



INDEPENDENT AUDITOR'S REPORT

Mid North Coast Local Health District

To Members of the New South Wales Parliament

Opinion

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

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the District's financial position, financial performance and cash flows

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 34. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the District and the consolidated entity carried out their 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.



Susan Prichard
Director, Financial Audit Branch

Delegate of the Auditor-General for New South Wales

6 September 2024
SYDNEY

Mid North Coast Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2024



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

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

A handwritten signature in black ink, appearing to read 'Stewart Dowrick'.

Stewart Dowrick

Chief Executive

06 September 2024

Mid North Coast Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	550,285	554,748	517,166	-	-
Personnel services	3	-	-	-	535,981	507,314
Visiting medical officers	4	79,076	57,763	71,789	79,076	71,789
Operating expenses	5	254,070	222,902	242,841	254,070	242,841
Depreciation and amortisation	6	42,258	41,224	37,684	42,258	37,684
Grants and subsidies	7	4,802	4,417	2,572	4,802	2,572
Finance costs	8	410	324	390	410	390
Total expenses excluding losses		930,901	881,378	872,442	916,597	862,590
Revenue						
Ministry of Health recurrent allocations	11	480,885	433,891	764,853	480,885	764,853
Ministry of Health capital allocations	11	37,709	26,473	38,607	37,709	38,607
Acceptance by the Crown ² of employee benefits	15	14,304	14,520	9,852	-	-
Sale of goods and services from contracts with customers	12	71,972	80,089	64,306	71,972	64,306
Investment revenue	13	2,103	712	1,611	2,103	1,611
Grants and other contributions	14	309,579	307,509	12,450	309,579	12,450
Other income	16	1,918	2,478	1,311	1,918	1,311
Total revenue		918,470	865,672	892,990	904,166	883,138
Operating result		(12,431)	(15,706)	20,548	(12,431)	20,548
Gains / (losses) on disposal	17	(256)	(402)	(263)	(256)	(263)
Impairment losses on financial assets	21	(356)	(192)	(818)	(356)	(818)
Other gains / (losses)	18	(1)	-	(57)	(1)	(57)
Net result		(13,044)	(16,300)	19,410	(13,044)	19,410
Other comprehensive income						
Changes in revaluation surplus of property, plant and equipment	24	33,649	-	51,482	33,649	51,482
Total other comprehensive income		33,649	-	51,482	33,649	51,482
TOTAL COMPREHENSIVE INCOME		20,605	(16,300)	70,892	20,605	70,892

¹ Unaudited adjusted budget, see Note 34.

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

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District

Statement of Financial Position as at 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
ASSETS						
Current assets						
Cash and cash equivalents	20	41,037	50,281	45,312	41,037	45,312
Receivables	21	30,164	17,257	17,257	30,164	17,257
Contract assets	22	844	600	600	844	600
Inventories	23	734	1,282	1,282	734	1,282
Total current assets		72,779	69,420	64,451	72,779	64,451
Non-current assets						
Property, plant & equipment	24					
- Land and buildings		752,049	707,657	726,814	752,049	726,814
- Plant and equipment		41,749	55,470	51,783	41,749	51,783
- Infrastructure systems		43,746	41,655	41,797	43,746	41,797
Total property, plant & equipment		837,544	804,782	820,394	837,544	820,394
Right-of-use assets	25	8,613	9,899	9,209	8,613	9,209
Total non-current assets		846,157	814,681	829,603	846,157	829,603
Total assets		918,936	884,101	894,054	918,936	894,054
LIABILITIES						
Current liabilities						
Payables	28	54,163	57,789	57,089	54,163	57,089
Contract liabilities	29	58	140	140	58	140
Borrowings	30	3,450	2,103	3,216	3,450	3,216
Provisions	31	88,113	86,773	81,176	88,113	81,176
Other current liabilities	32	6,684	3,949	3,948	6,684	3,948
Total current liabilities		152,468	150,754	145,569	152,468	145,569
Non-current liabilities						
Borrowings	30	9,027	11,429	10,515	9,027	10,515
Provisions	31	1,234	1,234	986	1,234	986
Other non-current liabilities	32	5,696	7,078	7,078	5,696	7,078
Total non-current liabilities		15,957	19,741	18,579	15,957	18,579
Total liabilities		168,425	170,495	164,148	168,425	164,148
Net assets		750,511	713,606	729,906	750,511	729,906
EQUITY						
Reserves		222,567	188,915	188,918	222,567	188,918
Accumulated funds		527,944	524,691	540,988	527,944	540,988
Total Equity		750,511	713,606	729,906	750,511	729,906

¹ Unaudited adjusted budget, see Note 34.

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District

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		540,988	188,918	729,906
Net result for the year		(13,044)	-	(13,044)
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	33,649	33,649
Total comprehensive income for the year		(13,044)	33,649	20,605
Balance at 30 June 2024		527,944	222,567	750,511

	Notes	Accumulated	Asset Revaluation	Total
		Funds	Surplus	
		\$000	\$000	\$000
Balance at 1 July 2022		521,347	138,137	659,484
Correction of error - long service leave calculations		(470)	-	(470)
Balance at 1 July 2022		520,877	138,137	659,014
Net result for the year		19,410	-	19,410
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	51,482	51,482
Total other comprehensive income		-	51,482	51,482
Total comprehensive income for the year		19,410	51,482	70,892
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		701	(701)	-
Transactions with owners in their capacity as owners				
Balance at 30 June 2023		540,988	188,918	729,906

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District

Statement of Cash Flows for the year ended 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(533,977)	(542,255)	(524,634)	-	-
Suppliers for goods and services		(356,213)	(300,711)	(327,322)	(356,213)	(327,322)
Grants and subsidies		(5,069)	(4,684)	(2,732)	(5,069)	(2,732)
Finance costs		(410)	(324)	(390)	(410)	(390)
Personnel services		-	-	-	(533,977)	(524,634)
Total payments		(895,669)	(847,974)	(855,078)	(895,669)	(855,078)
Receipts						
Ministry of Health recurrent allocations		480,885	433,891	764,853	480,885	764,853
Ministry of Health capital allocations		37,709	26,473	38,607	37,709	38,607
Reimbursements from the Crown ²		7,355	7,355	9,805	7,355	9,805
Sale of goods and services		67,737	80,977	66,479	67,737	66,479
Interest received		2,085	712	1,611	2,085	1,611
Grants and other contributions		300,874	307,975	12,336	300,874	12,336
Other		21,423	22,460	20,139	21,423	20,139
Total receipts		918,068	879,843	913,830	918,068	913,830
NET CASH FLOWS FROM OPERATING ACTIVITIES	35	22,399	31,869	58,752	22,399	58,752
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		-	-	29	-	29
Purchases of property, plant and equipment		(22,540)	(23,708)	(51,341)	(22,540)	(51,341)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(22,540)	(23,708)	(51,312)	(22,540)	(51,312)

Mid North Coast Local Health District

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

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances		(891)	(890)	(863)	(891)	(863)
Payment of principal portion of lease liabilities		(3,243)	(2,302)	(3,271)	(3,243)	(3,271)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,134)	(3,192)	(4,134)	(4,134)	(4,134)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	20	45,312	45,312	42,006	45,312	42,006
CLOSING CASH AND CASH EQUIVALENTS	20	41,037	50,281	45,312	41,037	45,312

¹ Unaudited adjusted budget, see Note 34.

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

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

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

The District 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 District 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 Mid North Coast Local Health District Special Purpose Service Entity which provides personnel services to the District to exercise its functions and was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

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

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

These consolidated financial statements for the year ended 30 June 2024 have been authorised for issue by the Chief Executive on 06 September 2024.

b) Basis of preparation

The District'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 report has been prepared on the going concern basis which assumes continuity of normal activities and the realisation of assets and the settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

For the year ended 30 June 2024 the Consolidated entity and the Parent incurred a net loss from operations of \$13.0m, a net decrease in cash and cash equivalents of \$4.3m and as at 30 June 2024 had a net current asset deficiency of \$79.7m.

Notwithstanding the matters referred to in the previous paragraph the Chief Executive has made a judgement that the Consolidated entity and Parent are going concerns based upon the following assumptions:

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

- * Continued support from Ministry of Health, including no change from the historic practice of Ministry of Health providing subsidies to ensure the Districts are able to pay their debts as and when they fall due and payable.
- * Continued funding from Ministry of Health in accordance with the funding agreement. The FY25 funding agreement with Ministry of Health provides the District with income of \$858m in 24-25.
- * The timing of the settlement of employee provisions being in line with expectations. The current liabilities of the consolidated entity include \$30.9m in employee provisions that are expected to be settled after 12 months.
- * The District operating in accordance with the approved FY25 budget.
- * A robust Efficiency Improvement Plan (EIP) being in place to monitor and improve the financial performance of the District throughout the year.
- * NSW Health continuing to operate with a model where payments are made by a service provider on behalf of the District, which provides assurance that payments will be made by the respective due dates.

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 District 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 District's presentation and functional currency.

c) Statement of Compliance

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

d) Comparative Information

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

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

- * Note 5 Operating expenses: Details of operating expenses were previously split into two tables but have now been combined into one table for a more streamlined presentation in the current year. A number of new expense lines have also been added to provide additional information, these expenses previously formed part of different expense lines. There has been no change in the total operating expense amount.
- * Note 27 Restricted assets: A new category, Clinical trials, has been added from 1 July 2023. The balance of Clinical trials was previously included in the Research category which has now been reclassified out of Research category into Clinical trials.

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

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

The District applied AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates for the first time in FY2023-24. 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 District.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

2. Employee related expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	471,440	450,814	-	-
Superannuation - defined benefit plans	508	807	-	-
Superannuation - defined contribution plans	49,817	44,576	-	-
Long service leave	15,185	8,917	-	-
Workers' compensation insurance	13,168	12,046	-	-
Fringe benefits tax	167	6	-	-
	550,285	517,166	-	-

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

Refer to Note 31 for further details on recognition and measurement of employee related expenses.

3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	471,440	450,814
Superannuation - defined contribution plans	-	-	49,817	44,576
Long service leave	-	-	1,389	(128)
Workers' compensation insurance	-	-	13,168	12,046
Fringe benefits tax	-	-	167	6
	-	-	535,981	507,314

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

Personnel services of Mid North Coast Local Health District were provided by its controlled entity, Mid North Coast Local Health District Special Purpose Service Entity.

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 District's hospitals. VMO expenses of \$79.08 million (2023: \$71.79 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Advertising	150	231	150	231
Agency expenses	11,338	9,667	11,338	9,667
Auditor's remuneration - audit of financial statements	188	179	188	179
Blood and blood products	5,386	4,580	5,386	4,580
Consultants	44	816	44	816
Contractors	863	882	863	882
Corporate support services	6,466	4,873	6,466	4,873
Courier and freight	356	362	356	362
Disability equipment support expenses	799	772	799	772
Domestic supplies and services	8,606	8,237	8,606	8,237
Drug supplies	25,426	28,394	25,426	28,394
Expenses relating to short-term leases	3,992	4,430	3,992	4,430
Expenses relating to leases of low-value assets	696	622	696	622
Food supplies	14,722	14,101	14,722	14,101
Fuel, light, power and water	7,180	6,271	7,180	6,271
Hosted services purchased from entities controlled by the immediate parent	2,174	2,281	2,174	2,281
Information management expenses	17,120	16,008	17,120	16,008
Insurance	1,364	1,119	1,364	1,119
Legal services	443	886	443	886
Maintenance (see Note 5 (a))	17,653	20,306	17,653	20,306
Medical and surgical supplies (including prostheses)	37,513	35,679	37,513	35,679
Membership / professional fees	390	482	390	482
Motor vehicle expenses	1,582	1,199	1,582	1,199
Outsourced patient services	11,207	12,518	11,207	12,518
Patient transport costs	10,919	10,332	10,919	10,332
Postal and telephone costs	1,012	983	1,012	983
Printing and stationery	1,279	1,247	1,279	1,247
Professional services (excluding consultants)	1,728	1,986	1,728	1,986
Quality assurance / accreditation	6	57	6	57
Rates and charges	237	210	237	210
Security services	720	873	720	873
Specialised services (dental, radiology, pathology and allied health)	43,517	41,624	43,517	41,624
Staff related costs	3,348	1,454	3,348	1,454
Travel related costs	4,682	5,075	4,682	5,075
Other miscellaneous	10,964	4,105	10,964	4,105
	254,070	242,841	254,070	242,841

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses (continued)

Other miscellaneous of \$10.96 million (2023: \$4.11 million) includes audiovisual expenses, capital project expenses, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services, patient support services and translator services amongst others.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Reconciliation of total maintenance expense				
Corrective maintenance	5,069	6,215	5,069	6,215
Planned maintenance	9,997	9,474	9,997	9,474
New / replacement equipment under \$10,000	2,511	4,612	2,511	4,612
Other	76	5	76	5
Maintenance expense - contracted labour and other (non-employee related) in Note 5	17,653	20,306	17,653	20,306
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	2,376	2,006	2,376	2,006
	20,029	22,312	20,029	22,312

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

6. Depreciation and amortisation

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Depreciation - buildings	29,465	26,580	29,465	26,580
Depreciation - plant and equipment	7,977	6,362	7,977	6,362
Depreciation - infrastructure systems	1,480	1,588	1,480	1,588
Depreciation - right-of-use buildings	1,942	1,754	1,942	1,754
Depreciation - right-of-use plant and equipment	1,394	1,400	1,394	1,400
	42,258	37,684	42,258	37,684

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

7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-government organisations	2,971	2,034	2,971	2,034
Grants to research organisations	2	7	2	7
Grants to entities controlled by the immediate parent	1,783	481	1,783	481
Other grants	46	50	46	50
	4,802	2,572	4,802	2,572

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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

8. Finance costs

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Interest expense from lease liabilities	266	218	266	218
Interest expense from financial liabilities at amortised cost	144	172	144	172
	410	390	410	390

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

9. Revenue

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

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

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

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

The delegation / sub-delegations for 2024 and 2023, authorising officers of the District to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the District. 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 District and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Service Agreement between the immediate parent and the District 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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

12. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Sale and recovery of pharmaceutical supplies	12,311	11,849	12,311	11,849
Sale of prostheses	1,104	512	1,104	512
Other	78	86	78	86
	13,493	12,447	13,493	12,447

(b) Rendering of services comprise the following:

Patients

Patient Fees:

- Inpatient fees	24,401	21,446	24,401	21,446
- Nursing home fees	596	688	596	688
- Non inpatient fees	2,889	2,543	2,889	2,543
Department of Veterans' Affairs	9,693	8,054	9,693	8,054
Motor Accident Authority third party	3,790	3,690	3,790	3,690
Multi Purpose Service Centre fees	1,725	1,613	1,725	1,613
Patient transport fees	65	98	65	98

Staff

Private use of motor vehicles	29	32	29	32
Meals and accommodation	-	(1)	-	(1)

General community

Car parking	59	389	59	389
Clinical services (excluding clinical drug trials)	1,394	917	1,394	917
Commercial activities	45	146	45	146
Fees for conferences and training	60	116	60	116
Fees for medical records	149	140	149	140

Non-NSW Health entities

Linen service revenues	60	39	60	39
Services to other organisations	2,020	1,302	2,020	1,302

Entities controlled by the immediate parent

Hosted service revenues	676	921	676	921
Linen service revenues	15	11	15	11
Shared corporate service revenues	72	1	72	1

Other

Infrastructure fees - annual charge	3,122	2,455	3,122	2,455
Infrastructure fees - monthly facility charge	6,104	5,676	6,104	5,676
Other	1,515	1,583	1,515	1,583

	58,479	51,859	58,479	51,859
	71,972	64,306	71,972	64,306

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement

Sale of goods

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

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services

Revenue from rendering of services is recognised when the District 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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

Refer to Note 29 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the District expects to recognise the unsatisfied portion as revenue.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	2,103	1,611	2,103	1,611
	2,103	1,611	2,103	1,611

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	479	208	479	208
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	266,217	-	266,217	-
Cancer Institute grants received from an entity controlled by the immediate parent	783	672	783	672
Clinical trials and research grants	1,567	1,421	1,567	1,421
Commonwealth government grants received for community based services	2,561	2,439	2,561	2,439
Commonwealth government grants other	438	313	438	313
Grants from entities controlled by the ultimate parent	442	263	442	263
Other grants from entities controlled by the immediate parent	-	1,158	-	1,158
Other grants	4,080	3,523	4,080	3,523
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	29,968	-	29,968	-
Commonwealth government grants other	-	102	-	102
Grants from entities controlled by the ultimate parent	709	999	709	999
Other grants from entities controlled by the immediate parent	553	710	553	710
Other grants	44	65	44	65
Donations				
Donations	1,738	577	1,738	577
	309,579	12,450	309,579	12,450

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Grants and other contributions (continued)

* Represents funding received by the District 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

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

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

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

Refer to Note 29 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

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

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	508	807	-	-
Long service leave provision	13,796	9,045	-	-
	14,304	9,852	-	-

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

16. Other income

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Other income comprises the following:				
Commissions	29	31	29	31
Discounts	124	108	124	108
Insurance refunds	589	314	589	314
Rental income				
- Other rental income	900	762	900	762
Sponsorship	2	28	2	28
Other	274	68	274	68
	1,918	1,311	1,918	1,311

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

17. Gains / (losses) on disposal

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	117	425	117	425
Less: proceeds from disposal	-	29	-	29
Net gains / (losses) on disposal	(117)	(396)	(117)	(396)
Right-of-use assets				
Written down value of assets disposed	251	98	251	98
Less : lease liabilities extinguished	112	231	112	231
Net gains / (losses) on disposal	(139)	133	(139)	133
Total gains / (losses) on disposal	(256)	(263)	(256)	(263)

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

18. Other gains / (losses)

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Inventory write down	-	(52)	-	(52)
Foreign exchange gains / (losses)	(1)	(5)	(1)	(5)
	(1)	(57)	(1)	(57)

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

The District receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The District determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 27 Restricted assets.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. Cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Cash at bank and on hand	317	45,312	317	45,312
Cash at bank - held by HealthShare NSW*	40,720	-	40,720	-
	41,037	45,312	41,037	45,312

* Represents cash held by HealthShare NSW, a controlled entity of the immediate parent, in a central bank account, on behalf of the District for its operating and investing activities. It is an operational bank account that earns interest on daily bank balances. Refer to Note 13 Investment revenue for the recognition and measurement policies on interest income.

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

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

Cash and cash equivalents (per Statement of Financial Position)	41,037	45,312	41,037	45,312
	41,037	45,312	41,037	45,312

Refer to Note 38 for details regarding credit risk and market risk arising from financial instruments.

Most cash and cash equivalents held by the District are restricted assets. Refer to Note 27 for details of restricted assets.

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

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	10,733	6,399	10,733	6,399
Intra health receivables	15,278	4,046	15,278	4,046
Goods and Services Tax	2,622	4,595	2,622	4,595
Other receivables	1,223	908	1,223	908
Sub total	29,856	15,948	29,856	15,948
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(631)	(689)	(631)	(689)
- Other receivables	(172)	(205)	(172)	(205)
Sub total	29,053	15,054	29,053	15,054
Prepayments	1,111	2,203	1,111	2,203
	30,164	17,257	30,164	17,257

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

Trade receivables from contracts with customers

Balance at the beginning of the year	(689)	(516)	(689)	(516)
Amounts written off during the year	206	497	206	497
(Increase) / decrease in allowance recognised in the net result ¹	(148)	(670)	(148)	(670)
Balance at the end of the year	(631)	(689)	(631)	(689)

Other receivables

Balance at the beginning of the year	(205)	(78)	(205)	(78)
Amounts written off during the year	241	22	241	22
(Increase) / decrease in allowance recognised in the net result	(208)	(149)	(208)	(149)
Balance at the end of the year	(172)	(205)	(172)	(205)
	(803)	(894)	(803)	(894)

¹ Includes total impairment loss of \$0.15 million (2023: \$0.67 million) recognised on receivables from contracts with customers.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Receivables (continued)

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

Current and non-current include:

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Patient fees - compensable	290	244	290	244
Patient fees - Medicare ineligible	740	631	740	631
Patient fees - inpatient & other	4,746	4,046	4,746	4,046
	5,776	4,921	5,776	4,921

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 38.

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Contract assets

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Current				
Contract assets	844	600	844	600
	844	600	844	600

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

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Contract receivables (included in Note 21)	26,011	10,445	26,011	10,445
	26,011	10,445	26,011	10,445

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

23. Inventories

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Held-for-distribution				
Drug supplies	734	1,282	734	1,282
	734	1,282	734	1,282

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 District 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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	1,009,897	77,538	56,664	1,144,099
Less: accumulated depreciation and impairment	341,639	32,860	15,836	390,335
Net carrying amount	668,258	44,678	40,828	753,764

	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	668,258	44,678	40,828	753,764
Additions	29,522	19,423	-	48,945
Disposals	-	(425)	-	(425)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	1,158	-	1,158
Net revaluation increments less revaluation decrements	49,186	-	2,296	51,482
Depreciation expense	(26,580)	(6,362)	(1,588)	(34,530)
Reclassifications	6,428	(6,689)	261	-
Net carrying amount at end of year	726,814	51,783	41,797	820,394

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 26.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	1,096,157	84,596	59,121	1,239,874
Less: accumulated depreciation and impairment	369,343	32,813	17,324	419,480
Net carrying amount	726,814	51,783	41,797	820,394

	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	726,814	51,783	41,797	820,394
Additions	12,180	10,346	14	22,540
Disposals	-	(117)	-	(117)
Net revaluation increments less revaluation decrements	31,671	-	1,978	33,649
Depreciation expense	(29,465)	(7,977)	(1,480)	(38,922)
Reclassifications	10,849	(12,286)	1,437	-
Net carrying amount at end of year	752,049	41,749	43,746	837,544

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	1,170,362	81,852	63,472	1,315,686
Less: accumulated depreciation and impairment	418,313	40,103	19,726	478,142
Net carrying amount	752,049	41,749	43,746	837,544

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 26.

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

PARENT AND CONSOLIDATION

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

Depreciation of property, plant and equipment

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

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 and PODS (a detachable or self-contained unit on ambulances used for patient treatment).

Infrastructure Systems' comprises public facilities which provide essential services and enhance the productive capacity of the economy including roads, footpath, pave areas, disabled pathway, boundary walls, and infrastructure landscaping and improvements.

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

Further information on leases is contained in Note 25.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The District 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 District uses an independent professionally qualified valuer for such interim revaluations.

The last comprehensive revaluation was completed on 31 December 2022 and was based on an independent assessment.

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated a cumulative increase of 2.60% in market prices for land and material increases in construction and labour costs of 9.10% for buildings and 9.10% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2023 and 2024.

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases

(a) Entity as a lessee

The District leases various property, equipment and motor vehicles. 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 District 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 District 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 \$5.42 million have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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 District 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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

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

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	7,046	2,163	9,209
Additions	1,003	1,657	2,660
Reassessments	75	256	331
Disposals	(201)	(50)	(251)
Depreciation expense	(1,942)	(1,394)	(3,336)
Balance at 30 June 2024	5,981	2,632	8,613

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	8,292	2,537	10,829
Additions	209	1,006	1,215
Reassessments	312	105	417
Disposals	(13)	(85)	(98)
Depreciation expense	(1,754)	(1,400)	(3,154)
Balance at 30 June 2023	7,046	2,163	9,209

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Balance at 1 July	8,986	10,856
Additions	2,660	1,215
Interest expenses	266	218
Payments	(3,509)	(3,489)
Terminations / derecognition	(111)	(231)
Other adjustments	331	417
Balance at 30 June	8,623	8,986

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

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	3,336	3,154
Interest expense on lease liabilities	266	218
Expenses relating to short-term leases	3,992	4,430
Expenses relating to leases of low-value assets	696	622
(Gains) / losses on disposal	139	(133)
Total amount recognised in the statement of comprehensive income	8,429	8,291

The District had total cash outflows for leases of \$8.20 million for the year ended 30 June 2024 (2023: \$8.54 million).

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases (continued)

(a) Entity as a lessee (continued)

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

The District entered into a 70 year lease with the Coffs Harbour City Council for the use of a community health building. The contract specifies lease payments of \$1 per annum. The leased premise is be used by the District to provide different community health services. The community health buildings account for a small portion of the similar assets the District is using for the purpose of providing community health services. Therefore it does not have a significant impact on the District's operations.

Recognition and Measurement

The District 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 District 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
Plant and equipment	1 to 10 years
Motor vehicles and other equipment	1 to 6 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 District 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 District 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 District applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

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

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2024	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	2,669	682,352	685,021
- Infrastructure systems	-	-	42,305	42,305
	-	2,669	724,657	727,326

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

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 24.

	Level 1	Level 2	Level 3	Total Fair Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	4,867	677,102	681,969
- Infrastructure systems	-	-	41,793	41,793
	-	4,867	718,895	723,762

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

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 24.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

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

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

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

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

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

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

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. 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	677,102	41,793	718,895
Additions*	2,426	14	2,440
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	31,477	1,978	33,455
Depreciation expense	(28,653)	(1,480)	(30,133)
Fair value as at 30 June 2024	682,352	42,305	724,657

* 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	634,893	40,822	675,715
Additions*	23,132	-	23,132
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	48,298	2,296	50,594
Depreciation expense	(29,221)	(1,325)	(30,546)
Fair value as at 30 June 2023	677,102	41,793	718,895

* 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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

27. Restricted assets

PARENT AND CONSOLIDATION

The District's financial statements include certain assets (predominantly cash and cash equivalents), the use of which is restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2024.

Category	1 July 2023		30 June 2024	
	Opening \$000	Revenue \$000	Expense \$000	Closing \$000
Community welfare	268	14	6	276
Facility improvements	19,238	1,580	560	20,258
Holds funds in perpetuity	-	7	0	7
Patient welfare	926	77	302	701
Private practice disbursements (No.2 Accounts)	15,867	3,615	2,714	16,768
Public contributions	1,495	767	345	1,917
Clinical trials	1,803	1,823	1,752	1,874
Research	350	22	50	322
Staff welfare	8	31	3	36
Training and education including conferences	1,027	167	46	1,148
	40,982	8,103	5,778	43,307

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

27. Restricted assets (continued)

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Holds funds in perpetuity	Donor has explicitly requested funds be invested permanently and not otherwise expended.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients'.
Private practice disbursements (No.2 Accounts)	Staff specialists' private practice arrangements to improve the level of clinical services provided.
Public contributions	Donations or legacies received without any donor-specified conditions as to its use.
Clinical trials	A study designed to test the safety and effectiveness of a treatment.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.

Unclaimed monies

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

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	9,760	6,379	-	-
Salaries and wages deductions	46	29	-	-
Payroll and fringe benefits tax	32	(6)	-	-
Accrued liability - purchase of personnel services	-	-	9,838	6,402
Creditors	31,708	38,053	31,708	38,053
- Payables to entities controlled by the immediate parent	12,602	12,620	12,602	12,620
- Other	15	14	15	14
	54,163	57,089	54,163	57,089

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 38.

Recognition and Measurement

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	58	140	58	140
	58	140	58	140

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	140	187	140	187
Revenue recognised from performance obligations satisfied in previous periods	-	162	-	162
Transaction price allocated to the remaining performance obligations from contracts with customers	12,856	8,711	12,856	8,711

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

Specific revenue class	2025 \$000	2026 \$000	2027 \$000	≥ 2028 \$000	Total \$000
Sales of goods and services from contracts with customers	1,919	160	160	-	2,239
Grants and other contributions	8,473	1,981	163	-	10,617
	10,392	2,141	323	-	12,856

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Other loans and deposits	917	890	917	890
Lease liabilities (see Note 25)	2,533	2,326	2,533	2,326
	3,450	3,216	3,450	3,216
Non-current				
Other loans and deposits	2,937	3,855	2,937	3,855
Lease liabilities (see Note 25)	6,090	6,660	6,090	6,660
	9,027	10,515	9,027	10,515

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

Final repayment of loan is scheduled for 30 June 2028.

Other loans still to be extinguished represent monies to be repaid to the NSW Treasury.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 38.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Borrowings (continued)

Recognition and Measurement

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless the District has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 38 (b) for derecognition policy.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	5,608	10,856	16,464
Cash flows	(863)	(3,271)	(4,134)
New leases	-	1,215	1,215
Lease terminations	-	(231)	(231)
Lease reassessments	-	417	417
30 June 2023	4,745	8,986	13,731
1 July 2023	4,745	8,986	13,731
Cash flows	(891)	(3,243)	(4,134)
New leases	-	2,660	2,660
Lease terminations	-	(111)	(111)
Lease reassessments	-	331	331
30 June 2024	3,854	8,623	12,477

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

31. 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	48,141	42,452	-	-
- Obligations expected to be settled after 12 months	23,763	26,274	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	1,367	1,108	-	-
- Obligations expected to be settled after 12 months	9,788	8,906	-	-
Parental leave				
- Obligations expected to be settled within 12 months	2,780	-	-	-
Provision for other employee benefits	2,274	2,436	-	-
Provision for personnel services liability	-	-	88,113	81,176
Total current provisions	88,113	81,176	88,113	81,176
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	1,234	986	-	-
Provision for personnel services liability	-	-	1,234	986
Total non-current provisions	1,234	986	1,234	986
Aggregate employee benefits and related on-costs				
Provisions - current	88,113	81,176	-	-
Provisions - non-current	1,234	986	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 28)	9,806	6,408	-	-
Liability - purchase of personnel services	-	-	99,153	88,570
	99,153	88,570	99,153	88,570

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

31. Provisions (continued)

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 23.28% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 22.28%). The District has assessed the actuarial advice based on the District'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 District does not expect to settle the liability within 12 months as the District does not have an unconditional right to defer settlement.

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 District'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 District 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 District.

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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Other liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Unearned revenue	-	32	-	32
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	6,684	3,916	6,684	3,916
	6,684	3,948	6,684	3,948
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	5,696	7,078	5,696	7,078
	5,696	7,078	5,696	7,078

PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	10,994	9,655
Add: receipt of cash during the financial year	1,865	1,547
Deduct: income recognised during the financial year	479	208
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	12,380	10,994

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

The District expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period evenly during the next 1-7 financial years, as the related asset(s) are constructed / acquired.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Commitments

(a) Capital commitments

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	3,668	17,575	3,668	17,575
Later than one year and not later than five years	-	5	-	5
Total (including GST)	3,668	17,580	3,668	17,580

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$3.67 million as at 30 June 2024 includes input tax credits of \$0.3M million that are expected to be recoverable from the Australian Taxation Office (2023: \$0.5M million).

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. 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 District'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 District's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the District 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.

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Net result

The actual Net Result was higher than adjusted budget by \$3 million, primarily due to:

(VMO) of \$21.3 million and premium labour overtime costs of \$13.3 million, partly offset by favourable medical employee related expenses giving rise to a net favourable variance in employee related expenses of \$4.5 million. In addition, activity and inflationary pressures have given rise to increases in clinical related goods and services, power and utility costs as well as heightened agency costs resulting in operating expenses being \$31.2 million unfavourable to budget.

Revenue is favourable to budget by \$52.8 million mainly due to Government Contributions of \$46.9 million in excess of budget which represents additional cash drawn down in excess of subsidy entitlement.

Assets and liabilities

Net Assets are \$36.9 million or 5.2% favourable to budget. This favourable budget is mainly due to an increase in Property Plant and Equipment value following the indices revaluation of \$33 million.

Cash flows

The cash flows variance to budget is 9.4% mainly due to Operating Activities where the payments are \$47.7 million (5.6%) unfavourable. The Operating Receipts are \$38.2 million (4.3%) favourable to budget following the Ministry of Health Government Contributions of \$46.9 million in excess of budget which represents additional cash drawn down in excess of subsidy entitlement.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Adjusted budget review (continued)

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2023 are as follows:

	\$000
Initial allocation, 1 July 2023	404,986
Aboriginal Health	152
Alcohol & Other Drugs	3,858
Allied Health	3,664
Community	1,082
COVID-19	1,173
Deferred Care Elective Surgery	968
Dental	1,876
Education & Training	1,881
Health Promotion	210
Medical	380
Mental Health	3,180
Nursing & Midwifery	2,814
Paid Parental Leave	336
People & Culture	204
Public Health	507
Rural & Regional Workforce	1,787
TMF Agency Performance Adjustment	(2,011)
Virtual Care	130
VMOs	5,553
Voluntary Assisted Dying	645
Other	516
Revenue as per Statement of Comprehensive Income	433,891

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

35. 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	22,399	58,752	22,399	58,752
Depreciation and amortisation expense	(42,258)	(37,684)	(42,258)	(37,684)
Allowance for impairment	(356)	(870)	(356)	(870)
(Increase) / decrease in other liabilities	(1,354)	(1,371)	(1,354)	(1,371)
Decrease / (increase) in provisions	(7,184)	8,781	(7,184)	8,781
Increase / (decrease) in inventory	(550)	283	(550)	283
Increase / (decrease) in prepayments and other assets	13,450	1,143	13,450	1,143
Increase / (decrease) in contract assets	245	191	245	191
Decrease / (increase) in payables	2,739	(10,758)	2,739	(10,758)
Decrease / (increase) in contract liabilities	81	48	81	48
Net gain / (loss) on sale of property, plant and equipment	(117)	(396)	(117)	(396)
Net gain / (loss) on disposal of right-of-use assets	(139)	133	(139)	133
Assets donated or brought to account (Note 36)	-	1,158	-	1,158
Net result	(13,044)	19,410	(13,044)	19,410

36. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	-	1,158	-	1,158
Property, plant and equipment acquired by a lease	2,660	1,215	2,660	1,215
	2,660	2,373	2,660	2,373

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. Trust funds

PARENT AND CONSOLIDATION

The District holds trust funds of \$946 thousand (2023: \$827 thousand) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

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

Category	1 July 2023	Revenue	Expense	30 June 2024
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	2	1	-	3
Refundable Deposits	68	-	(36)	32
Private Patient Trust Funds	73	6,876	(6,860)	89
Third Party Funds	684	10,733	(10,595)	822
Total trust funds	827	17,610	(17,491)	946

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	2	-	-	2
Refundable Deposits	67	1	-	68
Private Patient Trust Funds	478	5,544	(5,949)	73
Third Party Funds	1,129	9,128	(9,573)	684
Total trust funds	1,676	14,673	(15,522)	827

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

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. Financial instruments

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

The District's main risks arising from financial instruments are outlined below, together with the District'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 District, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

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Class	Category	Carrying	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 20)	Amortised cost	41,037	45,312
Receivables (Note 21) ¹	Amortised cost	26,431	10,459
Contract assets (Note 22) ³	Amortised cost	844	600
Total financial assets		68,312	56,371
Financial liabilities			
Borrowings (Note 30)	Financial liabilities measured at amortised cost	12,477	13,731
Payables (Note 28) ²	Financial liabilities measured at amortised cost	54,131	57,095
Total financial liabilities		66,608	70,826

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).

³ While contract assets are also not financial assets, they are explicitly included (i.e. in the scope of AASB 7 Financial Instruments: Disclosures) for the purpose of the credit risk disclosures.

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

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. Financial instruments (continued)

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

When the District 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 District 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 District's continuing involvement in the asset. In that case, the District 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 District has retained.

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the District. 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 District, including cash, receivables and authority deposits. No collateral is held by the District. The District has not granted any financial guarantees.

Credit risk associated with the District'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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

The District 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 District 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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. 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:

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	1.29%	9.08%	10.62%	32.85%	40.10%	6.27%
Estimated total gross carrying amount ¹	10,288	871	173	220	1,248	12,800
Expected credit loss	133	79	18	72	501	803
	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	1.48%	6.81%	27.87%	42.86%	66.02%	11.31%
Estimated total gross carrying amount ¹	5,674	852	287	217	877	7,907
Expected credit loss	84	58	80	93	579	894

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 21 and the contract assets total in Note 22.

The District 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 District will be unable to meet its payment obligations when they fall due. The District 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 District 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 District's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

The District 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 District 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.

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

The table below summarises the maturity profile of the District'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 Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2024								
Payables:								
- Creditors ²		54,131	-	-	54,131	54,131	-	-
Borrowings:								
- Other loans and deposits	3.18%	3,855	3,855	-	-	919	2,936	-
- Lease liabilities	3.22%	9,326	9,326	-	-	2,920	5,278	1,128
		67,312	13,181	-	54,131	57,970	8,214	1,128
2023								
Payables:								
- Creditors ²		57,095	-	-	57,095	57,095	-	-
Borrowings:								
- Other loans and deposits	3.18%	5,171	5,171	-	-	1,034	4,137	-
- Lease liabilities	2.38%	9,734	9,734	-	-	2,734	5,330	1,670
		72,000	14,905	-	57,095	60,863	9,467	1,670

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 District 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).

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. 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 District's exposures to market risk are primarily through interest rate risk on the District's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The District 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 District 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.

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

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

PARENT AND CONSOLIDATION

	2024		2023	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(286)	286	(316)	316
Equity	(286)	286	(316)	316

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2024	2023
	\$000	\$000
Short-term employee benefits	593	376
Post-employment benefits	78	19
	671	395

During the financial year, Mid North Coast Local Health District obtained key management personnel services from the immediate parent and incurred \$0.41 million (2023: \$0.41 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

The District'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 District had with government related entities during the financial year

During the financial year and comparative year, the District entered into the various transactions with other entities consolidated as part of the Ministry of Health (the 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 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.
- Staff related costs in relation to training registration fee
- Various grants and subsidies towards research and other projects

Mid North Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Related party disclosures (continued)

(d) Transactions the District 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
- Occupancy agreement expenses for Property NSW properties
- Various grants and subsidies towards research and other projects

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

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

- Motor Accident Authority third party revenue received from the State Insurance Regulatory Authority (SIRA)
- Various grants and other contributions towards research and other projects
- Clinical services revenue earned from NSW Police Force and Transport for NSW
- Interest income on TCorpIM Funds Investment facilities
- Motor vehicle rebates
- Insurance refunds
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- Some terms deposits are invested with TCorpIM Funds Investment facilities
- Energy Efficient Government Program loans are held with the Crown
- Intra-health loans and advances
- 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.

40. 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