



INDEPENDENT AUDITOR'S REPORT

Justice Health and Forensic Mental Health Network

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Justice Health and Forensic Mental Health Network (the Network), 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, notes to the financial statements, 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 Network'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 Network 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

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 31. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Network. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Network'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 Network'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 Network carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 September 2024
SYDNEY

Justice Health and Forensic Mental Health Network

Statement by the Accountable Authority
for the year ended 30 June 2024



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

1. The financial statements of the Justice Health and Forensic Mental Health Network for the year ended 30 June 2024 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024*; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Justice Health and Forensic Mental Health Network's financial position as at 30 June 2024 and the financial performance and cash flows for the year then ended; and
3. I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in blue ink, appearing to be 'Ing Yu'.

Ing Yu
Acting Chief Executive
12 September 2024

Justice Health and Forensic Mental Health Network

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	224,910	227,582	209,959	-	-
Personnel services	3	-	-	-	217,764	204,896
Visiting medical officers	4	7,050	7,286	6,044	7,050	6,044
Operating expenses	5	92,957	89,068	85,113	92,957	85,113
Depreciation and amortisation	6	7,015	7,093	6,886	7,015	6,886
Grants and subsidies	7	2,622	2,531	2,414	2,622	2,414
Finance costs	8	5,545	5,556	4,996	5,545	4,996
Total expenses excluding losses		340,099	339,116	315,412	332,953	310,349
Revenue						
Ministry of Health recurrent allocations	11	240,859	236,898	265,138	240,859	265,138
Ministry of Health capital allocations	11	4,167	4,179	15,265	4,167	15,265
Acceptance by the Crown ² of employee benefits	14	7,146	7,249	5,063	-	-
Sale of goods and services from contracts with customers	12	51,146	49,768	40,529	51,146	40,529
Grants and other contributions	13	37,121	36,590	986	37,121	986
Other income	15	20	812	94	20	94
Total revenue		340,459	335,496	327,075	333,313	322,012
Operating result		360	(3,620)	11,663	360	11,663
Gains / (losses) on disposal	16	153	-	1	153	1
Impairment losses on financial assets	19	(903)	-	(662)	(903)	(662)
Other gains / (losses)	17	(203)	(203)	(108)	(203)	(108)
Net result from continuing operations	32	(593)	(3,823)	10,894	(593)	10,894
Net result		(593)	(3,823)	10,894	(593)	10,894
Other comprehensive income						
Changes in revaluation surplus of property, plant and equipment	21	5,819	-	5,902	5,819	5,902
Total other comprehensive income		5,819	-	5,902	5,819	5,902
TOTAL COMPREHENSIVE INCOME		5,226	(3,823)	16,796	5,226	16,796

¹ Unaudited adjusted budget, see Note 31.

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

The accompanying notes form part of these financial statements.

Justice Health and Forensic Mental Health Network

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	18	690	31	627	690	627
Receivables	19	5,642	6,214	6,308	5,642	6,308
Inventories	20	3,335	748	675	3,335	675
Total current assets		9,667	6,993	7,610	9,667	7,610
Non-current assets						
- Land and buildings		123,499	123,131	125,057	123,499	125,057
- Plant and equipment		6,601	6,120	7,087	6,601	7,087
- Infrastructure systems		5,005	-	-	5,005	-
Total property, plant & equipment	21	135,105	129,251	132,144	135,105	132,144
Right-of-use assets	22	7,669	7,594	8,326	7,669	8,326
Intangible assets	23	1,291	1,428	1,429	1,291	1,429
Total non-current assets		144,065	138,273	141,899	144,065	141,899
Total assets		153,732	145,266	149,509	153,732	149,509

Justice Health and Forensic Mental Health Network

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	25	17,011	18,670	17,723	17,011	17,723
Contract liabilities	26	163	262	262	163	262
Borrowings	27	4,791	4,607	4,270	4,791	4,270
Provisions	28	37,364	36,338	33,823	37,364	33,823
		59,329	59,877	56,078	59,329	56,078
Total current liabilities		59,329	59,877	56,078	59,329	56,078
Non-current liabilities						
Borrowings	27	62,048	62,079	66,432	62,048	66,432
Provisions	28	613	613	483	613	483
Total non-current liabilities		62,661	62,692	66,915	62,661	66,915
Total liabilities		121,990	122,569	122,993	121,990	122,993
Net assets		31,742	22,697	26,516	31,742	26,516
EQUITY						
Reserves		50,560	44,741	44,741	50,560	44,741
Accumulated funds		(18,818)	(22,044)	(18,225)	(18,818)	(18,225)
Total Equity		31,742	22,697	26,516	31,742	26,516

¹ Unaudited adjusted budget, see Note 31.

The accompanying notes form part of these financial statements.

Justice Health and Forensic Mental Health Network

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		(216,036)	(220,277)	(211,405)	-	-
Suppliers for goods and services		(115,285)	(106,547)	(100,295)	(115,285)	(100,295)
Grants and subsidies		(2,900)	(2,809)	(2,711)	(2,900)	(2,711)
Finance costs		(5,545)	(5,556)	(4,996)	(5,545)	(4,996)
Personnel services		-	-	-	(216,036)	(211,405)
Total payments		(339,766)	(335,189)	(319,407)	(339,766)	(319,407)
Receipts						
Ministry of Health recurrent allocations		240,859	236,898	265,138	240,859	265,138
Ministry of Health capital allocations		4,167	4,179	15,265	4,167	15,265
Asset sale proceeds transferred to the Ministry of Health		-	-	-	-	-
Reimbursements from the Crown ²		3,225	3,225	2,738	3,225	2,738
Sale of goods and services		52,010	51,135	41,048	52,010	41,048
Interest received		-	-	-	-	-
Grants and other contributions		36,635	36,208	889	36,635	889
Other		10,005	10,430	9,188	10,005	9,188
Total receipts		346,901	342,075	334,266	346,901	334,266
NET CASH FLOWS FROM OPERATING ACTIVITIES	32	7,135	6,886	14,859	7,135	14,859
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		679	-	-	679	-
Purchases of property, plant and equipment and intangibles		(3,466)	(3,045)	(11,200)	(3,466)	(11,200)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,787)	(3,045)	(11,200)	(2,787)	(11,200)

Justice Health and Forensic Mental Health Network

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		(3,283)	(3,283)	(2,968)	(3,283)	(2,968)
Payment of principal portion of service concession financial liabilities		-	-	-	-	-
Payment of principal portion of lease liabilities		(1,002)	(1,154)	(1,027)	(1,002)	(1,027)
NET CASH FLOWS FROM FINANCING		(4,285)	(4,437)	(3,995)	(4,285)	(3,995)
NET INCREASE / (DECREASE) IN CASH						
AND CASH EQUIVALENTS						
Opening cash and cash equivalents	18	627	627	963	627	963
CLOSING CASH AND CASH						
EQUIVALENTS	18	690	31	627	690	627

¹ Unaudited adjusted budget, see Note 31.

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

The accompanying notes form part of these financial statements.

Justice Health and Forensic Mental Health Network

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

PARENT AND CONSOLIDATION

	Notes	Accumulated	Asset Revaluation	Total
		Funds	Surplus	
		\$000	\$000	\$000
Balance at 1 July 2023		(18,225)	44,741	26,516
Net result for the year		(593)	-	(593)
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	21	-	5,819	5,819
Total other comprehensive income		-	5,819	5,819
Total comprehensive income for the year		(593)	5,819	5,226
Balance at 30 June 2024		(18,818)	50,560	31,742

	Notes	Accumulated	Asset Revaluation	Total
		Funds	Surplus	
		\$000	\$000	\$000
Balance at 1 July 2022		(28,968)	38,839	9,871
Correction of error - long service leave calculations		(151)	-	(151)
Balance at 1 July 2022		(29,119)	38,839	9,720
Net result for the year		10,894	-	10,894
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	21	-	5,902	5,902
Total other comprehensive income		-	5,902	5,902
Total comprehensive income for the year		10,894	5,902	16,796
Balance at 30 June 2023		(18,225)	44,741	26,516

The accompanying notes form part of these financial statements.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

The Justice Health and Forensic Mental Health Network (the Network), as a reporting entity, was established under the provisions of the Health Services Act 1997 with effect from 30 March 2012. The reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

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

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

- * Hospital Facilities and the Community Health Centres within its designated geographical remit; and
- * The Justice Health and Forensic Mental Health Network Special Purpose Service Entity which provides personnel services to the Network to exercise its functions and was established under the provisions of the Health Services Act 1997 with effect from 30 March 2012.

The consolidated entity includes the Network as a parent entity and the Network 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 Acting Chief Executive on 12 September 2024.

b) Basis of preparation

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

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

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

The Secretary of NSW Health, the Chair of the Justice Health and Forensic Mental Health Network Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under the Network's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

Other circumstances why the going concern assumption is appropriate include:

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

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

The Network 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 the Network's presentation and functional currency.

c) Statement of Compliance

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

d) Comparative Information

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

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

- * Note 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.

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

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

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

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

(ii) Issued but not yet effective

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

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

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

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

Justice Health and Forensic Mental Health Network

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*	191,810	182,965	-	-
Superannuation - defined benefit plans	253	426	-	-
Superannuation - defined contribution plans	20,319	17,698	-	-
Long service leave	7,652	4,884	-	-
Redundancies	699	198	-	-
Workers' compensation insurance	4,171	3,785	-	-
Fringe benefits tax	6	3	-	-
	224,910	209,959	-	-

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

Refer to Note 28 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$Nil (2023: \$Nil) 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*	-	-	191,810	182,965
Superannuation - defined contribution plans	-	-	20,319	17,698
Long service leave	-	-	759	248
Redundancies	-	-	699	198
Workers' compensation insurance	-	-	4,171	3,785
Fringe benefits tax	-	-	6	2
	-	-	217,764	204,896

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

Personnel services of Justice Health and Forensic Mental Health Network were provided by its controlled entity, Justice Health and Forensic Mental Health Network Special Purpose Service Entity.

Personnel services of \$Nil (2023: \$Nil) 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 the Network's hospitals. VMO expenses of \$7.05 million (2023: \$6.04 million) represent part of the day-to-day running costs incurred in the normal operations of the Network. These costs are expensed as incurred.

Justice Health and Forensic Mental Health Network

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	77	201	77	201
Agency expenses	604	962	604	962
Auditor's remuneration - audit of financial statements	133	131	133	131
Blood and blood products	36	-	36	-
Consultants	117	318	117	318
Contractors	114	558	114	558
Corporate support services	820	739	820	739
Courier and freight	898	1,010	898	1,010
Disability equipment support expenses	52	50	52	50
Domestic supplies and services	802	616	802	616
Drug supplies	49,508	38,954	49,508	38,954
Expenses relating to short-term leases	42	41	42	41
Expenses relating to leases of low-value assets	6	44	6	44
Food supplies	788	870	788	870
Fuel, light, power and water	117	97	117	97
Information management expenses	7,211	7,113	7,211	7,113
Insurance	210	162	210	162
Legal services	768	397	768	397
Maintenance (see Note 5 (a))	8,183	10,179	8,183	10,179
Medical and surgical supplies (including prostheses)	967	1,417	967	1,417
Membership / professional fees	41	30	41	30
Motor vehicle expenses	331	308	331	308
Patient transport costs	83	42	83	42
Postal and telephone costs	666	531	666	531
Printing and stationery	705	613	705	613
Professional services (excluding consultants)	914	1,952	914	1,952
Public private partnership contracted services	8,776	8,263	8,776	8,263
Quality assurance / accreditation	117	102	117	102
Rates and charges	9	6	9	6
Security services	6	6	6	6
Specialised services (dental, radiology, pathology and allied health)	4,543	4,548	4,543	4,548
Staff related costs	756	532	756	532
Travel related costs	2,675	2,792	2,675	2,792
Other miscellaneous	1,882	1,529	1,882	1,529
	92,957	85,113	92,957	85,113

The majority of the costs in relation to drug supplies expenses relate to the consumption of inventory held by the Network.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses (continued)

Other miscellaneous of \$1.88 million (2023: \$1.53 million) includes conference expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services and patient support services amongst others.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Reconciliation of total maintenance expense				
Corrective maintenance	474	35	474	35
Planned maintenance	3,283	3,105	3,283	3,105
New / replacement equipment under \$10,000	4,426	7,039	4,426	7,039
	8,183	10,179	8,183	10,179

Justice Health and Forensic Mental Health Network

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	4,217	3,966	4,217	3,966
Depreciation - plant and equipment	1,163	1,011	1,163	1,011
Depreciation - infrastructure systems	97	-	97	-
Depreciation - right-of-use buildings	1,078	1,110	1,078	1,110
Amortisation - intangible assets	460	799	460	799
	7,015	6,886	7,015	6,886

Refer to Note 21 Property, plant and equipment, Note 22 Leases, and Note 23 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
Grants to research organisations	7	-	7	-
Grants to entities controlled by the ultimate parent	2,287	2,231	2,287	2,231
Grants to entities controlled by the immediate parent	283	83	283	83
Other grants	45	100	45	100
	2,622	2,414	2,622	2,414

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.

Justice Health and Forensic Mental Health Network

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	207	230	207	230
Interest expense from financial liabilities at amortised cost	5,338	4,766	5,338	4,766
	5,545	4,996	5,545	4,996

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.

Justice Health and Forensic Mental Health Network

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

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

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

In addition, government money that the Network 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. Network's spending authority and expenditure is included in the summary of compliance.

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

11. Ministry of Health allocations

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

Justice Health and Forensic Mental Health Network

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	42,898	32,924	42,898	32,924
	42,898	32,924	42,898	32,924

(b) Rendering of services comprise the following:

Patients

- Nursing home fees	2,828	2,604	2,828	2,604
Private use of motor vehicles	42	31	42	31
Salary packaging fee	211	2	211	2
Cafeteria / kiosk	245	369	245	369
Fees for conferences and training	877	890	877	890
Fees for medical records	983	847	983	847
Other	3,062	2,862	3,062	2,862
	8,248	7,605	8,248	7,605
	51,146	40,529	51,146	40,529

Justice Health and Forensic Mental Health Network

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 the Network 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.

Justice Health and Forensic Mental Health Network

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 the Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

13. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	118	-	118	-
Commonwealth government grants other	261	24	261	24
Grants from entities controlled by the ultimate parent	69	23	69	23
Ministry of Health National Health Reform Funding*	35,932	-	35,932	-
Commonwealth government grants other	426	237	426	237
Other grants from entities controlled by the immediate parent	314	668	314	668
Other grants	1	34	1	34
	37,121	986	37,121	986

13. Grants and other contributions (continued)

* Represents funding received by the Network 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).

Recognition and Measurement

Revenue from grants with sufficiently specific performance obligations are recognised when the Network satisfies a performance obligation by transferring the promised goods or services. The Network typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Refer to Note 26 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.

14. 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 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	253	427	-	-
Long service leave provision	6,893	4,636	-	-
	7,146	5,063	-	-

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Other income

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Commissions	1	1	1	1
Insurance refunds	17	93	17	93
Other	2	-	2	-
	20	94	20	94

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

16. 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	525	(1)	525	(1)
<i>Less: proceeds from disposal</i>	679	-	679	-
Net gains / (losses) on disposal	154	1	154	1
Right-of-use assets				
Written down value of assets disposed	1	-	1	-
Net gains / (losses) on disposal	(1)	-	(1)	-
Total gains / (losses) on disposal	153	1	153	1

17. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(203)	(108)	(203)	(108)
	(203)	(108)	(203)	(108)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the Network 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 20 Inventories

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

18. Cash and cash equivalents

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Cash at bank and on hand	690	627	690	627
	690	627	690	627

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)	690	627	690	627
	690	627	690	627

Refer to Note 34 for details regarding credit risk and market risk arising from financial instruments.

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

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

19. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	4,033	3,170	4,033	3,170
Intra health receivables	916	1,682	916	1,682
Goods and Services Tax	1,073	1,226	1,073	1,226
Other receivables	1,197	1,527	1,197	1,527
Sub total	7,219	7,605	7,219	7,605
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(2,399)	(2,083)	(2,399)	(2,083)
- Other receivables	-	-	-	-
Sub total	4,820	5,522	4,820	5,522
Prepayments	822	786	822	786
	5,642	6,308	5,642	6,308

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(2,083)	(2,147)	(2,083)	(2,147)
Amounts written off during the year	587	722	587	722
(Increase) / decrease in allowance recognised in the net result ¹	(903)	(658)	(903)	(658)
Balance at the end of the year	(2,399)	(2,083)	(2,399)	(2,083)
Other receivables				
Amounts written off during the year	-	3	-	3
(Increase) / decrease in allowance recognised in the net result	-	(3)	-	(3)
Balance at the end of the year	-	-	-	-
	(2,399)	(2,083)	(2,399)	(2,083)

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

19. Receivables (continued)

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Patient fees - inpatient & other	2,617	2,357	2,617	2,357
	2,617	2,357	2,617	2,357

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 34.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 19)	4,949	4,853	4,949	4,853
Total contract receivables	4,949	4,853	4,949	4,853

Recognition and Measurement

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

Subsequent measurement

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

Impairment

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. Inventories

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Held-for-distribution				
Drug supplies	3,335	675	3,335	675
	3,335	675	3,335	675

Recognition and Measurement

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

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

21. 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	162,072	11,757	-	173,829
Less: accumulated depreciation and impairment	48,104	5,528	-	53,632
Net carrying amount	113,968	6,229	-	120,197

	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	113,968	6,229	-	120,197
Additions	9,153	1,908	-	11,061
Reclassification to intangibles	-	(40)	-	(40)
Disposals	-	1	-	1
Net revaluation increments less revaluation decrements	5,902	-	-	5,902
Depreciation expense	(3,966)	(1,011)	-	(4,977)
Net carrying amount at end of year	125,057	7,087	-	132,144

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 24.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

21. 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	179,780	13,211	-	192,991
Less: accumulated depreciation and impairment	54,723	6,124	-	60,847
Net carrying amount	125,057	7,087	-	132,144

	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	125,057	7,087	-	132,144
Additions	1,942	1,419	-	3,361
Reclassification to intangibles	-	(217)	-	(217)
Disposals	-	(525)	-	(525)
Net revaluation increments less revaluation decrements	5,626	-	193	5,819
Depreciation expense	(4,217)	(1,163)	(97)	(5,477)
Reclassifications	(4,909)	-	4,909	-
Net carrying amount at end of year	123,499	6,601	5,005	135,105

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	182,073	12,798	7,990	202,861
Less: accumulated depreciation and impairment	58,574	6,197	2,985	67,756
Net carrying amount	123,499	6,601	5,005	135,105

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 24.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

21. Property, plant and equipment (continued)

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

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	162,072	11,757	-	173,829
Less: accumulated depreciation and impairment	48,104	5,528	-	53,632
Net carrying amount	113,968	6,229	-	120,197

	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	113,968	6,229	-	120,197
Additions	9,153	1,908	-	11,061
Reclassification to intangibles	-	(40)	-	(40)
Disposals	-	1	-	1
Net revaluation increment less revaluation decrements	5,902	-	-	5,902
Depreciation expense	(3,966)	(1,011)	-	(4,977)
Net carrying amount at end of year	125,057	7,087	-	132,144

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 24.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

21. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the Network (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	179,779	13,212	-	192,991
Less: accumulated depreciation and impairment	54,723	6,124	-	60,847
Net carrying amount	125,056	7,088	-	132,144

	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	125,057	7,087	-	132,144
Additions	1,942	1,419	-	3,361
Reclassification to intangibles	-	(217)	-	(217)
Disposals	-	(525)	-	(525)
Net revaluation increments less revaluation decrements	5,626	-	193	5,819
Depreciation expense	(4,217)	(1,163)	(97)	(5,477)
Reclassifications	(4,909)	-	4,909	-
Net carrying amount at end of year	123,499	6,601	5,005	135,105

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	182,073	12,798	7,990	202,861
Less: accumulated depreciation and impairment	58,574	6,197	2,985	67,756
Net carrying amount	123,499	6,601	5,005	135,105

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 24.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

21. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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

Land and buildings are owned by the Health Administration Corporation. Land and buildings which are operated / occupied by the Network are deemed to be controlled by the Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. 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 the Network.

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

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

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

	Useful lives 2024	Useful lives 2023
Buildings	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, carpark, amphi theatre, landscaping, sewerage treatment plants and water reticulation systems.

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

Right-of-use assets acquired by lessees

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

Further information on leases is contained in Note 22.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

21. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

22. Leases

(a) Entity as a lessee

The Network leases various property. Lease contracts are typically made for fixed periods of 1 to 12 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Network does not provide residual value guarantees in relation to leases.

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

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

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

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

The Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

22. 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	8,326	-	8,326
Additions	401	-	401
Reassessments	21	-	21
Disposals	(1)	-	(1)
Depreciation expense	(1,078)	-	(1,078)
Balance at 30 June 2024	7,669	-	7,669

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	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	9,916	-	9,916
Reassessments	(480)	-	(480)
Depreciation expense	(1,110)	-	(1,110)
Balance at 30 June 2023	8,326	-	8,326

22. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2024 \$000	2023 \$000
Balance at 1 July	9,379	10,886
Additions	401	-
Interest expenses	207	230
Payments	(1,209)	(1,257)
Other adjustments	21	(480)
Balance at 30 June	8,799	9,379

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

PARENT AND CONSOLIDATION

	2024 \$000	2023 \$000
Depreciation expense of right-of-use assets	1,078	1,110
Interest expense on lease liabilities	207	230
Expenses relating to short-term leases	42	41
Expenses relating to leases of low-value assets	6	44
(Gains) / losses on disposal	1	-
Total amount recognised in the statement of comprehensive income	1,334	1,425

The Network had total cash outflows for leases of \$1.26 million for the year ended 30 June 2024 (2023: \$1.34 million).

22. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and Measurement

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

The Network 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 12 years

ii. Lease liabilities

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

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

The Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

23. Intangible assets

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	10,217	10,217
Less: accumulated amortisation and impairment	8,168	8,168
Net carrying amount	2,049	2,049

	Software \$000	Total \$000
Year ended 30 June 2023		
Net carrying amount at beginning of year	2,049	2,049
Additions - acquired separately	139	139
Reclassifications from plant and equipment	40	40
Amortisation (recognised in depreciation and amortisation)	(799)	(799)
Net carrying amount at end of year	1,429	1,429

	Software \$000	Total \$000
At 1 July 2023		
Cost (gross carrying amount)	10,397	10,397
Less: accumulated amortisation and impairment	8,968	8,968
Net carrying amount	1,429	1,429

	Software \$000	Total \$000
Year ended 30 June 2024		
Net carrying amount at beginning of year	1,429	1,429
Additions - acquired separately	105	105
Reclassifications from plant and equipment	217	217
Amortisation (recognised in depreciation and amortisation)	(460)	(460)
Net carrying amount at end of year	1,291	1,291

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 30 June 2024		
Cost (gross carrying amount)	10,679	10,679
Less: accumulated amortisation and impairment	9,388	9,388
Net carrying amount	1,291	1,291

Recognition and Measurement

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

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

Computer software developed or acquired by the Network 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.

Further details regarding fair value measurement are disclosed in Note 24.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

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

The Network 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

2024	Level 1 \$000	Level 2 \$000	Level 3 \$000	Value \$000
Property, plant and equipment (Note 21)				
- Land and buildings	-	-	121,487	121,487
- Infrastructure systems	-	-	5,005	5,005
	-	-	126,492	126,492

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 21.

2023	Level 1 \$000	Level 2 \$000	Level 3 \$000	Value \$000
Property, plant and equipment (Note 21)				
- Land and buildings	-	-	107,930	107,930
	-	-	107,930	107,930

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 21.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the Network obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE for the 2022-23 financial year. CBRE is an independent entity and is not an associated entity of the Network.

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 21).

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

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

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

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

- For buildings and infrastructure, many assets are of a specialised nature or use, including some modified residential properties and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as level 3 as these assets have a high level of unobservable inputs. However some residential properties are valued on a market approach and included in level 2.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

24. 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	107,930	-	107,930
Additions*	11,575	4,909	16,484
Revaluation increments recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 21)	5,625	193	5,818
Depreciation expense	(3,643)	(97)	(3,740)
Fair value as at 30 June 2024	121,487	5,005	126,492

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

There were no transfers between level 2 or 3 during the year ended 30 June 2024.

2023	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2022	105,394	-	105,394
Revaluation increments recognised in net result - included in the line item 'Other gains/(losses)' (Note 17)	5,902	-	5,902
Depreciation expense	(3,366)	-	(3,366)
Fair value as at 30 June 2023	107,930	-	107,930

* 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	6,336	4,702	-	-
Salaries and wages deductions	26	35	-	-
Payroll and fringe benefits tax	(7)	-	-	-
Accrued liability - purchase of personnel services	-	-	6,355	4,737
Creditors	9,222	11,783	9,222	11,783
Other creditors				
- Payables to entities controlled by the immediate parent	1,434	1,203	1,434	1,203
	17,011	17,723	17,011	17,723

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 34.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

26. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	163	262	163	262
	163	262	163	262

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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

27. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Lease liabilities (see Note 22)	1,159	987	1,159	987
Public Private Partnerships	3,632	3,283	3,632	3,283
	4,791	4,270	4,791	4,270
Non-current				
Lease liabilities (see Note 22)	7,640	8,392	7,640	8,392
Public Private Partnerships	54,408	58,040	54,408	58,040
	62,048	66,432	62,048	66,432

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

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

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

Final repayment of the Public, Privates Partnership liability is scheduled for 30 June 2034.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 34.

Recognition and Measurement

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless the Network has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 34 (b) for derecognition policy.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

27. Borrowings (continued)

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Derivatives	Service concession arrangements	Other loans and deposits	Leases	Total liabilities from financing activities
	\$000	\$000	\$000	\$000	\$000
1 July 2022	-	-	64,291	10,886	75,177
Cash flows	-	-	(2,968)	(1,027)	(3,995)
Lease reassessments	-	-	-	(480)	(480)
30 June 2023	-	-	61,323	9,379	70,702
1 July 2023	-	-	61,323	9,379	70,702
Cash flows	-	-	(3,283)	(1,002)	(4,285)
New leases	-	-	-	401	401
Lease reassessments	-	-	-	21	21
30 June 2024	-	-	58,040	8,799	66,839

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. 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	19,984	17,970	-	-
- Obligations expected to be settled after 12 months	9,415	9,540	-	-
Long service leave				
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	529	407	-	-
- Obligations expected to be settled after 12 months	5,007	4,499	-	-
Parental leave				
- Obligations expected to be settled within 12 months	1,112	-	-	-
Provision for other employee benefits	1,317	1,407	-	-
Provision for personnel services liability	-	-	37,364	33,823
Total current provisions	37,364	33,823	37,364	33,823
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	613	483	-	-
Provision for personnel services liability	-	-	613	483
	613	483	613	483
Other Provisions				
Restoration costs	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Total non-current provisions	613	483	613	483
Aggregate employee benefits and related on-costs				
Provisions - current	37,364	33,823	-	-
Provisions - non-current	613	483	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 25)	6,362	4,737	-	-
	44,339	39,043	44,339	39,043

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 22.68% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 21.78%). The Network has assessed the actuarial advice based on the Network's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where the Network does not expect to settle the liability within 12 months as the Network does not have an unconditional right to defer settlement.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Provisions (continued)

Recognition and Measurement (continued)

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

Long service leave and superannuation

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

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

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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

29. 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	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Within one year	117	238	117	238
Total (including GST)	117	238	117	238

30. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

31. Adjusted budget review

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Network's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present original budget information, the Network's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the Network 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

Actual Net Result was \$3.2 million favourable to budget mainly due to timing of new initiatives and favourability in revenues.

Assets and liabilities

Actual Net Assets for the year were \$9.0 million favourable to budget largely due to \$5.8 million increases in land and building revaluation and \$2.6 million increase in inventories.

Cash flows

Actual net cash flows from the operating activities were favourable to budget by \$0.3 million mainly due to the favourable Net Result.

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

	\$000
Initial allocation, 1 July 2023	220,676
Movements in the Recurrent allocation since the Initial allocation \$ \$220,676	
Additional general fund supplementations	11,747
Special projects (Opioid Treatment claim processing, Drug Court, Rural Incentives etc)	4,475
Balance as per Statement of Comprehensive Income	236,898

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. 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	7,135	14,859	7,135	14,859
Depreciation and amortisation expense	(7,015)	(6,886)	(7,015)	(6,886)
Allowance for impairment	(1,106)	(770)	(1,106)	(770)
Decrease / (increase) in provisions	(3,669)	3,411	(3,669)	3,411
Increase / (decrease) in inventory	2,864	445	2,864	445
Increase / (decrease) in prepayments and other	509	967	509	967
Decrease / (increase) in payables	437	(887)	437	(887)
Decrease / (increase) in contract liabilities	99	(246)	99	(246)
Net gain / (loss) on sale of property, plant and equipment	154	1	154	1
Net gain / (loss) on disposal of right-of-use assets	(1)	-	(1)	-
Net result	(593)	10,894	(593)	10,894

Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Property, plant and equipment acquired by a lease	401	-	401	-
	401	-	401	-

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

33. Trust funds

PARENT AND CONSOLIDATION

The Network holds trust funds of \$1.3 million (2023: \$1.3 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

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

	1 July 2023			30 June 2024
Category	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Patient Trust	1,314	1,706	(1,723)	1,297
Total trust funds	1,314	1,706	(1,723)	1,297

	1 July 2022			30 June 2023
Category	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Patient Trust	1,192	1,792	(1,670)	1,314
Refundable Deposits	18	3	(21)	-
Total trust funds	1,210	1,795	(1,691)	1,314

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

Category	Purpose
Patient Trust	The safe custody of patients' valuables including monies.
Refundable Deposits	A sum of money held in trust as a security deposit.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Financial instruments

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

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Network, 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 18)	Amortised cost	690	627
Receivables (Note 19) ¹	Amortised cost	3,747	4,296
Total financial assets		4,437	4,923
Financial liabilities			
Borrowings (Note 27)	Financial liabilities measured at amortised cost	66,839	70,702
Payables (Note 25) ²	Financial liabilities measured at amortised cost	17,018	17,723
Total financial liabilities		83,857	88,425

Notes

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

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Financial instruments (continued)

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

Credit risk associated with the Network'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.

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

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

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

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

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

Receivables - trade receivables, other receivables and contract assets (continued)

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

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	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	0.76%	3.46%	91.07%	82.89%	95.28%	45.87%
Estimated total gross carrying amount ¹	1,982	751	56	152	2,289	5,230
Expected credit loss	15	26	51	126	2,181	2,399

	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	0.47%	12.04%	59.60%	98.80%	97.56%	44.35%
Estimated total gross carrying amount ¹	2,348	191	151	83	1,924	4,697
Expected credit loss	11	23	90	82	1,877	2,083

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 19.

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

ii. Liquidity risk

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

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

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

The Network has exposure to liquidity risk. However, the risk is minimised by the service agreement with the Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Network 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.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Interest Rate Exposure			Maturity Dates			
		Nominal Amount ¹ \$000	Fixed	Variable	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
			Interest Rate \$000	Interest Rate \$000				
2024								
Payables:								
- Creditors ²		17,018	-	-	17,018	17,018	-	-
Borrowings:								
- Lease liabilities	2.40	9,554	9,554	-	-	1,354	5,344	2,856
- Public Private Partnership	10.62	96,360	-	96,360	-	9,794	39,177	47,389
		122,932	9,554	96,360	17,018	28,166	44,521	50,245
2023								
Payables:								
- Creditors ²		17,723	-	-	17,723	17,723	-	-
Borrowings:								
- Other loans and deposits		-	-	-	-	-	-	-
- Lease liabilities	2.32	10,309	10,309	-	-	1,192	4,963	4,155
- Public Private Partnership	10.62	106,155	-	106,155	-	9,794	39,177	57,184
		134,187	10,309	106,155	17,723	28,709	44,140	61,339

Notes:

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

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Financial instruments (continued)

iii. Market risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Network operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2023. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk arises primarily through the Network's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp.

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

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

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

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	2024 \$000		2023 \$000	
	-1%	1%	-1%	1%
Net result	661	(661)	701	(701)
Equity	661	(661)	701	(701)

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

35. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2023 \$000	2023 \$000
Short-term employee benefits	420	528
Post-employment benefits	45	53
Other long-term benefits	7	6
	472	587

During the financial year, Justice Health and Forensic Mental Health Network obtained key management personnel services from the immediate parent and incurred \$367 thousand (2023: \$380 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

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

(c) Transactions with the ultimate parent

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

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

During the financial year and comparative year, the Network 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, domestic supplies and services, food supplies and corporate support services.
- Health Administration Corporation provides some specialised services which includes pathology related costs.

Justice Health and Forensic Mental Health Network

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

35. Related party disclosures (continued)

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

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

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

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

Assets and liabilities as follows:

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

36. 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