



INDEPENDENT AUDITOR'S REPORT

Illawarra Shoalhaven Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Illawarra Shoalhaven Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 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, and notes to the financial statements, including a Statement of Material Accounting Policy and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 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 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 adjustment budget information detailed in Note 36. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that unlike the requirement in AASB 1055

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

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

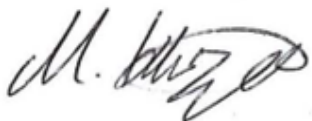
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

10 September 2024
SYDNEY

Illawarra Shoalhaven Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2024



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

1. The financial statements of Illawarra Shoalhaven Local Health District for the year ended 30 June 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 Illawarra Shoalhaven 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. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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

Margot Mains

Chief Executive

10 September 2024

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

Damien Van Rosmalen

Executive Director, Finance and Corporate Services

10 September 2024

Illawarra Shoalhaven Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
Notes		\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	847,492	830,267	785,115	-	-
Personnel services	3	-	-	-	821,134	766,182
Visiting medical officers	4	68,637	52,345	55,225	68,637	55,225
Operating expenses	5	334,567	314,485	362,895	334,567	362,895
Depreciation and amortisation	6	48,062	43,396	46,007	48,062	46,007
Grants and subsidies	7	7,608	8,883	5,485	7,608	5,485
Finance costs	8	646	222	508	646	508
Total expenses excluding losses		1,307,012	1,249,598	1,255,235	1,280,654	1,236,302
Revenue						
Ministry of Health recurrent allocations	11	666,106	634,230	1,081,162	666,106	1,081,162
Ministry of Health capital allocations	11	124,473	123,524	87,239	124,473	87,239
Acceptance by the Crown ² of employee benefits	15	26,358	26,746	18,933	-	-
Sale of goods and services from contracts with customers	12	121,891	121,434	115,150	121,891	115,150
Investment revenue	13	2,288	1,068	1,537	2,288	1,537
Grants and other contributions	14	449,090	428,058	15,311	449,090	15,311
Other income	16	2,127	1,309	1,490	2,127	1,490
Total revenue		1,392,333	1,336,369	1,320,822	1,365,975	1,301,889
Operating result		85,321	86,771	65,587	85,321	65,587
Gains / (losses) on disposal	17	(297)	-	(124)	(297)	(124)
Impairment losses on financial assets	21	(223)	(2)	(742)	(223)	(742)
Other gains / (losses)	18	(5)	(4)	(101)	(5)	(101)
Net result from continuing operations	37	84,796	86,765	64,620	84,796	64,620
Net result		84,796	86,765	64,620	84,796	64,620

Illawarra Shoalhaven Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024 (continued)

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	24	21,572	-	33,726	21,572	33,726
Total other comprehensive income		21,572	-	33,726	21,572	33,726
TOTAL COMPREHENSIVE INCOME		106,368	86,765	98,346	106,368	98,346

¹ Unaudited adjusted budget, see Note 36.

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

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District

Statement of Financial Position as at 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	20	35,759	41,115	44,927	35,759	44,927
Receivables	21	70,320	61,779	32,702	70,320	32,702
Inventories	22	9,612	9,612	9,221	9,612	9,221
Total current assets		115,691	112,506	86,850	115,691	86,850
Non-current assets						
Receivables	21	-	-	30,651	-	30,651
Other financial assets	23	2,555	2,480	2,480	2,555	2,480
Property, plant & equipment	24					
- Land and buildings		846,158	772,696	691,202	846,158	691,202
- Plant and equipment		43,908	47,736	37,546	43,908	37,546
- Infrastructure systems		44,553	95,573	98,824	44,553	98,824
Total property, plant & equipment		934,619	916,005	827,572	934,619	827,572
Right-of-use assets	25	16,531	21,227	18,186	16,531	18,186
Intangible assets	26	107	107	144	107	144
Total non-current assets		953,812	939,819	879,033	953,812	879,033
Total assets		1,069,503	1,052,325	965,883	1,069,503	965,883

Illawarra Shoalhaven Local Health District

Statement of Financial Position as at 30 June 2024 (continued)

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
LIABILITIES						
Current liabilities						
Payables	29	73,484	71,535	84,277	73,484	84,277
Contract liabilities	30	273	309	309	273	309
Borrowings	31	5,105	4,401	5,133	5,105	5,133
Provisions	32	146,435	143,775	134,287	146,435	134,287
Total current liabilities		225,297	220,020	224,006	225,297	224,006
Non-current liabilities						
Borrowings	31	13,941	19,335	16,121	13,941	16,121
Provisions	32	2,360	2,360	1,912	2,360	1,912
Other non-current liabilities	33	7,489	9,796	9,796	7,489	9,796
Total non-current liabilities		23,790	31,491	27,829	23,790	27,829
Total liabilities		249,087	251,511	251,835	249,087	251,835
Net assets		820,416	800,814	714,048	820,416	714,048
EQUITY						
Reserves		271,238	249,877	249,876	271,238	249,876
Accumulated funds		549,178	550,937	464,172	549,178	464,172
Total Equity		820,416	800,814	714,048	820,416	714,048

¹ Unaudited adjusted budget, see Note 36.

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District

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

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023		464,172	249,876	714,048
Net result for the year		84,796	-	84,796
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	21,572	21,572
Total other comprehensive income		-	21,572	21,572
Total comprehensive income for the year		84,796	21,572	106,368
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		210	(210)	-
Balance at 30 June 2024		549,178	271,238	820,416

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		400,461	216,150	616,611
Correction of error - long service leave calculations		(909)	-	(909)
Balance at 1 July 2022		399,552	216,150	615,702
Net result for the year		64,620	-	64,620
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	33,726	33,726
Total other comprehensive income		-	33,726	33,726
Total comprehensive income for the year		64,620	33,726	98,346
Balance at 30 June 2023		464,172	249,876	714,048

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven 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		(819,179)	(805,698)	(788,897)	-	-
Suppliers for goods and services		(440,599)	(406,728)	(430,515)	(440,599)	(430,515)
Grants and subsidies		(8,196)	(9,470)	(5,814)	(8,196)	(5,814)
Finance costs		(647)	(222)	(508)	(647)	(508)
Personnel services		-	-	-	(819,179)	(788,897)
Total payments		(1,268,621)	(1,222,118)	(1,225,734)	(1,268,621)	(1,225,734)
Receipts						
Ministry of Health recurrent allocations		666,106	634,230	1,081,162	666,106	1,081,162
Ministry of Health capital allocations		124,473	123,524	87,239	124,473	87,239
Reimbursements from the Crown ²		14,361	14,361	12,849	14,361	12,849
Sale of goods and services		112,788	123,451	106,847	112,788	106,847
Interest received		2,198	227	1,464	2,198	1,464
Grants and other contributions		448,337	428,887	15,576	448,337	15,576
Other		24,550	24,331	23,253	24,550	23,253
Total receipts		1,392,813	1,349,011	1,328,390	1,392,813	1,328,390
NET CASH FLOWS FROM OPERATING ACTIVITIES	37	124,192	126,893	102,656	124,192	102,656
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		35	-	110	35	110
Purchases of property, plant and equipment and intangibles		(127,531)	(130,342)	(91,439)	(127,531)	(91,439)
Purchases of financial assets		-	840	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(127,496)	(129,502)	(91,329)	(127,496)	(91,329)

Illawarra Shoalhaven Local Health District

Statement of Cash Flows for the year ended 30 June 2024 (continued)

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances		(523)	(523)	(508)	(523)	(508)
Payment of principal portion of lease liabilities		(5,341)	(680)	(4,813)	(5,341)	(4,813)
NET CASH FLOWS FROM FINANCING ACTIVITIES						
		(5,864)	(1,203)	(5,321)	(5,864)	(5,321)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	20	44,927	44,927	38,921	44,927	38,921
CLOSING CASH AND CASH EQUIVALENTS						
	20	35,759	41,115	44,927	35,759	44,927

¹ Unaudited adjusted budget, see Note 36.

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

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2024 have been authorised for issue by the Chief Executive on 10 September 2024.

b) Basis of preparation

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

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Government Sector Finance Act 2018* ('GSF Act'), the *Government Sector Finance Regulation 2024*; and
- * Treasurer's Directions issued under the GSF Act.

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

The Secretary of NSW Health, the Chair of Illawarra Shoalhaven Local Health District Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under ISLHD's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where ISLHD fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including withholding or providing additional financial support and increased management interaction.

Illawarra Shoalhaven 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.
- * ISLHD has the capacity to review the timing of Ministry of Health allocation cash flows to ensure debts can be paid when they become due and payable.
- * ISLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by ISLHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry of Health throughout the financial year.

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

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

c) 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 5 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 28 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.

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

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

ISLHD applied AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates for the first time from 1 July 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 ISLHD.

Illawarra Shoalhaven 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*	729,569	685,206	-	-
Superannuation - defined benefit plans	1,996	2,679	-	-
Superannuation - defined contribution plans	76,016	67,676	-	-
Long service leave	26,728	16,679	-	-
Redundancies	981	965	-	-
Workers' compensation insurance	12,105	11,831	-	-
Fringe benefits tax	97	79	-	-
	847,492	785,115	-	-

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

Refer to Note 32 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$1.54 million (2023: \$1.59 million) have been capitalised in property, plant and equipment and intangible 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*	-	-	729,569	685,206
Superannuation - defined contribution plans	-	-	76,016	67,676
Long service leave	-	-	2,366	425
Redundancies	-	-	981	965
Workers' compensation insurance	-	-	12,105	11,831
Fringe benefits tax	-	-	97	79
	-	-	821,134	766,182

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

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

Personnel services of \$1.54 million (2023: \$1.59 million) have been capitalised in property, plant and equipment and intangible 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 ISLHD's hospitals. VMO expenses of \$68.64 million (2023: \$55.23 million) represent part of the day-to-day running costs incurred in the normal operations of ISLHD. These costs are expensed as incurred.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Advertising	150	231	150	231
Agency expenses	4,237	3,332	4,237	3,332
Auditor's remuneration - audit of financial statements	211	201	211	201
Blood and blood products	9,501	7,337	9,501	7,337
Consultants	229	606	229	606
Contractors	1,778	1,907	1,778	1,907
Corporate support services	6,755	5,415	6,755	5,415
Courier and freight	639	805	639	805
Disability equipment support expenses	807	780	807	780
Domestic supplies and services	12,343	11,482	12,343	11,482
Drug supplies	38,278	42,782	38,278	42,782
Expenses relating to short-term leases	3,435	3,146	3,435	3,146
Expenses relating to leases of low-value assets	2,478	2,470	2,478	2,470
Food supplies	24,232	23,305	24,232	23,305
Fuel, light, power and water	7,898	7,392	7,898	7,392
Hosted services purchased from entities controlled by the immediate parent	10,274	10,024	10,274	10,024
Information management expenses	23,725	22,165	23,725	22,165
Insurance	1,952	1,741	1,952	1,741
Legal services	368	31	368	31
Maintenance (see Note 5 (a))	17,714	22,176	17,714	22,176
Medical and surgical supplies (including prostheses)	49,726	50,859	49,726	50,859
Membership / professional fees	486	397	486	397
Motor vehicle expenses	1,090	1,034	1,090	1,034
Outsourced patient services	37,328	65,449	37,328	65,449
Patient transport costs	15,709	14,863	15,709	14,863
Postal and telephone costs	1,696	1,886	1,696	1,886
Printing and stationery	1,234	1,433	1,234	1,433
Professional services (excluding consultants)	1,208	1,194	1,208	1,194
Quality assurance / accreditation	38	16	38	16
Rates and charges	21	172	21	172
Security services	432	333	432	333
Specialised services (dental, radiology, pathology, renal and allied health)	48,734	49,395	48,734	49,395
Staff related costs	1,574	1,060	1,574	1,060
Travel related costs	5,272	4,613	5,272	4,613
Other miscellaneous	3,015	2,863	3,015	2,863
	334,567	362,895	334,567	362,895

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses (continued)

Other miscellaneous of \$3.02 million (2023: \$2.86 million) includes books, magazines & journals, capital project expenses, functions, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, Third Party Car Parking Management Fees, other intra health expenses, other management services, patient support services and translator services amongst others.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Reconciliation of total maintenance expense				
Corrective maintenance	4,853	8,604	4,853	8,604
Planned maintenance	8,627	7,295	8,627	7,295
New / replacement equipment under \$10,000	4,200	6,105	4,200	6,105
Other	34	172	34	172
Maintenance expense - contracted labour and other (non-employee related) in Note 5	17,714	22,176	17,714	22,176
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	2,775	2,299	2,775	2,299
	20,489	24,475	20,489	24,475

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

Illawarra Shoalhaven 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	31,754	29,209	31,754	29,209
Depreciation - plant and equipment	7,710	7,827	7,710	7,827
Depreciation - infrastructure systems	3,252	4,026	3,252	4,026
Depreciation - right-of-use buildings	2,145	2,019	2,145	2,019
Depreciation - right-of-use plant and equipment	3,164	2,909	3,164	2,909
Amortisation - intangible assets	37	17	37	17
	48,062	46,007	48,062	46,007

Refer to Note 24 Property, plant and equipment, Note 25 Leases, and Note 26 Intangible assets for recognition and measurement policies on depreciation and amortisation.

7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-government organisations	4,745	4,474	4,745	4,474
Grants to research organisations	287	222	287	222
Grants to entities controlled by the immediate parent	1,574	732	1,574	732
Other grants	1,002	57	1,002	57
	7,608	5,485	7,608	5,485

Recognition and Measurement

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

8. Finance costs

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest expense from lease liabilities	567	412	567	412
Interest expense from financial liabilities at amortised cost	79	94	79	94
Other interest charges	-	2	-	2
	646	508	646	508

Recognition and Measurement

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

9. Revenue

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

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

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

10. 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 ISLHD.

The lead Minister for ISLHD, being the Minister for Health, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time ISLHD receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by ISLHD. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that ISLHD receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is 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. ISLHD's spending authority and expenditure is included in the summary of compliance.

The delegation / sub-delegations for 2024 and 2023, authorising officers of the ISLHD to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the ISLHD. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation / sub-delegations are subject to the overall authority of the Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

11. Ministry of Health allocations

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

12. 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	17,019	18,755	17,019	18,755
Sale of prostheses	2,273	2,376	2,273	2,376
Other	56	70	56	70
	19,348	21,201	19,348	21,201

(b) Rendering of services comprise the following:

Patients

Patient Fees:

- Inpatient fees	54,703	47,057	54,703	47,057
- Nursing home fees	1,950	2,399	1,950	2,399
- Non inpatient fees	3,168	2,892	3,168	2,892
Department of Veterans' Affairs	10,049	9,012	10,049	9,012
Motor Accident Authority third party	4,275	4,121	4,275	4,121
Patient transport fees	-	14	-	14

Staff

Private use of motor vehicles	130	156	130	156
Salary packaging fee	201	318	201	318
Meals and accommodation	116	88	116	88
Child care fees	93	475	93	475

General community

Car parking	1,935	1,029	1,935	1,029
Clinical services (excluding clinical drug trials)	235	125	235	125
Commercial activities	2,146	770	2,146	770
Fees for conferences and training	322	319	322	319
Fees for medical records	98	110	98	110
Information retrieval	1	2	1	2

Non-NSW Health entities

Services to other organisations	363	2,358	363	2,358
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Entities controlled by the immediate parent

Hosted service revenues	401	337	401	337
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Other

Infrastructure fees - annual charge	5,027	5,914	5,027	5,914
Infrastructure fees - monthly facility charge	16,901	16,021	16,901	16,021
Other	429	432	429	432

	102,543	93,949	102,543	93,949
	121,891	115,150	121,891	115,150

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement

Sale of goods

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

Refer to Note 30 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when ISLHD expects to recognise the unsatisfied portion as revenue.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	2,213	1,464	2,213	1,464
Finance income on the net investment in the lease	75	73	75	73
	2,288	1,537	2,288	1,537

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).

Finance income on the net investment in the lease

Finance income on the net investment in the lease relates to finance income recognised from the accounting of finance leases as a lessor. Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. 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	6,415	-	6,415	-
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	401,791	-	401,791	-
Cancer Institute grants received from an entity controlled by the immediate parent	1,341	1,214	1,341	1,214
Clinical trials and research grants	3,748	3,094	3,748	3,094
Commonwealth government grants received for community based services	3,098	3,123	3,098	3,123
Commonwealth government grants other	655	576	655	576
Grants from entities controlled by the ultimate parent	111	59	111	59
Other grants from entities controlled by the immediate parent	-	539	-	539
Other grants	2,814	2,517	2,814	2,517
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	27,100	-	27,100	-
Commonwealth government grants other	24	3	24	3
Grants from entities controlled by the ultimate parent	592	165	592	165
Other grants from entities controlled by the immediate parent	194	452	194	452
Other grants	35	840	35	840
Donations				
Donations	1,172	2,729	1,172	2,729
	449,090	15,311	449,090	15,311

* Represents funding received by ISLHD 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 11).

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Grants and other contributions (continued)

Recognition and Measurement

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

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

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

Refer to Note 30 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

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

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

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Superannuation - defined benefit plans	1,996	2,680	-	-
Long service leave provision	24,362	16,253	-	-
	26,358	18,933	-	-

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

16. Other income

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other income comprises the following:				
Commissions	7	44	7	44
Discounts	314	155	314	155
Insurance refunds	480	153	480	153
Rental income				
- Other rental income	1,182	1,111	1,182	1,111
Sponsorship	10	-	10	-
Other	134	27	134	27
	2,127	1,490	2,127	1,490

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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

17. 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	331	233	331	233
Less: proceeds from disposal	35	110	35	110
Net gains / (losses) on disposal	(296)	(123)	(296)	(123)
Right-of-use assets				
Written down value of assets disposed	31	11	31	11
Less : lease liabilities extinguished	30	10	30	10
Net gains / (losses) on disposal	(1)	(1)	(1)	(1)
Total gains / (losses) on disposal	(297)	(124)	(297)	(124)

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

18. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(4)	(97)	(4)	(97)
Foreign exchange gains / (losses)	(1)	(4)	(1)	(4)
	(5)	(101)	(5)	(101)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by ISLHD 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 21 Receivables
- Note 24 Property, plant and equipment

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

ISLHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. ISLHD determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 28 Restricted assets.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. Cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Cash at bank and on hand	403	44,927	403	44,927
Cash at bank - held by HealthShare NSW*	35,356	-	35,356	-
	35,759	44,927	35,759	44,927

* Represents cash held by HealthShare NSW, a controlled entity of the immediate parent, in a central bank account, on behalf of ISLHD for its operating and investing activities. It is an operational bank account that earns interest on daily bank balances. Refer to Note 13 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)	35,759	44,927	35,759	44,927
	35,759	44,927	35,759	44,927

Refer to Note 41 for details regarding credit risk and market risk arising from financial instruments.

Most cash and cash equivalents held by ISLHD are restricted assets. Refer to Note 28 for details of restricted assets.

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	20,936	15,148	20,936	15,148
Intra health receivables	12,132	7,231	12,132	7,231
Goods and Services Tax	2,440	5,715	2,440	5,715
Other receivables	2,993	2,488	2,993	2,488
Sub total	38,501	30,582	38,501	30,582
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(914)	(1,099)	(914)	(1,099)
- Other receivables	(7)	(8)	(7)	(8)
Sub total	37,580	29,475	37,580	29,475
Prepayments	32,740	3,227	32,740	3,227
	70,320	32,702	70,320	32,702

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(1,099)	(594)	(1,099)	(594)
Amounts written off during the year	392	227	392	227
(Increase) / decrease in allowance recognised in the net result ¹	(207)	(732)	(207)	(732)
Balance at the end of the year	(914)	(1,099)	(914)	(1,099)
Other receivables				
Balance at the beginning of the year	(8)	(12)	(8)	(12)
Amounts written off during the year	17	13	17	13
(Increase) / decrease in allowance recognised in the net result	(16)	(10)	(16)	(10)
Balance at the end of the year	(7)	(8)	(7)	(8)
	(921)	(1,107)	(921)	(1,107)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-current				
Prepayments	-	30,651	-	30,651
	-	30,651	-	30,651

¹ Includes total impairment loss of \$0.21 million (2023: \$0.73 million) recognised on receivables from contracts with customers.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Receivables (continued)

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

Current and non-current include:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Patient fees - compensable	1,404	1,277	1,404	1,277
Patient fees - Medicare ineligible	2,122	1,518	2,122	1,518
Patient fees - inpatient & other	10,585	10,657	10,585	10,657
	14,111	13,452	14,111	13,452

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 41.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 21)	33,067	22,379	33,067	22,379
Total contract receivables	33,067	22,379	33,067	22,379

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

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

Impairment

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Inventories

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Held-for-distribution				
Drug supplies	2,747	2,852	2,747	2,852
Medical and surgical supplies	5,974	5,592	5,974	5,592
Other including goods in transit	891	777	891	777
	9,612	9,221	9,612	9,221

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 ISLHD would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

23. Other financial assets

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-current				
Receivables on finance leases as lessor (Note 25)	2,555	2,480	2,555	2,480
	2,555	2,480	2,555	2,480

Refer to Note 41 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

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

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

Subsequent measurement

Financial assets at amortised cost

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

23. Other financial assets (continued)

Recognition and Measurement (continued)

Impairment

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. 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	1,195,853	105,194	161,555	1,462,602
Less: accumulated depreciation and impairment	560,651	63,055	65,092	688,798
Net carrying amount	635,202	42,139	96,463	773,804

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	635,202	42,139	96,463	773,804
Additions	57,235	2,949	662	60,846
Disposals	-	(233)	-	(233)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	491	-	491
Net revaluation increments less revaluation decrements	27,564	-	6,162	33,726
Depreciation expense	(29,209)	(7,827)	(4,026)	(41,062)
Reclassifications	410	27	(437)	-
Net carrying amount at end of year	691,202	37,546	98,824	827,572

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 27.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. 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	1,312,022	106,608	172,745	1,591,375
Less: accumulated depreciation and impairment	620,820	69,062	73,921	763,803
Net carrying amount	691,202	37,546	98,824	827,572

	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	691,202	37,546	98,824	827,572
Additions	113,957	14,565	-	128,522
Disposals	(49)	(282)	-	(331)
Net revaluation increments less revaluation decrements	26,221	-	(4,649)	21,572
Depreciation expense	(31,754)	(7,710)	(3,252)	(42,716)
Reclassifications	46,581	(211)	(46,370)	-
Net carrying amount at end of year	846,158	43,908	44,553	934,619

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	1,491,115	115,158	99,924	1,706,197
Less: accumulated depreciation and impairment	644,957	71,250	55,371	771,578
Net carrying amount	846,158	43,908	44,553	934,619

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.

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

PARENT AND CONSOLIDATION

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. 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 ISLHD and records all costs incurred as work in progress or expenses and subsequently transfers those costs to ISLHD. The costs are then accordingly reflected in ISLHD's financial statements. ISLHD 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 ISLHD are deemed to be controlled by ISLHD and are reflected as such in the financial statements.

Capitalisation thresholds

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

Depreciation of property, plant and equipment

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

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

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

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

	Useful lives	Useful lives
	2024	2023
Buildings	30-70 years	30-70 years
Buildings - leasehold improvements	3-10 years	3-10 years
Plant and equipment	4-20 years	4-20 years
Infrastructure Systems	40 years	40 years

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

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

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

Right-of-use assets acquired by lessees

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

Further information on leases is contained in Note 25.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. 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. ISLHD conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure. Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. ISLHD uses an independent professionally qualified valuer for such interim revaluations.

The last comprehensive revaluation was completed on 31 December 2023 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 0.00% in market prices for land and material increases in construction and labour costs of 3.00% for buildings and 3.00% 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 2024.

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

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

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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases

(a) Entity as a lessee

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

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

Potential future cash outflows of \$0.04m have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

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

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	7,216	10,970	18,186
Additions	350	3,010	3,360
Reassessments	321	4	325
Disposals	-	(31)	(31)
Depreciation expense	(2,145)	(3,164)	(5,309)
Balance at 30 June 2024	5,742	10,789	16,531

PARENT AND CONSOLIDATION

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Balance at 1 July	18,480	16,419
Additions	3,360	4,312
Interest expenses	567	412
Payments	(5,908)	(5,225)
Terminations / derecognition	(29)	(10)
Other adjustments	324	2,572
Balance at 30 June	16,794	18,480

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

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	5,309	4,928
Interest expense on lease liabilities	567	412
Expenses relating to short-term leases	3,435	3,146
Expenses relating to leases of low-value assets	2,478	2,470
(Gains) / losses on disposal	1	1
Total amount recognised in the statement of comprehensive income	11,790	10,957

ISLHD had total cash outflows for leases of \$11.82 million for the year ended 30 June 2024 (2023: \$10.84 million).

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases (continued)

Recognition and Measurement

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

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

i. Right-of-use assets

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 20 years
Motor vehicles and other equipment	1 to 15 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. ISLHD does not borrow funds in the market. Instead they receive an allocation of the appropriations from the Crown and where the Crown needs additional funding, Treasury Corporation (TCorp) goes to the market to obtain these funds. As a result, ISLHD is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. 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 ISLHD 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

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases (continued)

(b) Entity as a lessor (continued)

Reconciliation of net investment in leases

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Unguaranteed residual amounts - undiscounted	4,767	4,767
Less: unearned finance income	(2,212)	(2,287)
Net investment in finance lease	2,555	2,480

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	148	395
One to two years	27	121
Two to three years	16	5
Total (excluding GST)	191	521

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Intangible assets

PARENT AND CONSOLIDATION

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

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

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

	Software \$000	Total \$000
Year ended 30 June 2024		
Net carrying amount at beginning of year	144	144
Amortisation (recognised in depreciation and amortisation)	(37)	(37)
Net carrying amount at end of year	107	107

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Intangible assets (continued)

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 30 June 2024		
Cost (gross carrying amount)	1,399	1,399
Less: accumulated amortisation and impairment	1,292	1,292
Net carrying amount	107	107

Recognition and Measurement

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

27. 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, ISLHD categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2024	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	12,441	647,779	660,220
- Infrastructure systems	-	-	44,437	44,437
	-	12,441	692,216	704,657

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 24.

	Level 1	Level 2	Level 3	Total Fair Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	17,854	598,071	615,925
- Infrastructure systems	-	-	98,708	98,708
	-	17,854	696,779	714,633

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 24.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems ISLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Opteon Property Group for the 2023-24 financial year. Opteon Property Group is an independent entity and is not an associated entity of ISLHD.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 24).

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

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

2024	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2023	598,071	98,708	696,779
Additions*	3,502	-	3,502
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	26,117	(4,649)	21,468
Transfers from Level 2	4,070	-	4,070
Depreciation expense	(30,351)	(3,252)	(33,603)
Reclassification	46,370	(46,370)	-
Fair value as at 30 June 2024	647,779	44,437	692,216

2023	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2022	585,327	95,979	681,306
Additions*	14,364	593	14,957
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	27,564	6,162	33,726
Depreciation expense	(29,184)	(4,026)	(33,210)
Fair value as at 30 June 2023	598,071	98,708	696,779

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Restricted assets

PARENT AND CONSOLIDATION

ISLHD'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			30 June 2024
	Opening \$000	Revenue \$000	Expense \$000	Closing \$000
Facility improvements	12,938	839	6,322	7,455
Patient welfare	2,282	466	357	2,391
Private practice disbursements (No.2 Accounts)	20,739	5,461	3,975	22,225
Public contributions	1,093	231	220	1,104
Clinical trials	596	12	13	595
Research	2,085	175	361	1,899
Staff welfare	186	203	206	183
Training and education including conferences	2,812	307	166	2,953
	42,731	7,694	11,620	38,805

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Restricted assets (continued)

Category	Purpose
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients'.
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.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.

Unclaimed monies

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	14,007	9,321	-	-
Salaries and wages deductions	196	103	-	-
Accrued liability - purchase of personnel services	-	-	14,203	9,424
Creditors	35,511	55,869	35,511	55,869
Other creditors				
- Payables to entities controlled by the immediate parent	23,770	18,984	23,770	18,984
	73,484	84,277	73,484	84,277

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 41.

Recognition and Measurement

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	273	309	273	309
	273	309	273	309

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	309	696	309	696
Transaction price allocated to the remaining performance obligations from contracts with customers	273	309	273	309

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	273	-	-	-	273
	273	-	-	-	273

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

31. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Other loans and deposits	538	522	538	522
Lease liabilities (see Note 25)	4,567	4,611	4,567	4,611
	5,105	5,133	5,105	5,133
Non-current				
Other loans and deposits	1,714	2,252	1,714	2,252
Lease liabilities (see Note 25)	12,227	13,869	12,227	13,869
	13,941	16,121	13,941	16,121

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

Final repayment of loan is scheduled for 30 June 2028.

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 41.

Recognition and Measurement

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless ISLHD has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 41 (b) for derecognition policy.

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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

31. Borrowings (continued)

Recognition and Measurement

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

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

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	3,282	16,419	19,701
Cash flows	(508)	(4,813)	(5,321)
New Leases	-	4,312	4,312
Lease terminations	-	(10)	(10)
Lease reassessments	-	2,572	2,572
30 June 2023	2,774	18,480	21,254
1 July 2023	2,774	18,480	21,254
Cash flows	(522)	(5,341)	(5,863)
New leases	-	3,360	3,360
Lease terminations	-	(30)	(30)
Lease reassessments	-	325	325
30 June 2024	2,252	16,794	19,046

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. 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	79,254	72,318	-	-
- Obligations expected to be settled after 12 months	37,128	38,644	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	2,185	1,733	-	-
- Obligations expected to be settled after 12 months	19,139	17,674	-	-
Parental leave				
- Obligations expected to be settled within 12 months	4,986	-	-	-
Provision for other employee benefits	3,743	3,918	-	-
Provision for personnel services liability	-	-	146,435	134,287
Total current provisions	146,435	134,287	146,435	134,287
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	2,360	1,912	-	-
Provision for personnel services liability	-	-	2,360	1,912
	2,360	1,912	2,360	1,912
Total non-current provisions	2,360	1,912	2,360	1,912
Aggregate employee benefits and related on-costs				
Provisions - current	146,435	134,287	-	-
Provisions - non-current	2,360	1,912	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 29)	14,203	9,424	-	-
Liability - purchase of personnel services	-	-	162,998	145,623
	162,998	145,623	162,998	145,623

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Provisions (continued)

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 22.18% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 21.40%). ISLHD has assessed the actuarial advice based on the ISLHD'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 ISLHD does not expect to settle the liability within 12 months as ISLHD does not have an unconditional right to defer settlement.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. 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

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

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

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

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

Consequential on-costs

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Other liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	7,489	9,796	7,489	9,796
	7,489	9,796	7,489	9,796

PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	9,796	8,929
Add: receipt of cash during the financial year	4,108	867
Deduct: income recognised during the financial year	6,415	-
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	7,489	9,796

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Commitments

(a) Capital commitments

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	131,686	156,684	131,686	156,684
Later than one year and not later than five years	113,518	196,181	113,518	196,181
Total (including GST)	245,204	352,865	245,204	352,865

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$245.2 million as at 30 June 2024 includes input tax credits of \$22.29 million that are expected to be recoverable from the Australian Taxation Office (2023: \$32.08 million).

Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$0.21 million as at 30 June 2024 includes taxable sales of \$0.02 million that are expected to be payable to the Australian Taxation Office (2023: \$0.05 million).

35. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

36. Adjusted budget review

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was lower than adjusted budget by \$2 million, primarily due to:

Expenses were unfavourable to budget by \$57.4 million driven by \$17.2 million in employee related expenses, \$16.3 million in VMOs and \$20.1 million in operating expenses. Employee related expense unfavourable variance is due to medical workforce challenges which increases premium labour costs by \$12.0 million over budget plus additional overtime of \$11.7 million. VMOs are unfavourable to budget due to medical workforce challenges and focusing on in-house surgical volumes. Operating expenses included a number of access and flow programs and initiatives which were unfunded totalling \$28.3 million. Other goods and services costs over budget includes outsourced surgery (\$1.5 million), agency costs (\$2.5 million), pathology (\$3.5 million) and bloods (\$3.0 million).

These overspends were offset during the year by underspend to budget in base salaries (\$39.7 million), PTS (\$0.9 million), dental vouchers (\$0.6 million) and grants (\$1.3 million).

Revenue was favourable to budget by \$55.9 million with additional recurrent and capital allocations from the Ministry of Health accounting for \$32.9 million of this variance. Grants and contributions is favourable to budget by \$21.0 million which relates to additional NHRA funding \$12.5 million, recognition of \$4.0 million in grant funding from ROHPG Scheme upon purchase of a linear accelerator and \$2.4 million received from Department of Education for the preschool build at Shoalhaven Hospital .

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

36. Adjusted budget review (continued)

Assets and liabilities

Current assets are \$3.2 million above budget. Cash is \$5.4 million less than budget due to the general fund bank account being phased out to be closed in FY25. Receivables are \$8.5 million above budget which is driven by additional activity this year and improved private patient fees. Non current assets are \$14.0 million above budget which is primarily related to the revaluation increase to the District's land, buildings and infrastructure assets of \$21.6 million. The revaluation values budgeted were less than actual following the 3% building and infrastructure indices increase which were not anticipated.

Total liabilities are \$2.4 million below budget. Payables are \$1.9 million above budget, attributable to timing of creditors and intra-health payables. Provisions are \$2.6 million above budget partially due to parental leave entitlements now recorded in individual District's results. These have been offset by borrowings being \$4.7 million below budget.

Other non-current liabilities was \$2.3 million below budget due to additional revenue recognition this financial year not budgeted regarding the ROHPG Scheme grant funding.

Cash flows

Net cash flow from operating activities is \$2.7 million unfavourable to budget. An additional \$43.8 million in cash receipts (\$32.9 million relating to Ministry of Health allocations and \$19.4 million relating to NHRA funding) is offset by an additional \$13.5 million in employee related payments and additional \$33.9 million in goods and services payments.

Cash outflows from investment activities is \$2.0 million favourable to budget, which relates to lower than expected capital purchases for new Shellharbour Hospital and Shoalhaven Hospital redevelopment.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

36. Adjusted budget review (continued)

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 19 September 2023 are as follows:

	\$000
Initial allocation, 19 September 2023	527,989
Award increases	35,959
Special projects	
Safe Assessment Unit - Ice Inquiry	5,160
The Special Commission of Inquiry into the Drug 'Ice' Implementation & MERIT Phase	3,172
Federation Funding Agreement for Adult Dental Services	2,850
Mental Health - Towards Zero Suicides	1,398
Funding 20 Temporary Transitional Aged Care Places	3,031
Rural Health Workforce Incentives Scheme (RHWIS)	497
Implementation of the NSW Voluntary Assisted Dying Act 2023	400
Voluntary Assisted Dying Service Delivery (Nov 23 - Jun 24)	242
Opioid Treatment Program	324
NSW Aged Care Assessment Program	287
Enhancement and Integration of Youth Mental Health Services Initiative	236
Smartchain Funding Allocation	184
Health & Development Checks in Early Childhood Education (Part of Brighter Beginners)	540
Organ & Tissue Donation Funding	260
Nursing & Midwifery Strategy Reserves	330
Expansion of Primary Mobile Dental Program	200
Older People's Aftercare Expanded Referral Pathways Pilot	179
Sustaining NSW Families (SNF) Funding to support Vulnerable Families	171
Facilitator for Pregnancy Family Conferencing	148
Adult Survivors Project Innovation Fund (Male Senior Clinician & Aboriginal WF Initiative)	129
Child Dental Benefits Schedule (CDBS)	(135)
Junior Medical Office Living Away from Home Reimbursement Grant	367
Stronger Communities Investment Pool Escalation	151
Extra funding for projects and programs under \$100,000 each	981

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

36. Adjusted budget review (continued)

Other

Expenditure Support for Additional Activity in 2023-24	11,648
Extension of the Statewide 1112 Funding for Safe Staffing Levels	3,110
Workers Compensation TMF Agency Performance Adjustment	2,395
COVID-19 Antiviral Pharmaceutical Drug Allocation from State Stockpile	2,735
Paid Parental Leave	724
Disaster Recovery Clinicians	600
FY24 Budget Relief - Waived Car Parking Fees for Staff	587
FY24 Budget Relief - Gas Price Increase (Jul to Dec)	411
Assistants in Medicine (AIMs)	396
Rural Generalist Medical & GP Procedural Training Program	570
Women's Health Centres	1,002
Commonwealth Grant for John Flynn Prevocational Doctor Program	250
2023-24 Defined Benefit Superannuation Adjustment	383
Integrated Domestic & Family Violence Crisis Response Project	241
Workplace Culture and Safety	218
Staff Experience Lead	204
Resources for Implementation of Safe Staffing Levels	149
Rural Regional & Remote Clinical Trial Enabling Program	181
Highly Specialised Drug Co-Payment	166
Whole of Health Program - Lead Role	180
Interim Depreciation & Amortisation	300
Commonwealth Grant for John Flynn Prevocational Doctor Program	100
Voluntary Redundancy	726
Transitional Aged Care	682
Tertiary Health Study Subsidy Program variances removal 2023-24	776
Support for Deferred Care Elective Surgery 2023-24	4,312
FY24 Movement in Current Assets & Liabilities	15,703
Extra funding for projects and programs under \$100,000 each	431
Balance as per Statement of Comprehensive Income	634,230

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. 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	124,192	102,656	124,192	102,656
Depreciation and amortisation expense	(48,062)	(46,007)	(48,062)	(46,007)
Allowance for impairment	(227)	(839)	(227)	(839)
(Increase) / decrease in other liabilities	2,307	(867)	2,307	(867)
Decrease / (increase) in provisions	(12,596)	11,986	(12,596)	11,986
Increase / (decrease) in inventory	395	(1,562)	395	(1,562)
Increase / (decrease) in prepayments and other assets	8,149	10,480	8,149	10,480
Decrease / (increase) in payables	10,714	(12,039)	10,714	(12,039)
Decrease / (increase) in contract liabilities	37	387	37	387
Net gain / (loss) on sale of property, plant and equipment	(296)	(123)	(296)	(123)
Net gain / (loss) on disposal of right-of-use assets	(1)	(1)	(1)	(1)
Assets donated or brought to account (Note 38)	184	549	184	549
Net result	84,796	64,620	84,796	64,620

38. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	184	549	184	549
Property, plant and equipment acquired by a lease	3,359	4,312	3,359	4,312
	3,543	4,861	3,543	4,861

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Trust funds

PARENT AND CONSOLIDATION

ISLHD holds trust funds of \$302 thousand (2023: \$310 thousand) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

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

Category	1 July 2023			30 June 2024
	Opening equity	Revenue	Expense	Closing equity
	\$'000	\$000	\$000	\$'000
Refundable Deposits	209	16	-	225
Private Patient Trust Funds	(23)	23,909	(23,886)	-
Third Party Funds	124	50	(97)	77
Total trust funds	310	23,975	(23,983)	302

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Interests in associates

PARENT AND CONSOLIDATION

Below are associates ISLHD has an interest in 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 ISLHD		Nature of relationship	Measurement method	Carrying Amount	
			2024	2023			2024	2023
			%	%			\$000	\$000
Keira Institute of Health and Medical Research Limited	Australia	Not applicable	33	-	Associate	Equity	-	-

Keira Institute of Health and Medical Research Limited 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. The Keira Institute of Health and Medical Research has a 30 June reporting period.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 20)	Amortised cost	35,759	44,927
Receivables (Note 21) ¹	Amortised cost	35,140	23,760
Other financial assets (Note 23)	Amortised cost	2,555	2,480
Total financial assets		73,454	71,167
Financial liabilities			
Borrowings (Note 31)	Financial liabilities measured at amortised cost	19,046	21,254
Payables (Note 29) ²	Financial liabilities measured at amortised cost	73,484	84,277
Total financial liabilities		92,530	105,531

Notes

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

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

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

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

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

Trade receivables, other receivables 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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

Receivables - trade receivables, other receivables (continued)

The loss allowance for trade receivables, other receivables 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	0.49%	2.61%	8.33%	22.11%	18.11%	3.48%
Estimated total gross carrying amount ¹	21,131	959	360	787	3,247	26,484
Expected credit loss	104	25	30	174	588	921

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.90%	3.81%	8.90%	15.36%	22.94%	5.50%
Estimated total gross carrying amount ¹	14,610	945	427	612	3,522	20,116
Expected credit loss	131	36	38	94	808	1,107

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 21.

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure					Maturity Dates		
		Nominal	Fixed	Variable	Non -			
	EIR ³ %	Amount ¹ \$000	Interest Rate \$000	Interest Rate \$000	Bearing Interest \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2024								
Payables:								
- Creditors ²		73,484	-	-	73,484	73,484	-	-
Borrowings:								
- Other loans and deposits	2.97%	2,405	2,405	-	-	601	1,804	-
- Lease liabilities	3.33%	19,529	19,529	-	-	5,371	10,674	3,484
		95,418	21,934	-	73,484	79,456	12,478	3,484
2023								
Payables:								
- Creditors ²		84,277	-	-	84,277	84,277	-	-
Borrowings:								
- Other loans and deposits	2.97%	3,006	3,006	-	-	601	2,405	-
- Lease liabilities	2.82%	20,178	20,178	-	-	5,136	11,259	3,783
		107,461	23,184	-	84,277	90,014	13,664	3,783

Notes:

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

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

³ Weighted Average Effective Interest Rate (EIR).

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. 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. ISLHD's exposures to market risk are primarily through interest rate risk on ISLHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. ISLHD has no exposure to foreign currency risk and does not enter into commodity contracts.

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

ISLHD does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

iii. Market risk (continued)

Foreign exchange risk

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Foreign exchange risk is managed using the guidelines set out under NSW Health's Procurement Policy and broader framework under NSW Government Financial Risk Management Policy (TPP 21-14). Central foreign currency denominated bank accounts are maintained by HealthShare NSW to make foreign currency payments on behalf of ISLHD. Further, HealthShare NSW, in discussion with the health entities enters into forward foreign exchange derivative economic hedges with TCorp in accordance with Ministry's internal risk management policies. These hedges are entered in the name of HealthShare NSW and recognised in HealthShare NSW financial statements.

At year end, ISLHD did not hold any material foreign currency denominated monetary assets and monetary liabilities.

(e) Fair value measurement

i. Fair value compared to carrying amount

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. 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	272	383
Post-employment benefits	28	37
	300	420

During the financial year, Illawarra Shoalhaven Local Health District obtained key management personnel services from the immediate parent and incurred \$0.39 million (2023: \$0.40 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

There were no transactions with key management personnel and their close family members (2023: \$Nil).

(c) Transactions with the ultimate parent

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

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Related party disclosures (continued)

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

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

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

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

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

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

- Motor Accident Authority third party revenue received from the State Insurance Regulatory Authority (SIRA)
- Patient revenue relating to Transitional Aged Care Program and Regional Assessment Scheme
- 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 in right of the State of New South Wales
- The majority of the construction of property, plant and equipment is managed and overseen by Health Administration Corporation
- The majority of capital commitments contracted but not provided for related to capital works overseen by the Health Administration Corporation.

43. 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