



INDEPENDENT AUDITOR'S REPORT

Murrumbidgee Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Murrumbidgee Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information 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 financial position, financial performance and cash flows of the District and the consolidated entity.

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 and the consolidated entity 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 35. 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.

The 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 and 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 ability of the District and the consolidated entity 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/ar3.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 assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

23 September 2024
SYDNEY

Murrumbidgee Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2024



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

1. The financial statements of Murrumbidgee 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 Murrumbidgee Local Health District's financial position as at 30 June 2024 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink that reads 'Jill Ludford'.

Jill Ludford

Chief Executive

20 September 2024

A handwritten signature in blue ink that reads 'Kevin Lawrence'.

Kevin Lawrence

Director – Finance & Performance

20 September 2024

Murrumbidgee Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	482,999	453,005	456,977	-	-
Personnel services	3	-	-	-	471,520	448,048
Visiting medical officers	4	71,939	54,348	62,383	71,939	62,383
Operating expenses	5	287,438	277,074	262,790	287,438	262,790
Depreciation and amortisation	6	42,329	41,941	34,272	42,329	34,272
Grants and subsidies	7	3,770	4,372	1,903	3,770	1,903
Finance costs	8	583	375	546	583	546
Payments to Affiliated Health Organisations	9	20,196	21,203	18,268	20,196	18,268
Total expenses excluding losses		909,254	852,318	837,139	897,775	828,210
Revenue						
Ministry of Health recurrent allocations	12	436,091	401,010	685,314	436,091	685,314
Ministry of Health capital allocations	12	66,548	65,301	81,717	66,548	81,717
Acceptance by the Crown ² of employee benefits	16	11,479	11,650	8,929	-	-
Sale of goods and services from contracts with customers	13	115,894	112,409	101,587	115,894	101,587
Investment revenue	14	1,157	415	356	1,157	356
Grants and other contributions	15	280,913	273,329	18,910	280,913	18,910
Other income	17	1,116	1,777	1,238	1,116	1,238
Total revenue		913,198	865,891	898,051	901,719	889,122
Operating result		3,944	13,573	60,912	3,944	60,912
Gains / (losses) on disposal	18	(161)	-	139	(161)	139
Impairment losses on financial assets	22	(371)	(1,191)	(577)	(371)	(577)
Other gains / (losses)	19	(2)	(2)	36	(2)	36
Net result from continuing operations	36	3,410	12,380	60,510	3,410	60,510
Net result		3,410	12,380	60,510	3,410	60,510
Other comprehensive income						
Changes in revaluation surplus of property, plant and equipment	24	34,453	-	48,192	34,453	48,192
TOTAL COMPREHENSIVE INCOME		37,863	12,380	108,702	37,863	108,702

¹ Unaudited adjusted budget, see Note 35.

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

The accompanying notes form part of these financial statements.

Murrumbidgee Local Health District

Statement of Financial Position as at 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
ASSETS						
Current assets						
Cash and cash equivalents	21	10,055	8,065	9,706	10,055	9,706
Receivables	22	18,199	15,896	35,897	18,199	35,897
Inventories	23	1,617	2,899	2,903	1,617	2,903
Total current assets		29,871	26,860	48,506	29,871	48,506
Non-current assets						
Receivables	22	111	133	133	111	133
Property, plant & equipment	24					
- Land and buildings		996,153	964,535	924,035	996,153	924,035
- Plant and equipment		34,735	32,925	34,769	34,735	34,769
- Infrastructure systems		19,875	19,279	19,609	19,875	19,609
Total property, plant & equipment		1,050,763	1,016,739	978,413	1,050,763	978,413
Right-of-use assets	25	18,640	19,036	18,498	18,640	18,498
Total non-current assets		1,069,514	1,035,908	997,044	1,069,514	997,044
Total assets		1,099,385	1,062,768	1,045,550	1,099,385	1,045,550
LIABILITIES						
Current liabilities						
Payables	28	57,625	48,179	46,415	57,625	46,415
Contract liabilities	29	1,118	1,423	1,423	1,118	1,423
Borrowings	30	3,327	2,418	2,809	3,327	2,809
Provisions	31	65,019	63,044	60,385	65,019	60,385
Other current liabilities	32	73	-	-	73	-
Total current liabilities		127,162	115,064	111,032	127,162	111,032
Non-current liabilities						
Borrowings	30	16,421	17,385	16,776	16,421	16,776
Provisions	31	1,056	1,056	859	1,056	859
Total non-current liabilities		17,477	18,441	17,635	17,477	17,635
Total liabilities		144,639	133,505	128,667	144,639	128,667
Net assets		954,746	929,263	916,883	954,746	916,883
EQUITY						
Reserves		204,456	170,051	170,050	204,456	170,050
Accumulated funds		750,290	759,212	746,833	750,290	746,833
Total Equity		954,746	929,263	916,883	954,746	916,883

¹ Unaudited adjusted budget, see Note 35.

The accompanying notes form part of these financial statements.

Murrumbidgee 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		746,832	170,051	916,883
Balance at 1 July 2023		746,832	170,051	916,883
Net result for the year		3,410	-	3,410
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	34,453	34,453
Total other comprehensive income		-	34,453	34,453
Total comprehensive income for the year		3,410	34,453	37,863
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		48	(48)	-
Balance at 30 June 2024		750,290	204,456	954,746

	Notes	Accumulated	Asset Revaluation	Total
		Funds	Surplus	
		\$000	\$000	\$000
Balance at 1 July 2022		686,482	122,053	808,535
Correction of error - long service leave calculations		(354)	-	(354)
Balance at 1 July 2022		686,128	122,053	808,181
Net result for the year		60,510	-	60,510
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	48,192	48,192
Total other comprehensive income		-	48,192	48,192
Total comprehensive income for the year		60,510	48,192	108,702
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		195	(195)	-
Balance at 30 June 2023		746,833	170,050	916,883

The accompanying notes form part of these financial statements.

Murrumbidgee 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		(471,903)	(443,913)	(462,375)	-	-
Suppliers for goods and services		(373,367)	(350,607)	(343,124)	(373,367)	(343,124)
Grants and subsidies		(26,006)	(27,616)	(22,152)	(26,006)	(22,152)
Finance costs		(583)	(375)	(546)	(583)	(546)
Personnel services		-	-	-	(471,903)	(462,375)
Total payments		(871,859)	(822,511)	(828,197)	(871,859)	(828,197)
Receipts						
Ministry of Health recurrent allocations		436,091	401,010	685,314	436,091	685,314
Ministry of Health capital allocations		66,548	65,301	81,717	66,548	81,717
Reimbursements from the Crown ²		6,380	6,380	6,869	6,380	6,869
Sale of goods and services		113,709	111,917	100,647	113,709	100,647
Interest received		1,153	415	356	1,153	356
Grants and other contributions		286,313	273,602	18,455	286,313	18,455
Other		22,259	22,809	21,152	22,259	21,152
Total receipts		932,453	881,434	914,510	932,453	914,510
NET CASH FLOWS FROM OPERATING ACTIVITIES	36	60,594	58,923	86,313	60,594	86,313
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		-	-	566	-	566
Purchases of property, plant and equipment		(56,877)	(57,245)	(82,971)	(56,877)	(82,971)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(56,877)	(57,245)	(82,405)	(56,877)	(82,405)

Murrumbidgee 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		(125)	(125)	(121)	(125)	(121)
Payment of principal portion of lease liabilities		(3,243)	(3,194)	(3,255)	(3,243)	(3,255)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3,368)	(3,319)	(3,376)	(3,368)	(3,376)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	21	9,706	9,706	9,174	9,706	9,174
CLOSING CASH AND CASH EQUIVALENTS	21	10,055	8,065	9,706	10,055	9,706

¹ Unaudited adjusted budget, see Note 35.

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

The accompanying notes form part of these financial statements.

Murrumbidgee 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

Murrumbidgee Local Health District (MLHD), 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.

MLHD 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.

MLHD 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
- * Murrumbidgee Local Health District Special Purpose Service Entity which provides personnel services to MLHD 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 MLHD as a parent entity and MLHD 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 20 September 2024.

b) Basis of preparation

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

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

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

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

Other circumstances why the going concern assumption is appropriate include:

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

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

MLHD 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 MLHD's presentation and functional currency.

c) Statement of Compliance

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

Murrumbidgee 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.

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

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

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

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

(ii) Issued but not yet effective

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

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

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

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

Murrumbidgee 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*	421,752	404,234	-	-
Superannuation - defined benefit plans	1,077	1,375	-	-
Superannuation - defined contribution plans	42,438	37,493	-	-
Long service leave	11,416	7,644	-	-
Workers' compensation insurance	6,286	6,231	-	-
Fringe benefits tax	30	-	-	-
	482,999	456,977	-	-

* 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*	-	-	421,752	404,234
Superannuation - defined contribution plans	-	-	42,438	37,493
Long service leave	-	-	1,014	90
Workers' compensation insurance	-	-	6,286	6,231
Fringe benefits tax	-	-	30	-
	-	-	471,520	448,048

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

Personnel services of Murrumbidgee Local Health District were provided by its controlled entity, Murrumbidgee 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 MLHD's hospitals. VMO expenses of \$71.94 million (2023: \$62.38 million) represent part of the day-to-day running costs incurred in the normal operations of MLHD. These costs are expensed as incurred.

Murrumbidgee 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	444	598	444	598
Agency expenses	7,763	4,323	7,763	4,323
Auditor's remuneration - audit of financial statements	130	119	130	119
Blood and blood products	3,071	2,653	3,071	2,653
Consultants	27	-	27	-
Contractors	2,222	777	2,222	777
Corporate support services	5,704	4,646	5,704	4,646
Courier and freight	745	648	745	648
Disability equipment support expenses	1,129	1,092	1,129	1,092
Domestic supplies and services	26,241	24,654	26,241	24,654
Drug supplies	20,847	20,585	20,847	20,585
Expenses relating to short-term leases	7,672	4,373	7,672	4,373
Expenses relating to leases of low-value assets	957	918	957	918
Food supplies	21,888	21,165	21,888	21,165
Fuel, light, power and water	7,698	7,115	7,698	7,115
Hosted services purchased from entities controlled by the immediate parent	5,682	5,739	5,682	5,739
Information management expenses	18,518	17,332	18,518	17,332
Insurance	1,670	1,108	1,670	1,108
Legal services	301	267	301	267
Maintenance (see Note 5 (a))	21,873	21,649	21,873	21,649
Medical and surgical supplies (including prostheses)	29,222	30,589	29,222	30,589
Membership / professional fees	68	376	68	376
Motor vehicle expenses	1,960	1,634	1,960	1,634
Outsourced patient services	7,328	9,299	7,328	9,299
Patient transport costs	22,566	20,430	22,566	20,430
Postal and telephone costs	2,143	1,635	2,143	1,635
Printing and stationery	971	979	971	979
Professional services (excluding consultants)	1,353	1,604	1,353	1,604
Quality assurance / accreditation	235	-	235	-
Rates and charges	327	211	327	211
Security services	997	1,271	997	1,271
Specialised services (dental, radiology, pathology and allied health)	46,878	41,799	46,878	41,799
Staff related costs	2,817	1,456	2,817	1,456
Travel related costs	5,340	7,037	5,340	7,037
Other miscellaneous	10,651	4,709	10,651	4,709
	287,438	262,790	287,438	262,790

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

Murrumbidgee 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 \$10.65 million (2023: \$4.71 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	8,440	7,997	8,440	7,997
Planned maintenance	6,972	5,783	6,972	5,783
New / replacement equipment under \$10,000	6,461	7,869	6,461	7,869
Maintenance expense - contracted labour and other (non-employee related) in Note 5	21,873	21,649	21,873	21,649
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	3,032	3,039	3,032	3,039
	24,905	24,688	24,905	24,688

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

6. Depreciation and amortisation

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Depreciation - buildings	32,320	24,424	32,320	24,424
Depreciation - plant and equipment	5,859	5,730	5,859	5,730
Depreciation - infrastructure systems	763	633	763	633
Depreciation - right-of-use buildings	1,964	1,946	1,964	1,946
Depreciation - right-of-use plant and equipment	1,423	1,539	1,423	1,539
	42,329	34,272	42,329	34,272

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

7. Grants and subsidies

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Non-government organisations	2,659	1,769	2,659	1,769
Grants to entities controlled by the immediate parent	1,100	10	1,100	10
Other grants	11	124	11	124
	3,770	1,903	3,770	1,903

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.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

8. Finance costs

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest expense from lease liabilities	535	493	535	493
Interest expense from financial liabilities at amortised cost	7	11	7	11
Other interest charges	41	42	41	42
	583	546	583	546

Recognition and Measurement

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

9. Payments to Affiliated Health Organisations

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Recurrent sourced				
Mercy Health Services	20,196	18,268	20,196	18,268
	20,196	18,268	20,196	18,268

Recognition and Measurement

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

10. Revenue

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

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

11. Summary of compliance

The Appropriation Act 2023 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$19,613 million to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2023-24. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including MLHD.

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

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

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

12. Ministry of Health allocations

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Sale and recovery of pharmaceutical supplies	9,351	7,707	9,351	7,707
Sale of prostheses	1,033	1,170	1,033	1,170
Other	27	18	27	18
	10,411	8,895	10,411	8,895

(b) Rendering of services comprise the following:

Patients				
Patient Fees:				
- Inpatient fees	48,676	42,402	48,676	42,402
- Nursing home fees	616	584	616	584
- Non inpatient fees	3,941	3,706	3,941	3,706
Department of Veterans' Affairs	7,100	5,311	7,100	5,311
Motor Accident Authority third party	4,034	4,425	4,034	4,425
Multi Purpose Service Centre fees	25,744	22,472	25,744	22,472
Patient transport fees	95	83	95	83
Other patient fees	1,274	1,347	1,274	1,347
Staff				
Private use of motor vehicles	19	10	19	10
Salary packaging fee	96	-	96	-
Meals and accommodation	137	97	137	97
Child care fees	1	1	1	1
General community				
Cafeteria / kiosk	3	1	3	1
Car parking	47	121	47	121
Clinical services (excluding clinical drug trials)	221	191	221	191
Commercial activities	33	32	33	32
Fees for conferences and training	918	756	918	756
Fees for medical records	78	61	78	61
Information retrieval	1	2	1	2
Non-NSW Health entities				
Linen service revenues	60	47	60	47
Services to other organisations	654	679	654	679
Entities controlled by the immediate parent				
Hosted service revenues	1,576	1,582	1,576	1,582
Other				
Infrastructure fees - annual charge	40	215	40	215
Infrastructure fees - monthly facility charge	10,031	8,449	10,031	8,449
Other	88	118	88	118
	105,483	92,692	105,483	92,692
	115,894	101,587	115,894	101,587

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement

Sale of goods

Revenue from the sale of goods is recognised when MLHD 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.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services

Revenue from rendering of services is recognised when MLHD 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.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services (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 MLHD expects to recognise the unsatisfied portion as revenue.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	1,157	356	1,157	356
	1,157	356	1,157	356

Recognition and Measurement

Interest income from financial assets at amortised cost

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	181,897	-	181,897	-
Cancer Institute grants received from an entity controlled by the immediate parent	5,786	5,520	5,786	5,520
Commonwealth government grants received for community based services	4,461	4,249	4,461	4,249
Commonwealth government grants other	-	134	-	134
Other grants from entities controlled by the immediate parent	21	2,043	21	2,043
Other grants	5,327	4,989	5,327	4,989
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	81,854	-	81,854	-
Commonwealth government grants other	6	8	6	8
Grants from entities controlled by the ultimate parent	222	23	222	23
Other grants from entities controlled by the immediate parent	230	963	230	963
Other grants	211	123	211	123
Donations				
Donations	898	858	898	858
	280,913	18,910	280,913	18,910

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Grants and other contributions (continued)

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

Recognition and Measurement

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

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

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	1,077	1,375	-	-
Long service leave provision	10,402	7,554	-	-
	11,479	8,929	-	-

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

17. Other income

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Commissions	14	22	14	22
Discounts	65	123	65	123
Insurance refunds	5	(3)	5	(3)
Rental income				
- Other rental income	915	1,022	915	1,022
Sponsorship	17	29	17	29
Other	100	45	100	45
	1,116	1,238	1,116	1,238

Recognition and Measurement

Rental income

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

18. Gains / (losses) on disposal

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	160	427	160	427
Less: proceeds from disposal	-	566	-	566
Net gains / (losses) on disposal	(160)	139	(160)	139
Right-of-use assets				
Written down value of assets disposed	8	84	8	84
Less : lease liabilities extinguished	7	84	7	84
Net gains / (losses) on disposal	(1)	-	(1)	-
Total gains / (losses) on disposal	(161)	139	(161)	139

19. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(2)	36	(2)	36
	(2)	36	(2)	36

Recognition and Measurement

Impairment losses on non-financial assets

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

- Note 22 Receivables
- Note 23 Inventories
- Note 24 Property, plant and equipment
- Note 25 Leases

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

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Cash at bank and on hand	127	9,706	127	9,706
Cash at bank - held by HealthShare NSW*	9,928	-	9,928	-
	10,055	9,706	10,055	9,706

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

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

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

Cash and cash equivalents (per Statement of Financial Position)	10,055	9,706	10,055	9,706
	10,055	9,706	10,055	9,706

Refer to Note 39 for details regarding credit risk and market risk arising from financial instruments.

Most cash and cash equivalents held by MLHD 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 MLHD for payments to suppliers and employees. HealthShare NSW makes payments after MLHD has reviewed and approved the invoices and employee rosters. MLHD'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 MLHD.

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	11,931	9,799	11,931	9,799
Intra health receivables	2,586	1,972	2,586	1,972
Goods and Services Tax	1,860	2,385	1,860	2,385
Other receivables	925	624	925	624
Sub total	17,302	14,780	17,302	14,780
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(299)	(385)	(299)	(385)
- Other receivables	(1)	-	(1)	-
Sub total	17,002	14,395	17,002	14,395
Prepayments	1,197	21,502	1,197	21,502
	18,199	35,897	18,199	35,897

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

Trade receivables from contracts with customers

Balance at the beginning of the year	(385)	(93)	(385)	(93)
Amounts written off during the year	421	267	421	267
(Increase) / decrease in allowance recognised in the net result ¹	(335)	(558)	(335)	(558)
Balance at the end of the year	(299)	(385)	(299)	(385)

Other receivables

Balance at the beginning of the year	-	(8)	-	(8)
Amounts written off during the year	35	26	35	26
(Increase) / decrease in allowance recognised in the net result	(36)	(19)	(36)	(19)
Balance at the end of the year	(1)	-	(1)	-
	(300)	(385)	(300)	(385)

Non-current

Prepayments	111	133	111	133
	111	133	111	133

¹ Includes total impairment loss of \$0.34 million (2023: \$0.56 million) recognised on receivables from contracts with customers.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Receivables (continued)

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

Current and non-current include:

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Patient fees - compensable	1,573	1,122	1,573	1,122
Patient fees - Medicare ineligible	1,929	1,085	1,929	1,085
Patient fees - inpatient & other	5,547	5,140	5,547	5,140
	9,049	7,347	9,049	7,347

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 39.

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Contract receivables (included in Note 22)	14,517	11,771	14,517	11,771
Total contract receivables	14,517	11,771	14,517	11,771

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

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

Murrumbidgee 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	614	1,901	614	1,901
Medical and surgical supplies	889	888	889	888
Engineering supplies	82	82	82	82
Other including goods in transit	32	32	32	32
	1,617	2,903	1,617	2,903

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 MLHD 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.

Murrumbidgee 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	1,211,063	80,922	25,333	1,317,318
Less: accumulated depreciation and impairment	385,627	51,190	6,387	443,204
Net carrying amount	825,436	29,732	18,946	874,114

	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	825,436	29,732	18,946	874,114
Additions	76,540	8,738	-	85,278
Disposals	(413)	(14)	-	(427)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	2,043	-	2,043
Net revaluation increments less revaluation decrements	46,896	-	1,296	48,192
Depreciation expense	(24,424)	(5,730)	(633)	(30,787)
Net carrying amount at end of year	924,035	34,769	19,609	978,413

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.

Murrumbidgee 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	1,361,475	91,679	27,126	1,480,280
Less: accumulated depreciation and impairment	437,440	56,910	7,517	501,867
Net carrying amount	924,035	34,769	19,609	978,413

	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	924,035	34,769	19,609	978,413
Additions	71,175	5,803	-	76,978
Disposals	(160)	-	-	(160)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	21	-	21
Net revaluation increments less revaluation decrements	33,423	1	1,029	34,453
Depreciation expense	(32,320)	(5,859)	(763)	(38,942)
Net carrying amount at end of year	996,153	34,735	19,875	1,050,763

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	1,486,067	97,407	28,551	1,612,025
Less: accumulated depreciation and impairment	489,914	62,672	8,676	561,262
Net carrying amount	996,153	34,735	19,875	1,050,763

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.

The net carrying amount of service concession assets included in each class of property, plant and equipment as at 30 June 2024:

- land and buildings \$9.82 million (2023: \$9.68 million)

- infrastructure systems \$0.05 million (2023: \$0.05 million)

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 26.

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

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

Murrumbidgee 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 MLHD.

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

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

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

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

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

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

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

Right-of-use assets acquired by lessees

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

Further information on leases is contained in Note 25.

Service concession assets

Service concession arrangements (SCAs) are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

Murrumbidgee 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)

Service concession assets (continued)

Based on MLHD's assessment, the following arrangements fall in the scope of AASB 1059:

Description	Hospital facilities			
Name and description of the SCA	Mercy operates out of a leased space which is owned by the MLHD and provides 26 beds rehabilitation and palliative care service. As the lease has been expired, Mercy is currently operating out a month-to-month lease while negotiations are being undertaken to renew the lease.			
Period of arrangement	Month to month.			
Terms of the arrangement	Young Mercy Centre receives funds under a service level agreement from the MLHD for the services it provides to the community.			
Rights and obligations				
Changes in arrangements occurred during 2023	Nil			
Changes in arrangements occurred during 2024	Nil			
Carrying amounts of SCA	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Young Mercy Centre	9,683	-	50	9,733
	9,683	-	50	9,733
Year ended 30 June 2024				
Young Mercy Centre	9,815	-	50	9,865
	9,815	-	50	9,865

Murrumbidgee 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. MLHD 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. MLHD uses an independent professionally qualified valuer for such interim revaluations.

The last comprehensive revaluation was completed on 31 December 2021 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 10.00% in market prices for land and material increases in construction and labour costs of 18.25% for buildings and 18.25% 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. MLHD 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.

Murrumbidgee 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

MLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 20 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. MLHD 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 MLHD and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

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

MLHD 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.

Murrumbidgee 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	15,850	2,648	18,498
Additions	545	2,534	3,079
Reassessments	455	3	458
Disposals	(7)	(1)	(8)
Depreciation expense	(1,964)	(1,423)	(3,387)
Balance at 30 June 2024	14,879	3,761	18,640

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	17,432	2,530	19,962
Additions	428	1,497	1,925
Reassessments	17	163	180
Disposals	(81)	(3)	(84)
Depreciation expense	(1,946)	(1,539)	(3,485)
Balance at 30 June 2023	15,850	2,648	18,498

Murrumbidgee 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	19,332	20,566
Additions	3,079	1,925
Interest expenses	535	493
Payments	(3,778)	(3,748)
Terminations / derecognition	(7)	(84)
Other adjustments	458	180
Balance at 30 June	19,619	19,332

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

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	3,387	3,485
Interest expense on lease liabilities	535	493
Expenses relating to short-term leases	7,672	4,373
Expenses relating to leases of low-value assets	957	918
(Gains) / losses on disposal	1	(1)
Total amount recognised in the statement of comprehensive income	12,552	9,268

MLHD had total cash outflows for leases of \$12.41 million for the year ended 30 June 2024 (2023: \$9.04 million).

Murrumbidgee 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

MLHD entered into a number of leases, with lease terms ranging from 1 to 10 years with various Local Health Charities and Health Entities for the use of community health buildings. The contract specifies lease payments of \$Nil per annum. The leased premise is be used by MLHD to provide different community health services. The community health buildings account for a small portion of the similar assets MLHD is using for the purpose of providing community services. Therefore it does not have a significant impact on MLHD's operations.

Recognition and Measurement

MLHD 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.

MLHD 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 16 years
Plant and equipment	3 to 4 years
Motor vehicles and other equipment	2 to 5 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. MLHD 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, MLHD 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

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

Murrumbidgee 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, MLHD 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).

MLHD 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	-	-	773,620	773,620
- Infrastructure systems	-	-	20,006	20,006
	-	-	793,626	793,626

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	-	-	771,101	771,101
- Infrastructure systems	-	-	19,609	19,609
	-	-	790,710	790,710

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.

Murrumbidgee 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 MLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Opteon (Southern Inland NSW) Pty Ltd for the 2021-22 financial year. Opteon (Southern Inland NSW) Pty Ltd is an independent entity and is not an associated entity of MLHD.

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.

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

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

Murrumbidgee 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

	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
2024			
Fair value as at 1 July 2023	771,101	19,609	790,710
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	33,423	1,029	34,452
Depreciation expense	(30,904)	(632)	(31,536)
Fair value as at 30 June 2024	773,620	20,006	793,626

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

	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
2023			
Fair value as at 1 July 2022	748,815	18,946	767,761
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	46,896	1,296	48,192
Disposals	(341)	-	(341)
Depreciation expense	(24,269)	(633)	(24,902)
Fair value as at 30 June 2023	771,101	19,609	790,710

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

Murrumbidgee 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

MLHD'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	60	3	11	52
Facility improvements	983	65	52	996
Patient welfare	483	67	80	470
Private practice disbursements (No.2 Accounts)	292	34	27	299
Public contributions	4,225	534	445	4,314
Research	18	10	-	28
Section 19(2) exemption funds	2,864	784	593	3,055
Staff welfare	35	4	4	35
Training and education including conferences	166	80	5	241
	9,126	1,581	1,217	9,490

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

Murrumbidgee 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.
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.
Research	Research to gain knowledge, understanding and insight.
Section 19(2) exemption funds	Improving access to primary care in rural and remote areas.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.

Unclaimed monies

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

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.

Murrumbidgee 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	7,172	5,144	-	-
Salaries and wages deductions	178	124	-	-
Payroll and fringe benefits tax	(94)	(94)	-	-
Accrued liability - purchase of personnel services	-	-	7,256	5,174
Creditors	30,101	27,816	30,101	27,816
Other creditors				
- Payables to entities controlled by the immediate parent	20,242	13,401	20,242	13,401
- Other	26	24	26	24
	57,625	46,415	57,625	46,415

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 39.

Recognition and Measurement

Payables represent liabilities for goods and services provided to MLHD 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.

Murrumbidgee 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	1,118	1,423	1,118	1,423
	1,118	1,423	1,118	1,423

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,423	397	1,423	397
Revenue recognised from performance obligations satisfied in previous periods	912	89	912	89
Transaction price allocated to the remaining performance obligations from contracts with customers	43,408	43,701	43,408	43,701

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	27,428	-	-	-	27,428
Grants and other contributions	14,261	1,571	148	-	15,980
	41,689	1,571	148	-	43,408

Murrumbidgee 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	129	124	129	124
Lease liabilities (see Note 25)	3,198	2,685	3,198	2,685
	3,327	2,809	3,327	2,809
Non-current				
Other loans and deposits	-	129	-	129
Lease liabilities (see Note 25)	16,421	16,647	16,421	16,647
	16,421	16,776	16,421	16,776

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 2025.

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 39.

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless MLHD has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 39 (b) for derecognition policy.

Financial liabilities at fair value through profit or loss

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

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

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

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

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Borrowings (continued)

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

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

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

Financial guarantees

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

Recognition and Measurement

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

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

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Derivatives \$000	Service concession arrangements \$000	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	-	-	374	20,566	20,940
Cash flows	-	-	(121)	(3,255)	(3,376)
New leases	-	-	-	1,925	1,925
Lease terminations	-	-	-	(84)	(84)
Lease reassessments	-	-	-	180	180
30 June 2023	-	-	253	19,332	19,585
1 July 2023	-	-	253	19,332	19,585
Cash flows	-	-	(124)	(3,243)	(3,367)
New leases	-	-	-	3,079	3,079
Lease terminations	-	-	-	(7)	(7)
Lease reassessments	-	-	-	458	458
30 June 2024	-	-	129	19,619	19,748

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

Murrumbidgee 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	41,215	37,477	-	-
- Obligations expected to be settled after 12 months	9,536	12,391	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	1,078	903	-	-
- Obligations expected to be settled after 12 months	8,473	7,832	-	-
Parental leave				
- Obligations expected to be settled within 12 months	3,023	-	-	-
Provision for other employee benefits	1,694	1,782	-	-
Provision for personnel services liability	-	-	65,019	60,385
Total current provisions	65,019	60,385	65,019	60,385
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	1,056	859	-	-
Provision for personnel services liability	-	-	1,056	859
Total non-current provisions	1,056	859	1,056	859
Aggregate employee benefits and related on-costs				
Provisions - current	65,019	60,385	-	-
Provisions - non-current	1,056	859	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 28)	7,350	5,268	-	-
Liability - purchase of personnel services	-	-	73,425	66,512
	73,425	66,512	73,425	66,512

Murrumbidgee 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 21.98% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 21.28%). MLHD has assessed the actuarial advice based on the MLHD'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 MLHD does not expect to settle the liability within 12 months as MLHD 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

MLHD'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. MLHD 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 MLHD.

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.

Murrumbidgee 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	73	-	73	-
	73	-	73	-

Unearned revenue was derived from the following:

In July 2023, \$0.073M was received in advance from Health Infrastructure to build Electric Vehicle Re-charging Stations at the Wagga Wagga Base Hospital.

PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	-	15
Add: receipt of cash during the financial year	-	(15)
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	-	-

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

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

Murrumbidgee 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	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Within one year	37,951	53,257	37,951	53,257
Later than one year and not later than five years	2,121	26,706	2,121	26,706
Later than five years	-	-	-	-
Total (including GST)	40,072	79,963	40,072	79,963

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$40.07 million as at 30 June 2024 includes input tax credits of \$3.64 million that are expected to be recoverable from the Australian Taxation Office (2023: \$7.27 million).

34. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

35. 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). MLHD'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, MLHD's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between MLHD and the Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant budget entries in the financial statements are unaudited.

PARENT AND CONSOLIDATION

Net result

The actual net result of \$3.4 million was lower than the budgeted amount of \$12.4 million.

Total revenue exceeded budget by \$47 million with Ministry of Health recurrent allocations exceeding the budget.

Total expenditure exceeded budget by \$57 million with the continuing high costs of providing health care in regional NSW impacting the overall results.

Assets and liabilities

Net assets have increased by \$38 million compared to the prior year and are \$25 million higher than budgeted.

Total assets have increased by \$54 million with an increase of \$72 million seen in property, plant & equipment with a reduction in current assets of \$19 million noted.

Total liabilities have increased by \$16 million and exceeded budget by \$12 million.

Cash flows

Net cashflows from operating activities reduced by \$26 million and exceeded budget by \$2 million.

Total receipts increased by approximately \$18 million compared to last year resulting from increased receipts from the sale of goods and services of \$13 million.

Ministry of Health Capital Allocations reduced by \$15 million.

A change in the treatment of Commonwealth National Health Reform revenue this year has increased the receipts from grants & other contributions (previously recorded as Ministry of Health Recurrent Allocations).

Total payments have increased \$44 million compared to the prior year and are \$49 million than budget. Increased payments were seen in goods and services and employee related costs.

Net cash outflows from investing activities have reduced by \$26 million with reduced payments for the purchase of property, plant & equipment.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

35. Adjusted budget review (continued)

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

	\$000
Initial allocation, 19 September 2023	368,282
Dental services enhancements	2,028
Special commission of inquiry into the drug 'ICE' funding	3,618
Mental health enhancements	5,549
Workers compensation performance adjustment	2,072
Safe staffing levels	2,245
Medical officer budget enhancements	3,721
Rural health workforce incentive scheme	2,736
COVID anti virals	919
Urgent care services	1,215
Other budget supplementations	8,625
Balance as per Statement of Comprehensive Income	401,010

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

36. 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	60,594	86,313	60,594	86,313
Depreciation and amortisation expense	(42,329)	(34,272)	(42,329)	(34,272)
Allowance for impairment	(373)	(541)	(373)	(541)
(Increase) / decrease in other liabilities	(73)	16	(73)	16
Decrease / (increase) in provisions	(4,834)	9,354	(4,834)	9,354
Increase / (decrease) in inventory	(1,285)	90	(1,285)	90
Increase / (decrease) in prepayments and other assets	2,669	3,393	2,669	3,393
Decrease / (increase) in payables	(11,226)	(4,999)	(11,226)	(4,999)
Decrease / (increase) in contract liabilities	305	(1,026)	305	(1,026)
Net gain / (loss) on sale of property, plant and equipment	(160)	139	(160)	139
Net gain / (loss) on disposal of right-of-use assets	(1)	-	(1)	-
Assets donated or brought to account (Note 37)	123	2,043	123	2,043
Net result	3,410	60,510	3,410	60,510

37. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	122	2,043	122	2,043
Property, plant and equipment acquired by a lease	3,079	1,925	3,079	1,925
	3,201	3,968	3,201	3,968

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

38. Trust funds

PARENT AND CONSOLIDATION

MLHD holds trust funds of \$4.0 million (2023: \$5.3 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

These funds are excluded from the financial statements as MLHD 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 \$000	Expense \$000	30 June 2024
	Opening equity			Closing equity
	\$'000			\$'000
Patient Trust	85	5	-	90
Refundable Deposits	4,966	1,271	(2,561)	3,676
Private Patient Trust Funds	36	122	(123)	35
Third Party Funds	193	103	(85)	211
Total trust funds	5,280	1,501	(2,769)	4,012

Category	1 July 2022	Revenue \$000	Expense \$000	30 June 2023
	Opening equity			Closing equity
	\$'000			\$'000
Patient Trust	81	4	-	85
Refundable Deposits	8,438	1,649	(5,121)	4,966
Private Patient Trust Funds	218	161	(343)	36
Third Party Funds	155	139	(101)	193
Total trust funds	8,892	1,953	(5,565)	5,280

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.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Financial instruments

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 21)	Amortised cost	10,055	9,706
Receivables (Note 22) ¹	Amortised cost	15,142	12,010
Total financial assets		25,197	21,716
Financial liabilities			
Borrowings (Note 30)	Financial liabilities measured at amortised cost	19,748	19,585
Payables (Note 28) ²	Financial liabilities measured at amortised cost	57,719	46,509
Total financial liabilities		77,467	66,094

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).

MLHD 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:

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Financial instruments (continued)

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

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

Credit risk associated with MLHD'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.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

MLHD 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. MLHD 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.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. 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	0.65%	0.00%	5.01%	7.52%	8.49%	2.34%
Estimated total gross carrying amount ¹	9,581	114	659	758	1,743	12,856
Expected credit loss	62	-	33	57	148	300
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.90%	2.28%	10.81%	18.29%	22.06%	3.70%
Estimated total gross carrying amount ¹	7,847	989	440	225	921	10,423
Expected credit loss	71	23	48	41	203	385

Notes

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

MLHD 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 MLHD will be unable to meet its payment obligations when they fall due. MLHD 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.

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

MLHD 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 MLHD 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.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			
		Nominal	Fixed	Variable	Non -			
	EIR ³ %	Amount ¹ \$000	Interest Rate \$000	Interest Rate \$000	Bearing Interest \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2024								
Payables:								
- Creditors ²		57,719	-	-	57,719	57,719	-	-
Borrowings:								
- Other loans and deposits	3.08	132	132	-	-	132	-	-
- Lease liabilities	3.02	21,994	21,994	-	-	3,717	9,434	8,842
		79,845	22,126	-	57,719	61,568	9,434	8,842
2023								
Payables:								
- Creditors ²		46,509	-	-	46,509	46,509	-	-
Borrowings:								
- Other loans and deposits	3.08	263	263	-	-	132	131	-
- Lease liabilities	2.55	21,876	21,876	-	-	3,108	8,443	10,325
		68,648	22,139	-	46,509	49,749	8,574	10,325

Notes:

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. 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. MLHD's exposures to market risk are primarily through interest rate risk on MLHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. MLHD 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 MLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2023. The analysis assumes that all other variables remain constant.

Interest Rate Risk

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

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

MLHD 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, MLHD 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	97	(97)	99	(99)
Equity	97	(97)	99	(99)

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Financial instruments (continued)

iii. Market risk (continued)

Foreign exchange risk

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

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

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

(e) Fair value measurement

i. Fair value compared to carrying amount

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

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

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

ii. Fair value recognised in the Statement of Financial Position

Financial instruments are generally recognised at cost, with the exception of the derivatives and TCorpIM Funds investment facilities, which are measured at fair value. Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

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, MLHD 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
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

There were no transfers between level 1, 2 or 3 during the year ended 30 June 2024.

The value of the TCorpIM Funds investment is based on MLHD's share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM Funds investment facilities are valued using 'redemption' pricing.

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. 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	624	395
Post-employment benefits	-	9
	624	404

During the financial year, Murrumbidgee 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.

MLHD'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 MLHD had with government related entities during the financial year

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

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

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

Murrumbidgee Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Related party disclosures (continued)

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

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

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- Utilities, including electricity, gas and water expenses
- Motor vehicle toll expenses
- Insurance costs
- Various grants and subsidies towards research and other projects

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
- Motor vehicle rebates
- Insurance refunds
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- Energy Efficient Government Program loans are held with the Crown
- 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.

41. 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