,515
Additions	161,535	27,349	214	189,098
Disposals	(433)	(2,263)	(23)	(2,719)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	2,238	-	2,238
Net revaluation increments less revaluation decrements	118,228	-	5,995	124,223
Depreciation expense	(101,849)	(32,458)	(3,742)	(138,049)
Reclassifications	(25,593)	2,062	23,531	-
Net carrying amount at end of year	3,030,674	174,494	78,138	3,283,306

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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 2023 - fair value				
Gross carrying amount	4,362,777	363,987	148,405	4,875,169
Less: accumulated depreciation and impairment	1,332,103	189,493	70,267	1,591,863
Net carrying amount	3,030,674	174,494	78,138	3,283,306

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	3,030,674	174,494	78,138	3,283,306
Additions	200,281	24,352	21	224,654
Disposals	-	(2,297)	-	(2,297)
Transfers within NSW Health entities through Statement of Comprehensive Income	390	217	-	607
Net revaluation increments less revaluation decrements	94,282	-	1,866	96,148
Depreciation expense	(101,701)	(31,275)	(3,795)	(136,771)
Reclassifications	(3,473)	2,965	508	-
Net carrying amount at end of year	3,220,453	168,456	76,738	3,465,647

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	4,720,817	380,174	154,208	5,255,199
Less: accumulated depreciation and impairment	1,500,364	211,718	77,470	1,789,552
Net carrying amount	3,220,453	168,456	76,738	3,465,647

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the HNELHD

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	4,080,647	347,436	114,639	4,542,722
Less: accumulated depreciation and impairment	1,210,830	169,870	62,476	1,443,176
Net carrying amount	2,869,817	177,566	52,163	3,099,546

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	2,869,817	177,566	52,163	3,099,546
Additions	161,535	27,349	214	189,098
Disposals	(433)	(2,263)	(23)	(2,719)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	2,238	-	2,238
Net revaluation increment less revaluation decrements	118,678	-	5,995	124,673
Depreciation expense	(101,487)	(32,458)	(3,742)	(137,687)
Reclassifications	(25,370)	2,062	23,531	223
Net carrying amount at end of year	3,022,740	174,494	78,138	3,275,372

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the HNELHD (continued)

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	4,349,970	363,987	148,403	4,862,360
Less: accumulated depreciation and impairment	1,327,230	189,493	70,265	1,586,988
Net carrying amount	3,022,740	174,494	78,138	3,275,372

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	3,022,740	174,494	78,138	3,275,372
Additions	199,801	24,352	21	224,174
Disposals	-	(2,297)	-	(2,297)
Transfers within NSW Health entities through Statement of Comprehensive Income	390	217	-	607
Net revaluation increments less revaluation decrements	94,282	-	1,866	96,148
Depreciation expense	(101,362)	(31,275)	(3,795)	(136,432)
Reclassifications	(3,473)	2,965	508	-
Net carrying amount at end of year	3,212,378	168,456	76,738	3,457,572

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	4,707,304	380,174	154,208	5,241,686
Less: accumulated depreciation and impairment	1,494,926	211,718	77,470	1,784,114
Net carrying amount	3,212,378	168,456	76,738	3,457,572

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

(c) Property, plant and equipment where the HNELHD is the lessor under operating leases

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	14,432	-	-	14,432
Less: accumulated depreciation and impairment	5,463	-	-	5,463
Net carrying amount	8,969	-	-	8,969

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	8,969	-	-	8,969
Net revaluation increment less revaluation decrements	(450)	-	-	(450)
Depreciation expense	(362)	-	-	(362)
Reclassifications	(223)	-	-	(223)
Net carrying amount at end of year	7,934	-	-	7,934

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.

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	12,807	-	-	12,807
Less: accumulated depreciation and impairment	4,873	-	-	4,873
Net carrying amount	7,934	-	-	7,934

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	7,934	-	-	7,934
Additions	480	-	-	480
Depreciation expense	(339)	-	-	(339)
Net carrying amount at end of year	8,075	-	-	8,075

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	13,513	-	-	13,513
Less: accumulated depreciation and impairment	5,438	-	-	5,438
Net carrying amount	8,075	-	-	8,075

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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.

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 the HNELHD and records all costs incurred as work in progress or expenses and subsequently transfers those costs to the HNELHD. The costs are then accordingly reflected in the HNELHD's financial statements. The HNELHD acquires most assets in this manner.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

Capitalisation thresholds

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

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 the HNELHD.

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 2024	Useful lives 2023
Buildings	25-70 years	25-70 years
Buildings - leasehold improvements	10-40 years	10-40 years
Plant and equipment	5-20 years	5-20 years
Infrastructure Systems	25-40 years	25-40 years

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles, furniture and fittings and PODS (a detachable or self-contained unit on ambulances used for patient treatment).

'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.

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. The HNELHD has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 26.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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.

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. The HNELHD 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. The HNELHD uses an independent professionally qualified valuer for such interim revaluations.

The last comprehensive revaluation was completed on 31 December 2021 for the year ended 30 June 2022 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 3.40% in market prices for land and material increases in construction and labour costs of 17.74% for buildings and 17.75% 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 2023 and 2024.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The HNELHD 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.

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases

(a) Entity as a lessee

The HNELHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 8 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. The HNELHD 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 the HNELHD 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 \$36.2 million 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.

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

The HNELHD 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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.

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	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	9,304	-	9,304
Additions	299	-	299
Reassessments	329	-	329
Disposals	(6)	-	(6)
Depreciation expense	(2,562)	-	(2,562)
Balance at 30 June 2024	7,364	-	7,364

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	12,096	-	12,096
Additions	505	-	505
Reassessments	44	-	44
Depreciation expense	(3,341)	-	(3,341)
Balance at 30 June 2023	9,304	-	9,304

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

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	2024	2023
	\$000	\$000
Balance at 1 July	11,019	12,867
Additions	299	505
Interest expenses	217	317
Payments	(3,028)	(2,714)
Terminations / derecognition	(14)	-
Other adjustments	331	44
Balance at 30 June	8,824	11,019

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

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	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	2,562	3,341
Interest expense on lease liabilities	215	318
Expenses relating to short-term leases	3,592	3,370
Expenses relating to leases of low-value assets	1,994	2,018
Income from subleasing right-of-use assets	(27)	-
(Gains) / losses on disposal	(8)	-
Total amount recognised in the statement of comprehensive income	8,328	9,047

The HNELHD had total cash outflows for leases of \$8.61 million for the year ended 30 June 2024 (2023: \$8.10 million).

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases (continued)

(a) Entity as a lessee (continued)

Leases at significantly below market terms and conditions principally to enable the entity to further its objectives

The HNELHD entered into a number of leases, with lease terms ranging from 5 to 28 years with various local councils and the Calvary Mater Newcastle for the use of hospital campus and community health buildings. The contract specifies lease payments of \$1 per annum. The leased premise is used by the HNELHD to provide different community health services. The hospital campus and community health buildings account for a small portion of the similar assets the HNELHD is using for the purpose of providing community services. Therefore it does not have a significant impact on the HNELHD's operations.

Recognition and Measurement

The HNELHD 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.

The HNELHD 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

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 8 years

ii. Lease liabilities

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. The HNELHD 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, the HNELHD is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

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

The HNELHD 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases (continued)

(a) Entity as a lessee (continued)

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 the HNELHD to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

(b) Entity as a lessor

HNELHD leases a few retail spaces located within the hospital precincts under operating leases with rental payable monthly. Lease payments generally contain uplift clauses to align to the market conditions.

HNELHD also leases land to NGO's under operating leases arrangements. Generally there are no rental payments as HNELHD provides market rental assistance grants to offset the rental payments.

Lessor for operating leases

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

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	2024	2023
	\$'000	\$'000
Within one year	132	165
One to two years	29	96
Two to three years	25	30
Three to four years	25	25
Four to five years	25	25
Later than five years	315	340
Total (excluding GST)	551	681

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

27. Intangible assets

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

	Software \$000	Total \$000
Year ended 30 June 2023		
Net carrying amount at beginning of year	-	-
Additions - acquired separately	93	93
Net carrying amount at end of year	93	93

	Software \$000	Total \$000
At 1 July 2023		
Cost (gross carrying amount)	93	93
Less: accumulated amortisation and impairment	-	-
Net carrying amount	93	93

	Software \$000	Total \$000
Year ended 30 June 2024		
Net carrying amount at beginning of year	93	93
Additions - acquired separately	(93)	(93)
Net carrying amount at end of year	-	-

Recognition and Measurement

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

The HNELHD's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the HNELHD 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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, the HNELHD 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).

The HNELHD 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	Value
2024	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 25)				
- Land and buildings	-	6,603	2,347,285	2,353,888
- Infrastructure systems	-	-	53,007	53,007
	-	6,603	2,400,292	2,406,895

There were no transfers between level 1 and 2 during the year ended 30 June 2024.

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	Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 25)				
- Land and buildings	-	6,668	2,345,508	2,352,176
- Infrastructure systems	-	-	54,221	54,221
	-	6,668	2,399,729	2,406,397

There were no transfers between level 1 and 2 during the year ended 30 June 2023.

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

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

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.

All 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.

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
2024			
Fair value as at 1 July 2023	2,345,508	54,221	2,399,729
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	94,282	1,866	96,148
Depreciation expense	(92,505)	(3,080)	(95,585)
Fair value as at 30 June 2024	2,347,285	53,007	2,400,292

* 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 year ended 30 June 2024.

	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
2023			
Fair value as at 1 July 2022	2,318,473	51,055	2,369,528
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	118,228	5,995	124,223
Disposals	(1,141)	-	(1,141)
Depreciation expense	(90,052)	(2,829)	(92,881)
Fair value as at 30 June 2023	2,345,508	54,221	2,399,729

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

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Restricted assets

PARENT AND CONSOLIDATION

The HNELHD's financial statements include certain assets (predominantly cash and cash equivalents), the use of which is 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 2024.

Category	1 July 2023	Revenue	Expense	30 June 2024
	Opening \$000	\$000	\$000	Closing \$000
Community welfare	3,097	4,815	3,814	4,098
Facility improvements	57,031	4,173	13,435	47,769
Holds funds in perpetuity	522	2	1	523
Patient welfare	18,189	5,842	4,525	19,506
Private practice disbursements (No.2 Accounts)	28,444	6,062	6,646	27,860
Public contributions	7,743	757	5,507	2,993
Clinical trials	1,786	2,989	1,247	3,528
Research	12,131	2,753	4,501	10,383
Section 19(2) exemption funds	965	511	580	896
Staff welfare	721	25	547	199
Training and education including conferences	10,276	2,517	1,804	10,989
	140,905	30,446	42,607	128,744

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

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Holds funds in perpetuity	Donor has explicitly requested funds be invested permanently and not otherwise expended.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients'.
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.
Clinical trials	A study designed to test the safety and effectiveness of a treatment.
Research	Research to gain knowledge, understanding and insight.
Section 19(2) exemption funds	Improving access to primary care in rural and remote areas.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.
Other	Does not meet the definition of any of the above categories.

Unclaimed monies

All money and personal effects of patients which are left in the custody of the HNELHD 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 the HNELHD.

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	43,785	33,176	-	-
Salaries and wages deductions	450	386	-	-
Payroll and fringe benefits tax	1	19	-	-
Accrued liability - purchase of personnel services	-	-	44,236	33,581
Creditors	98,238	126,145	98,238	126,145
Other creditors				
- Payables to entities controlled by the immediate parent	59,911	37,004	59,911	37,004
- Other	2,300	178	2,300	178
	204,685	196,908	204,685	196,908

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 the HNELHD 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

31. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	1,524	1,769	1,524	1,769
	1,524	1,769	1,524	1,769

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,769	4,239	1,769	4,239
Revenue recognised from performance obligations satisfied in previous periods	(86)	(116)	(86)	(116)
Transaction price allocated to the remaining performance obligations from contracts with customers	10,701	7,506	10,701	7,506

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	2025 \$000	2026 \$000	2027 \$000	≥ 2028 \$000	Total \$000
Grants and other contributions	5,264	2,427	1,121	1,889	10,701
	5,264	2,427	1,121	1,889	10,701

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Other loans and deposits	1,399	1,366	1,399	1,366
Lease liabilities (see Note 26)	3,047	2,677	3,047	2,677
Public Private Partnerships	3,451	2,983	3,451	2,983
	7,897	7,026	7,897	7,026
Non-current				
Other loans and deposits	5,350	6,749	5,350	6,749
Lease liabilities (see Note 26)	5,777	8,342	5,777	8,342
Public Private Partnerships	55,932	59,382	55,932	59,382
	67,059	74,473	67,059	74,473

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 June 2031. Final repayment to Novacare for Calvary Mater Newcastle Hospital Public Private Partnership is 2033/34.

Other loans still to be extinguished represent monies to be repaid to the Health Administration Corporation, an entity controlled by the immediate parent; the immediate parent itself; and the NSW Treasury, which is controlled by the ultimate parent.

The Public Private Partnership relates to the provision of service-enabling infrastructure that includes private sector delivering a combination of design, construction, financing, maintenance, operations and delivery of clinical and non-clinical services. Payments are made by the HNELHD to the private sector entities on the basis of delivery of assets or service delivery. The liability to pay the private sector entities is based on financing arrangements involving Consumer Price Index (CPI)-linked finance and fixed finance.

In 2005-06, the Health Administration Corporation entered into a contract with a private sector provider, NovaCare Project Partnership for financing, design, construction and commissioning of a new Mater Hospital, a mental health facility and refurbishment of existing buildings, and facilities management and delivery of ancillary non-clinical services on the site until November 2033. The redevelopment was completed in three stages. Stage 1 was completed in January 2008 followed by Stage 2 in February 2009. Construction of Stage 3 was completed on 16 June 2009.

When Stage 1 construction was completed in January 2008, the former Hunter New England Area Health Service (HNEAHS) transferred the Mater Hospital to Calvary Mater Newcastle and recognised the transfer as a grant expense of \$71.33M. The recognition was based on the fact that services are delivered by Little Company of Mary Health Care being a Third Schedule Hospital health care provider which is outside the accounting control of either the former HNEAHS or the Ministry of Health. Upon completion of the project, the former HNEAHS transferred the other parts of the new hospital and recognised the transfer of a grant expense of \$35.48M in June 2009.

The former HNEAHS recognised the new mental health facility as an asset of \$39.29M. The refurbished Convent and McAuley buildings at the Mater Hospital site as occupied by the former HNEAHS, was also recognised as an asset and offsetting liability of \$11.08M. The basis for the accounting treatment is that services will be delivered by the former HNEAHS on the site of the Mater Hospital for the duration of the Head Lease of these facilities until November 2033.

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

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Borrowings (continued)

Recognition and Measurement

Borrowings represents interest bearing liabilities mainly raised through NSW Treasury Corporation, lease liabilities, service concession arrangement liabilities, public private partnerships 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 the HNELHD 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

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading such as derivative financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term or on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are economic hedges classified as at fair value through profit or loss unless they are designated as effective hedging instruments.

Derivatives are carried as financial liabilities when the fair value is negative. Gains or losses on derivative liabilities are recognised in the net result as the HNELHD has elected not to apply hedge accounting.

Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- the liabilities are part of a group of financial liabilities, that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

The HNELHD has not designated any financial liability 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Borrowings (continued)

Recognition and Measurement (continued)

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.

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, the HNELHD's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation and an expected credit loss provision.

The HNELHD has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2024 and as at 30 June 2023.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Derivatives \$000	Service concession arrangements \$000	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	-	-	74,371	12,867	87,238
Cash flows	-	-	(3,891)	(2,397)	(6,288)
New leases	-	-	-	505	505
Lease reassessments	-	-	-	44	44
30 June 2023	-	-	70,480	11,019	81,499
1 July 2023	-	-	70,480	11,019	81,499
Cash flows	-	-	(4,348)	(2,811)	(7,159)
New leases	-	-	-	299	299
Lease terminations	-	-	-	(14)	(14)
Lease reassessments	-	-	-	331	331
30 June 2024	-	-	66,132	8,824	74,956

Cash flows from derivatives in the above table will not reconcile to the Statement of Cash Flows as the Statement of Cash Flows presents a net cash movement of financial assets and liabilities.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Provisions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
- Obligations expected to be settled within 12 months	168,895	154,406	-	-
- Obligations expected to be settled after 12 months	84,435	83,799	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	4,847	3,860	-	-
- Obligations expected to be settled after 12 months	42,989	39,533	-	-
Parental leave				
- Obligations expected to be settled within 12 months	13,159	-	-	-
Provision for other employee benefits	6,109	6,886	-	-
Provision for personnel services liability	-	-	320,434	288,484
	320,434	288,484	320,434	288,484
Other Provisions				
Restoration costs	350	153	350	153
	350	153	350	153
Total current provisions	320,784	288,637	320,784	288,637
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	5,302	4,281	-	-
Provision for personnel services liability	-	-	5,302	4,281
	5,302	4,281	5,302	4,281
Other Provisions				
Restoration costs	1,012	1,207	1,012	1,207
	1,012	1,207	1,012	1,207
Total non-current provisions	6,314	5,488	6,314	5,488
Aggregate employee benefits and related on-costs				
Provisions - current	320,434	288,484	-	-
Provisions - non-current	5,302	4,281	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 30)	44,235	33,562	-	-
Liability - purchase of personnel services	-	-	369,971	326,327
	369,971	326,327	369,971	326,327

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Restoration costs				
Carrying amount at beginning of period	1,360	2,646	1,360	2,646
- Additional provisions recognised	2	77	2	77
- Amounts used	-	(1,363)	-	(1,363)
Carrying amount at end of period	1,362	1,360	1,362	1,360

The majority of 'restoration costs' represent the expected cost to restore a leased asset at the end of the lease term. Lease end dates vary across the HNELHD's lease portfolio and therefore the timing of the payments to restore the leased asset at the end of the term will vary. The majority of the 'restoration cost' provision is as per the lease contracts.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other				
Carrying amount at beginning of period	-	5,690	-	5,690
- Amounts used	-	(5,690)	-	(5,690)
Carrying amount at end of period	-	-	-	-

The majority of the 'other' provision represent various contractual related obligations. The HNELHD has recognised the provision amount by taking into consideration all available information at the reporting date and making best management estimation of the obligation. The timing of the payments will vary for each contractual related obligations.

Recognition and Measurement

Employee benefits and other provisions

Salaries and wages, annual leave, allocated days off (ADO), parental leave, sick leave 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, ADO and parental leave 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 21.78% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 21.18%). The HNELHD has assessed the actuarial advice based on the HNELHD's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where the HNELHD does not expect to settle the liability within 12 months as the HNELHD does not have an unconditional right to defer settlement.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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.

Long service leave and superannuation

The HNELHD'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. The HNELHD 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 the HNELHD.

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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Other liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Unearned revenue	1,171	996	1,171	996
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	529	104	529	104
	1,700	1,100	1,700	1,100
Non-current				
Unearned revenue	4,672	5,011	4,672	5,011
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	-	656	-	656
	4,672	5,667	4,672	5,667

Unearned revenue was derived from the following:

- Rent received in advance for Armidale Private Hospital for the forty year period ending 2037.
- Rent received in advance from the University of Newcastle for floor space at the John Hunter Hospital for the twenty years ending 2042.
- Patient fees received in advance of services being provided.

PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity		
	760	2,730
Add: receipt of cash during the financial year	73	1,402
Deduct: income recognised during the financial year	304	3,372
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	529	760

Refer to Note 15 for a description of the HNELHD's obligations under transfers received to acquire or construct non-financial assets to be controlled by the HNELHD.

The HNELHD expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period evenly during the next 1-3 financial years, as the related asset(s) are constructed / acquired.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

35. Commitments

(a) Capital commitments

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	335,610	303,931	335,610	303,931
Later than one year and not later than five years	128,726	269,166	128,726	269,166
Total (including GST)	464,336	573,097	464,336	573,097

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$464.34 million as at 30 June 2024 includes input tax credits of \$42.21 million that are expected to be recoverable from the Australian Taxation Office (2023: \$52.1 million).

36. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

The HNELHD 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

HNELHD has no contingent liabilities (2023: nil) as at 30 June 2024.

(b) Contingent assets

HNELHD has no contingent assets (2023: nil) as at 30 June 2024.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. 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). The HNELHD'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, the HNELHD's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the HNELHD 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 higher than adjusted budget by \$8 million, primarily due to:

Total Expenses were \$78.4M (2.6%) above budget. This is primarily due to Operating Expenses of \$45.2M (6.3%) above budget and Visiting medical officers of \$15.3M (12.4%) above budget.

Total Revenue variance was \$86.2M (2.9%) above budget. Total government contributions were \$80.2M (4.8%) above budget and investment revenue was \$4.3M (166.6%) above budget.

Gain on disposal was \$1.6M (206%) above budget and Impairment losses on financial assets were \$1.6M (193.3%) higher than budget.

Assets and liabilities

Total Assets were \$107.9M (3.0%) above budget.

Current Assets were \$2.9M (1.4%) above budget. All items had a variance to budget of less than 5%.

Non Current Assts were \$104.9M (3.1%) above budget. This primarily relates to revaluation of land, buildings and infrastructure.

Total Liabilities were \$3.8M (0.6%) above budget.

Current Liabilities were \$11.4M (2.2%) above budget. This is primarily due to Current Provisions being \$8.7M (2.8%) above budget, and Borrowings \$5.5M (229.9%) above budget.

Non Current Liabilities were \$7.6M (8.9%) below budget. Represented mainly by Borrowings which were \$6.4M (8.7%) below budget.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. Adjusted budget review (continued)

Cash flows

Net Cash Flows From Operating Activities were \$7.6M (3.6%) above budget. Cash receipts relating to government contributions were \$81.0M (4.9%) above budget and interest received was \$3.8M (123.6%) above budget, while payments to suppliers of goods and services, which were \$96.3M (11.0%) above budget.

Net Cash Flows From Investing Activities were \$5.8M (2.7%) above budget. Purchases of property plant & equipment were \$7.8M (3.6%) above budget, while proceeds from sale of were \$1.9M (166.1%) above budget.

Net Cash Flows From Financing Activities were \$0.9M (13.9%) above budget. Repayment of Borrowings and Advances were \$0.5M (12.1%) above budget and Payment of principal portion of lease liabilities were \$0.4M (16.8%) above budget.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2023 are as follows:

	\$000	\$000
Initial allocation, 1 July 2023		1,189,033
Escalations and growth funding		160,361
Allocated savings		(19,491)
Covid-19 funding	2,911	
Allocation of 1112 FTE nurses and midwives	17,035	
TMF Adjustments	718	
Mental Health Initiatives	3,970	
Rural & Regional – Building and Sustaining the Rural Health Workforce Initiatives	3,774	
Leap Year	5,452	
Deferred Care	12,924	
Dental	6,591	
Voluntary Assisted Dying	1,897	
Gas Contract	1,947	
Towards Zero Suicides	2,168	
Various Special Projects	9,062	
Voluntary Redundancies	335	
ICE Inquiry	6,466	
Other Miscellaneous	(2,792)	72,458
Balance as per Statement of Comprehensive Income		1,402,361

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. 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 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Net cash used on operating activities	219,683	219,833	219,683	219,833
Depreciation and amortisation expense	(139,333)	(141,390)	(139,333)	(141,390)
Allowance for impairment	(2,466)	(1,567)	(2,466)	(1,567)
(Increase) / decrease in other liabilities	396	2,431	396	2,431
Decrease / (increase) in provisions	(32,973)	30,325	(32,973)	30,325
Increase / (decrease) in inventory	(1,278)	715	(1,278)	715
Increase / (decrease) in prepayments and other assets	745	4,470	745	4,470
Decrease / (increase) in payables	(7,737)	7,411	(7,737)	7,411
Decrease / (increase) in contract liabilities	245	2,470	245	2,470
Net gain / (loss) on sale of property, plant and equipment	824	(483)	824	(483)
Net gain / (loss) on disposal of right-of-use assets	8	-	8	-
Assets donated or brought to account (Note 39)	1,173	2,407	1,173	2,407
Net result	39,287	126,622	39,287	126,622

39. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	1,170	2,407	1,170	2,407
Property, plant and equipment acquired by a lease	299	505	299	505
	1,469	2,912	1,469	2,912

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Trust funds

PARENT AND CONSOLIDATION

The HNELHD holds trust funds of \$1.2 million (2023: \$1.7 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 the HNELHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

Category	1 July 2023 Opening equity \$'000	Revenue \$000	Expense \$000	30 June 2024 Closing equity \$'000
Patient Trust	45	8	-	53
Refundable Deposits	207	15	(9)	213
Private Patient Trust Funds	1,358	50,766	(51,239)	885
Third Party Funds	111	621	(686)	46
Total trust funds	1,721	51,410	(51,934)	1,197

Category	1 July 2022 Opening equity \$'000	Revenue \$000	Expense \$000	30 June 2023 Closing equity \$'000
Patient Trust	43	2	-	45
Refundable Deposits	207	38	(38)	207
Private Patient Trust Funds	2,726	47,506	(48,874)	1,358
Third Party Funds	80	643	(612)	111
Total trust funds	3,056	48,189	(49,524)	1,721

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

Category	Purpose
Patient Trust	The safe custody of patients' valuables including monies.
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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Interests in associates

Set out below are the associates of HNELHD as at 30 June 2024 which, in the opinion of management, are material to the group. The proportion of ownership interest held by the group equals the voting rights held by the group.

Name of entity	Place of business and country of incorporation	Class of shares	Ownership interest held by HNELHD		Nature of relationship	Measurement method	Carrying Amount	
			2024	2023			2024	2023
			%	%			\$000	\$000
Hunter Medical Research Institute	Australia	Not applicable	25	25	Associate	Equity method	-	-

Hunter Medical Research Institute is a company limited by guarantee, whose constitution prohibits the distribution of funds to its members. Accordingly the carrying amount has been equity accounted at nil value and as such no financial information has been disclosed. Hunter Medical Research Institute has a 31 December reporting period.

Refer to Note 43(e) for details of the HNELHD's transactions with its Associates

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Financial instruments

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

The HNELHD's main risks arising from financial instruments are outlined below, together with the HNELHD'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 the HNELHD, 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	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 21)	Amortised cost	124,397	132,314
Receivables (Note 22) ¹	Amortised cost	57,257	53,152
Total financial assets		181,654	185,466
Financial liabilities			
Borrowings (Note 32)	Financial liabilities measured at amortised cost	74,956	81,499
Payables (Note 30) ²	Financial liabilities measured at amortised cost	204,684	196,889
Total financial liabilities		279,640	278,388

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).

The HNELHD 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:

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

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Financial instruments (continued)

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

When the HNELHD 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 the HNELHD has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the HNELHD's continuing involvement in the asset. In that case, the HNELHD also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the HNELHD 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 the HNELHD 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 the HNELHD. 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 the HNELHD, including cash, receivables and authority deposits. No collateral is held by the HNELHD. The HNELHD has not granted any financial guarantees.

Credit risk associated with the HNELHD'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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

The HNELHD 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 contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets 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. The HNELHD has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2024 and 30 June 2023 was determined as follows:

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.98%	2.13%	9.31%	18.68%	46.33%	7.57%
Estimated total gross carrying amount ¹	41,793	2,852	2,094	1,692	6,928	55,359
Expected credit loss	411	61	195	316	3,210	4,193

	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	0.30%	1.11%	2.79%	6.77%	46.80%	6.52%
Estimated total gross carrying amount ¹	38,666	2,351	1,074	975	6,381	49,447
Expected credit loss	115	26	30	66	2,986	3,223

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 and the contract assets total in Note 23.

The HNELHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2024 and 30 June 2023.

ii. Liquidity risk

Liquidity risk is the risk that the HNELHD will be unable to meet its payment obligations when they fall due. The HNELHD 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.

The HNELHD 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. The HNELHD's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

The HNELHD 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 the HNELHD 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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

The table below summarises the maturity profile of the HNELHD'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		Non - Interest Bearing \$000	Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000		< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2024								
Payables:								
- Creditors ²		204,684	-	-	204,684	204,684	-	-
Borrowings:								
- Other loans and deposits	2.17	7,157	7,157	-	-	1,537	4,512	1,108
- Lease liabilities	2.14	8,945	8,945	-	-	3,055	5,890	-
- Public Private Partnership	8.36	92,231	92,231	-	-	8,811	37,506	45,914
		313,017	108,333	-	204,684	218,087	47,908	47,022
2023								
Payables:								
- Creditors ²		196,889	-	-	196,889	196,889	-	-
Borrowings:								
- Other loans and deposits	2.22	8,694	8,694	-	-	1,537	5,330	1,827
- Lease liabilities	2.07	11,410	11,410	-	-	2,817	8,593	-
- Public Private Partnership	8.36	100,828	100,828	-	-	8,597	36,590	55,641
		317,821	120,932	-	196,889	209,840	50,513	57,468

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the HNELHD 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).

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Financial instruments (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. The HNELHD's exposures to market risk are primarily through interest rate risk on the HNELHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The HNELHD 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 the HNELHD 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 2023. 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 the HNELHD's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp.

The HNELHD 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, the HNELHD 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:

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	2024		2023	
	(\$000)		(\$000)	
	-1%	1%	-1%	1%
Net result	(583)	583	(618)	618
Equity	(583)	583	(618)	618

42. Financial instruments (continued)

(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.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

43. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2024	2023
	\$000	\$000
Short-term employee benefits	240	187
Post-employment benefits	26	18
	266	205

During the financial year, Hunter New England Local Health District obtained key management personnel services from the immediate parent and incurred \$465 thousand (2023: \$781 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

The HNELHD'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 (2023: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2023: \$Nil).

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

During the financial year and comparative year, the HNELHD 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, maintenance services, domestic supplies and services, food supplies and corporate support services.
- Health Administration Corporation provides some specialised services which includes pathology related costs.
- Rental expenses.
- Staff related costs in relation to various secondments and arrangements.
- Various grants and subsidies towards research and other projects.
- Blood and blood products.
- Special service departments.
- Domestic service departments.
- Domestic supplies and services.
- Food supplies.
- Hospital ambulance transport costs.
- Information management expenses.
- Motor vehicle expenses.
- Drug supplies.
- Disability equipment support expenses.
- Other operating expenses.

Hunter New England Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

43. Related party disclosures (continued)

(d) Transactions the HNELHD 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.
- Motor vehicle toll expenses.
- Insurance costs.
- Various grants and subsidies towards research and other projects.
- Professional services (excluding consultancy).
- Repairs and maintenance.

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.
- Rental income.
- Other revenue.

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).
- Various grants and other contributions towards research and other projects.
- Motor vehicle rebates.
- Insurance refunds.
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation.

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.
- 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.

(e) Transactions the HNELHD had with Associates

The following operating expenses were incurred with Associates of the HNELHD:

- Consultancy costs
- Grants to Research Organisations
- Special Service Departments
- Education and Training
- Information Management Expenses
- Licences and Charges
- Food Supplies
- Other Operating Expenditure

The following revenues were incurred with Associates of the HNELHD:

- Various grants and contributions towards research and other projects.
- Other Revenue.

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions.

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