



INDEPENDENT AUDITOR'S REPORT

Nepean Blue Mountains Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Nepean Blue Mountains Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy and other explanatory information.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 36. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that unlike the requirement in AASB 1055

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

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the District carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

18 September 2024
SYDNEY

Nepean Blue Mountains 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 the Nepean Blue Mountains Local Health District for the year ended 30 June 2024 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024* ; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Nepean Blue Mountains 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, appearing to read 'Lee Gregory'.

Lee Gregory

Chief Executive

12 September 2024

A handwritten signature in black ink, appearing to read 'Luke Bellman'.

Luke Bellman

Director, Finance & Corporate Services

12 September 2024

Nepean Blue Mountains Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
Notes		\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	731,291	692,885	661,646	-	-
Personnel services	3	-	-	-	707,585	645,498
Visiting medical officers	4	54,243	53,000	50,077	54,243	50,077
Operating expenses	5	366,844	343,116	338,809	366,844	338,809
Depreciation and amortisation	6	52,779	52,426	46,760	52,779	46,760
Grants and subsidies	7	5,136	4,989	4,106	5,136	4,106
Finance costs	8	1,014	878	699	1,014	699
Total expenses excluding losses		1,211,307	1,147,294	1,102,097	1,187,601	1,085,949
Revenue						
Ministry of Health recurrent allocations	11	629,187	552,953	987,601	629,187	987,601
Ministry of Health capital allocations	11	107,187	103,845	104,139	107,187	104,139
Transfers to the Ministry of Health		-	-	-	-	-
Acceptance by the Crown ² of employee benefits	15	23,706	24,013	16,148	-	-
Sale of goods and services from contracts with customers	12	86,119	89,111	79,564	86,119	79,564
Investment revenue	13	3,574	964	2,471	3,574	2,471
Grants and other contributions	14	399,642	421,280	11,553	399,642	11,553
Other income	16	3,162	5,428	3,637	3,162	3,637
Total revenue		1,252,577	1,197,594	1,205,113	1,228,871	1,188,965
Operating result		41,270	50,300	103,016	41,270	103,016
Gains / (losses) on disposal	17	(514)	(225)	(18,326)	(514)	(18,326)
Impairment losses on financial assets	21	(1,176)	(300)	(1,588)	(1,176)	(1,588)
Other gains / (losses)	18	(2)	(2)	6	(2)	6
Net result from continuing operations	37	39,578	49,773	83,108	39,578	83,108
Net result from discontinued operations		-	-	-	-	-
Net result		39,578	49,773	83,108	39,578	83,108

Nepean Blue Mountains Local Health District

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

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
Other comprehensive income						
Changes in revaluation surplus of property, plant and equipment	24	142,762	-	29,098	142,762	29,098
Total other comprehensive income		142,762	-	29,098	142,762	29,098
TOTAL COMPREHENSIVE INCOME		182,340	49,773	112,206	182,340	112,206

¹ Unaudited adjusted budget, see Note 36.

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

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District

Statement of Financial Position as at 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	20	73,672	77,723	82,215	73,672	82,215
Receivables	21	65,478	69,318	43,225	65,478	43,225
Inventories	23	3,543	4,667	4,665	3,543	4,665
		142,693	151,708	130,105	142,693	130,105
Total current assets		142,693	151,708	130,105	142,693	130,105
Non-current assets						
Receivables	21	(307)	(307)	25,787	(307)	25,787
Property, plant & equipment	24					
- Land and buildings		1,324,020	1,184,078	1,126,776	1,324,020	1,126,776
- Plant and equipment		72,816	77,231	68,947	72,816	68,947
- Infrastructure systems		15,771	11,101	11,100	15,771	11,100
Total property, plant & equipment		1,412,607	1,272,410	1,206,823	1,412,607	1,206,823
Right-of-use assets	25	22,736	23,161	19,694	22,736	19,694
Intangible assets	26	2,102	1,408	1,408	2,102	1,408
Total non-current assets		1,437,138	1,296,672	1,253,712	1,437,138	1,253,712
Total assets		1,579,831	1,448,380	1,383,817	1,579,831	1,383,817

Nepean Blue Mountains Local Health District

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

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
Notes		\$000	\$000	\$000	\$000	\$000
LIABILITIES						
Current liabilities						
Payables	29	78,404	86,497	82,110	78,404	82,110
Contract liabilities	30	309	251	251	309	251
Borrowings	31	5,853	3,104	5,460	5,853	5,460
Provisions	32	131,610	125,494	117,256	131,610	117,256
Other current liabilities	33	89	88	88	89	88
		216,265	215,434	205,165	216,265	205,165
Total current liabilities		216,265	215,434	205,165	216,265	205,165
Non-current liabilities						
Contract liabilities	30	198	556	556	198	556
Borrowings	31	22,694	24,282	20,219	22,694	20,219
Provisions	32	2,173	2,174	1,717	2,173	1,717
Other non-current liabilities	33	4,916	4,916	4,916	4,916	4,916
		29,981	31,928	27,408	29,981	27,408
Total non-current liabilities		29,981	31,928	27,408	29,981	27,408
Total liabilities		246,246	247,362	232,573	246,246	232,573
Net assets		1,333,585	1,201,018	1,151,244	1,333,585	1,151,244
EQUITY						
Reserves	0	318,998	177,059	177,059	318,998	177,059
Accumulated funds		1,014,587	1,023,959	974,185	1,014,587	974,185
Total Equity		1,333,585	1,201,018	1,151,244	1,333,585	1,151,244

¹ Unaudited adjusted budget, see Note 36.

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District

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

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023		974,186	177,059	1,151,245
Changes in accounting policy		-	-	-
Balance at 1 July 2023		974,186	177,059	1,151,245
Net result for the year		39,578	-	39,578
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	142,762	142,762
Total other comprehensive income		-	142,762	142,762
Total comprehensive income for the year		39,578	142,762	182,340
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		823	(823)	-
Balance at 30 June 2024		1,014,587	318,998	1,333,585

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		892,155	147,630	1,039,785
Correction of error - long service leave calculations		(747)	-	(747)
Balance at 1 July 2022		891,408	147,630	1,039,038
Net result for the year		83,108	-	83,108
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	24	-	29,098	29,098
Total other comprehensive income		-	29,098	29,098
Total comprehensive income for the year		83,108	29,098	112,206
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		(331)	331	-
Transactions with owners in their capacity as owners				
Balance at 30 June 2023		974,185	177,059	1,151,244

The accompanying notes form part of these financial statements.

Nepean Blue Mountains 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		(698,848)	(666,964)	(660,337)	-	-
Suppliers for goods and services		(459,112)	(424,277)	(432,244)	(459,112)	(432,244)
Grants and subsidies		(5,594)	(5,448)	(4,477)	(5,594)	(4,477)
Finance costs		(1,014)	(878)	(699)	(1,014)	(699)
Personnel services		-	-	-	(698,848)	(660,337)
Total payments		(1,164,568)	(1,097,567)	(1,097,757)	(1,164,568)	(1,097,757)
Receipts						
Ministry of Health recurrent allocations		629,187	552,953	987,601	629,187	987,601
Ministry of Health capital allocations		107,187	103,845	104,139	107,187	104,139
Reimbursements from the Crown ²		10,096	10,096	10,240	10,096	10,240
Sale of goods and services		92,796	90,696	75,370	92,796	75,370
Interest received		3,541	963	2,471	3,541	2,471
Grants and other contributions		389,965	421,722	9,371	389,965	9,371
Other		40,430	32,777	19,702	40,430	19,702
Total receipts		1,273,202	1,213,052	1,208,894	1,273,202	1,208,894
NET CASH FLOWS FROM OPERATING ACTIVITIES	37	108,634	115,485	111,137	108,634	111,137
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment and intangibles		(111,376)	(114,949)	(85,728)	(111,376)	(85,728)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(111,376)	(114,949)	(85,728)	(111,376)	(85,728)

Nepean Blue Mountains 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		(647)	-	(640)	(647)	(640)
Payment of principal portion of lease liabilities		(5,154)	(5,028)	(5,697)	(5,154)	(5,697)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(5,801)	(5,028)	(6,337)	(5,801)	(6,337)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	20	82,215	82,215	63,143	82,215	63,143
CLOSING CASH AND CASH EQUIVALENTS	20	73,672	77,723	82,215	73,672	82,215

¹ Unaudited adjusted budget, see Note 36.

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

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2024 have been authorised for issue by the Chief Executive on 12 September 2024.

b) Basis of preparation

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

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

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

b) Basis of preparation (continued)

Other circumstances why the going concern assumption is appropriate include:

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

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

The NBMLHD 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 vs Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

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

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

c) Comparative Information

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

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

- * Note 5 Operating expenses: Details of operating expenses were previously split into two tables but have now been combined into one table for a more streamlined presentation in the current year. A number of new expense lines have also been added to provide additional information, these expenses previously formed part of different expense lines. There has been no change in the total operating expense amount.
- * Note 28 Restricted assets: A new category, Clinical trials, has been added from 1 July 2023. The balance of Clinical trials was previously included in the Research category which has now been reclassified out of Research category into Clinical trials.

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

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

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

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

(ii) Issued but not yet effective

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

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

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

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

Nepean Blue Mountains 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*	628,504	574,946	-	-
Superannuation - defined benefit plans	1,072	1,603	-	-
Superannuation - defined contribution plans	65,572	57,420	-	-
Long service leave	25,250	15,094	-	-
Redundancies	202	1,983	-	-
Workers' compensation insurance	10,642	10,578	-	-
Fringe benefits tax	49	22	-	-
	731,291	661,646	-	-

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

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

Employee related costs of \$0.01 million (2023: \$0.19 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above amounts.

3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	628,504	574,946
Superannuation - defined contribution plans	-	-	65,572	57,420
Long service leave	-	-	2,616	549
Redundancies	-	-	202	1,983
Workers' compensation insurance	-	-	10,642	10,578
Fringe benefits tax	-	-	49	22
	-	-	707,585	645,498

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

Personnel services of Nepean Blue Mountains Local Health District were provided by its controlled entity, Nepean Blue Mountains Local Health District Special Purpose Service Entity.

Personnel services of \$0.01 million (2023: \$0.19 million) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above amounts.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout the NBMLHD's hospitals. VMO expenses of \$54.24 million (2023: \$50.08 million) represent part of the day-to-day running costs incurred in the normal operations of the NBMLHD. These costs are expensed as incurred.

Nepean Blue Mountains 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	92	203	92	203
Agency expenses	3,516	3,025	3,516	3,025
Auditor's remuneration - audit of financial statements	212	176	212	176
Blood and blood products	5,111	4,670	5,111	4,670
Consultants	467	1,586	467	1,586
Contractors	128	726	128	726
Corporate support services	5,459	4,343	5,459	4,343
Courier and freight	354	222	354	222
Disability equipment support expenses	404	390	404	390
Domestic supplies and services	10,103	10,198	10,103	10,198
Drug supplies	26,773	30,180	26,773	30,180
Expenses relating to short-term leases	2,011	1,947	2,011	1,947
Expenses relating to leases of low-value assets	154	51	154	51
Food supplies	16,918	15,839	16,918	15,839
Fuel, light, power and water	7,906	7,923	7,906	7,923
Hosted services purchased from entities controlled by the immediate parent	-	67	-	67
Information management expenses	23,464	23,253	23,464	23,253
Insurance	1,503	1,092	1,503	1,092
Legal services	1,123	246	1,123	246
Maintenance (see Note 5 (a))	19,730	17,011	19,730	17,011
Medical and surgical supplies (including prostheses)	53,176	50,693	53,176	50,693
Membership / professional fees	532	503	532	503
Motor vehicle expenses	908	852	908	852
Occupancy agreement expenses - Property NSW	2,769	2,855	2,769	2,855
Outsourced patient services	111,718	84,863	111,718	84,863
Patient transport costs	10,330	8,790	10,330	8,790
Postal and telephone costs	1,436	1,792	1,436	1,792
Printing and stationery	2,505	2,380	2,505	2,380
Professional services (excluding consultants)	1,507	1,025	1,507	1,025
Quality assurance / accreditation	129	202	129	202
Rates and charges	54	39	54	39
Security services	4,232	4,359	4,232	4,359
Specialised services (dental, radiology, pathology and allied health)	38,463	42,249	38,463	42,249
Staff related costs	1,862	1,797	1,862	1,797
Travel related costs	3,493	3,087	3,493	3,087
Other miscellaneous	8,302	10,175	8,302	10,175
	366,844	338,809	366,844	338,809

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

Nepean Blue Mountains 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 \$8.30 million (2023: \$10.18 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	6,460	4,269	6,460	4,269
Planned maintenance	7,947	7,081	7,947	7,081
New / replacement equipment under \$10,000	5,319	5,738	5,319	5,738
Other	4	(77)	4	(77)
Maintenance expense - contracted labour and other (non-employee related) in Note 5	19,730	17,011	19,730	17,011
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	2,437	2,367	2,437	2,367
	22,167	19,378	22,167	19,378

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

6. Depreciation and amortisation

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Depreciation - buildings	36,242	29,373	36,242	29,373
Depreciation - plant and equipment	9,998	10,560	9,998	10,560
Depreciation - infrastructure systems	717	679	717	679
Depreciation - right-of-use buildings	658	719	658	719
Depreciation - right-of-use plant and equipment	5,005	5,349	5,005	5,349
Amortisation - intangible assets	159	80	159	80
	52,779	46,760	52,779	46,760

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

7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-government organisations	4,671	3,714	4,671	3,714
Grants to research organisations	53	64	53	64
Grants to entities controlled by the immediate parent	388	288	388	288
Other grants	24	40	24	40
	5,136	4,106	5,136	4,106

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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

8. Finance costs

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Interest expense from lease liabilities	943	624	943	624
Interest expense from financial liabilities at amortised cost*	65	73	65	73
Other interest charges	6	2	6	2
	1,014	699	1,014	699

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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

9. Revenue

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of Not-for-Profit Entities (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15. Comments regarding the accounting policies for the recognition of income are discussed below.

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

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

10. Summary of compliance

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

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

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

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

11. Ministry of Health allocations

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

12. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Sale and recovery of pharmaceutical supplies	9,373	11,715	9,373	11,715
Sale of prostheses	1,625	1,658	1,625	1,658
Other	561	2,028	561	2,028
	11,559	15,401	11,559	15,401

(b) Rendering of services comprise the following:

Patients

Patient Fees:

- Inpatient fees	34,057	29,463	34,057	29,463
- Nursing home fees	477	352	477	352
- Non inpatient fees	2,580	1,664	2,580	1,664
Department of Veterans' Affairs	6,378	5,622	6,378	5,622
Motor Accident Authority third party	2,568	2,239	2,568	2,239

Staff

Private use of motor vehicles	18	6	18	6
Salary packaging fee	154	4	154	4
Meals and accommodation	6	14	6	14
Child care fees	-	1,422	-	1,422

General community

Car parking	4,477	3,271	4,477	3,271
Clinical services (excluding clinical drug trials)	334	287	334	287
Commercial activities	25	-	25	-
Fees for conferences and training	500	116	500	116
Fees for medical records	110	87	110	87
Information retrieval	2	-	2	-

Non-NSW Health entities

Services to other organisations	3,076	812	3,076	812
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Entities controlled by the immediate parent

Shared corporate service revenues	23	8	23	8
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Other

Infrastructure fees - annual charge	7,827	7,825	7,827	7,825
Infrastructure fees - monthly facility charge	10,948	10,099	10,948	10,099
Other	1,000	872	1,000	872

	74,560	64,163	74,560	64,163
	86,119	79,564	86,119	79,564

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement

Sale of goods

Revenue from the sale of goods is recognised when the NBMLHD 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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services

Revenue from rendering of services is recognised when the NBMLHD 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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	3,573	2,471	3,573	2,471
Royalties	1	-	1	-
	3,574	2,471	3,574	2,471

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).

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	357,033	-	357,033	-
Cancer Institute grants received from an entity controlled by the immediate parent	700	690	700	690
Clinical trials and research grants	1,656	1,247	1,656	1,247
Commonwealth government grants received for community based services	2,901	2,569	2,901	2,569
Commonwealth government grants other	-	131	-	131
Grants from entities controlled by the ultimate parent	452	488	452	488
Other grants from entities controlled by the immediate parent	-	1,573	-	1,573
Other grants	1,632	1,975	1,632	1,975
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	30,936	-	30,936	-
Clinical trial and research grants	10	-	10	-
Commonwealth government grants other	2,143	1,411	2,143	1,411
Grants from entities controlled by the ultimate parent	449	7	449	7
Other grants from entities controlled by the immediate parent	213	416	213	416
Other grants	141	553	141	553
Donations				
Donations	1,376	493	1,376	493
	399,642	11,553	399,642	11,553

* Represents funding received by the NBMLHD from the Ministry of Health, the immediate parent, in respect of activity-based funding and block funding in scope of the Commonwealth National Health Reform Agreement (NHRA). The Ministry of Health receives funding from the Commonwealth and distributes it based on activity levels for activity-based funding and at set amounts for the block funding component. The activity-based funding is recognised under AASB 15 Revenue from Contracts with Customers (AASB 15), while block funding is recognised under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) due to lack of specific performance obligations. The activity-based revenue is calculated by multiplying activity levels with the agreed National Weighted Activity Unit price. In previous years, NHRA funding was not separately distributed by the Ministry of Health and was included within the Ministry of Health recurrent allocations (Note 11).

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Recognition and Measurement

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

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

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

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

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

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

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	1,072	1,603	-	-
Long service leave provision	22,634	14,545	-	-
	23,706	16,148	-	-

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

16. Other income

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other income comprises the following:				
Commissions	226	120	226	120
Discounts	34	115	34	115
Insurance refunds	1,465	42	1,465	42
Rental income				
- Other rental income	962	807	962	807
Sponsorship	31	198	31	198
Other	444	2,355	444	2,355
	3,162	3,637	3,162	3,637

Recognition and Measurement

Insurance refunds

Insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for Government entities. Insurance refunds are recognised when TMF accepts the insurance claim.

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.

Other income

Other income arises from varying arrangements. Income is generally recognised on an accrual basis and/or when the right to receive the income has been established in accordance with the substance of the relevant agreement.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

17. Gains / (losses) on disposal

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	543	18,204	543	18,204
Less: proceeds from disposal	-	1	-	1
Net gains / (losses) on disposal	(543)	(18,203)	(543)	(18,203)
Right-of-use assets				
Written down value of assets disposed	71	283	71	283
Less: lease liabilities extinguished	100	160	100	160
Net gains / (losses) on disposal	29	(123)	29	(123)
Total gains / (losses) on disposal	(514)	(18,326)	(514)	(18,326)

18. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(2)	6	(2)	6
	(2)	6	(2)	6

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. Cash and cash equivalents

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Cash at bank and on hand	(270)	82,215	(270)	82,215
Cash at bank - held by HealthShare NSW*	73,942	-	73,942	-
	73,672	82,215	73,672	82,215

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

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

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

Cash and cash equivalents (per Statement of Financial Position)	73,672	82,215	73,672	82,215
	73,672	82,215	73,672	82,215

Refer to Note 40 for details regarding credit risk and market risk arising from financial instruments.

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

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	16,309	21,470	16,309	21,470
Intra health receivables	13,960	5,640	13,960	5,640
Goods and Services Tax	4,818	4,114	4,818	4,114
Other receivables	3,053	12,909	3,053	12,909
Sub total	38,140	44,133	38,140	44,133
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(952)	(2,053)	(952)	(2,053)
- Other receivables	(5)	(24)	(5)	(24)
Sub total	37,183	42,056	37,183	42,056
Prepayments	28,295	1,169	28,295	1,169
	65,478	43,225	65,478	43,225

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(2,053)	(1,339)	(2,053)	(1,339)
Amounts written off during the year	2,283	1,323	2,283	1,323
(Increase) / decrease in allowance recognised in the net result ¹	(1,181)	(2,037)	(1,181)	(2,037)
Balance at the end of the year	(952)	(2,053)	(952)	(2,053)
Other receivables				
Balance at the beginning of the year	(24)	(483)	(24)	(483)
Amounts written off during the year	10	10	10	10
(Increase) / decrease in allowance recognised in the net result	9	449	9	449
Balance at the end of the year	(5)	(24)	(5)	(24)
	(957)	(2,077)	(957)	(2,077)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Prepayments	(307)	25,787	(307)	25,787
	(307)	25,787	(307)	25,787

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Receivables (continued)

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

Current and non-current include:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Patient fees - compensable	751	634	751	634
Patient fees - Medicare ineligible	3,440	2,955	3,440	2,955
Patient fees - inpatient & other	4,994	4,411	4,994	4,411
	9,185	8,000	9,185	8,000

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 40.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 21)	30,269	27,109	30,269	27,109
Total contract receivables	30,269	27,109	30,269	27,109

Recognition and Measurement

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

Subsequent measurement

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

Impairment

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Contract assets

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

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Contract receivables (included in Note 21)	30,269	27,109	30,269	27,109
	30,269	27,109	30,269	27,109

Nepean Blue Mountains 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	2,061	2,587	2,061	2,587
Medical and surgical supplies	1,332	2,025	1,332	2,025
Other including goods in transit	150	53	150	53
Sub total	3,543	4,665	3,543	4,665
	3,543	4,665	3,543	4,665

Recognition and Measurement

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

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

Nepean Blue Mountains 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	1,604,934	140,573	30,000	1,775,507
Less: accumulated depreciation and impairment	556,471	51,146	17,670	625,287
Net carrying amount	1,048,463	89,427	12,330	1,150,220

	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	1,048,463	89,427	12,330	1,150,220
Additions	74,229	10,617	183	85,029
Reclassification to intangibles	-	(281)	-	(281)
Disposals	(16,600)	(1,604)	-	(18,204)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	1,573	-	1,573
Net revaluation increments less revaluation decrements	30,221	-	(1,123)	29,098
Depreciation expense	(29,373)	(10,560)	(679)	(40,612)
Reclassifications	19,836	(20,225)	389	-
Net carrying amount at end of year	1,126,776	68,947	11,100	1,206,823

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 21-09.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 27.

Nepean Blue Mountains 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	1,757,801	115,665	30,580	1,904,046
Less: accumulated depreciation and impairment	631,025	46,718	19,480	697,223
Net carrying amount	1,126,776	68,947	11,100	1,206,823

	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	1,126,776	68,947	11,100	1,206,823
Additions	96,112	14,410	-	110,522
Disposals	-	(543)	-	(543)
Net revaluation increments less revaluation decrements	137,374	-	5,388	142,762
Depreciation expense	(36,242)	(9,998)	(717)	(46,957)
Net carrying amount at end of year	1,324,020	72,816	15,771	1,412,607

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	1,843,811	123,021	22,907	1,989,739
Less: accumulated depreciation and impairment	519,791	50,205	7,136	577,132
Net carrying amount	1,324,020	72,816	15,771	1,412,607

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 \$81.52 million (2023: \$60.14 million)
- plant and equipment \$1.92 million (2023: \$2.37 million)
- infrastructure systems \$0.98 million (2023: \$0.76 million)

During the current period, the net carrying amount of \$1.68 million (2023: \$0.08 million) for existing assets of the NBMLHD has been reclassified as service concession assets.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 27.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note).

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

Capitalisation thresholds

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

Assets not able to be reliably measured

The NBMLHD holds certain assets that are not recognised in the Statement of Financial Position because the NBMLHD is unable to measure reliably the value of the assets and those assets are likely to be material.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

Depreciation of property, plant and equipment

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

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. The NBMLHD 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.

Nepean Blue Mountains 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 the NBMLHD's assessment, the following arrangements fall in the scope of AASB 1059:

Description	[Public hospitals Hospital car parks Hospital facilities]			
Name and description of the SCA	Hawkesbury Hospital was built under a Public Private Partnership (PPP) arrangement that is now treated as part of service concession arrangement.			
Period of arrangement	30 years (1994-2024)			
Terms of the arrangement	The consolidated entity contracted St John of God Health Care (Operator for Hawkesbury Hospital) to build, operate and manage the hospital and the car park for the duration of the arrangement. The construction of Hawkesbury Hospital was funded by the consolidated entity. Hawkesbury Hospital was paid over time under a financing arrangement with the Operator. There are no remaining future construction payments. Annual service level agreements are entered into for the delivery of public health services at Hawkesbury Hospital with the Operator, which is funded by the consolidated entity, paid on a monthly basis.			
Rights and obligations	The consolidated entity is obligated to provide the Operator access to Hawkesbury Hospital and the carpark. The Operator is responsible for the delivery of health services to public patients at the hospital which the consolidated entity is obligated to pay for under the annual service agreements. At the end of the arrangement, the Operator is obligated to return all assets back to the consolidated entity. An extension of 18 months was negotiated with the Operator in 2022, valid until 30 June 2024, after which the operation will be managed by the consolidated entity.			
Changes in arrangements occurred during 2023	Nil			
Changes in arrangements occurred during 2024	Due to the termination of the contract with St John of God on 30 June 2024, planning has been undertaken in 2024 to transition Hawkesbury Hospital back to the consolidated entity to operate in full as from 1 July 2024.			
Carrying amounts of SCA	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Hawkesbury Hospital	60,139	2,371	573	63,083
	60,139	2,371	573	63,083
Year ended 30 June 2024				
Hawkesbury Hospital	81,520	1,197	797	83,514
	81,520	1,197	797	83,514

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

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

The last comprehensive revaluation was completed on 31 December 2023 and was based on an independent assessment.

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated a cumulative increase of 0.00% in market prices for land and material increases in construction and labour costs of 3.00% for buildings and 3.00% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2023 and 2024.

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Leases

(a) Entity as a lessee

The NBMLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The NBMLHD does not provide residual value guarantees in relation to leases.

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

Potential future cash outflows of \$0.62 million have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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

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

The NBMLHD 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.

Nepean Blue Mountains 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	1,424	18,270	19,694
Additions	1,339	6,809	8,148
Reassessments	126	503	629
Disposals	(98)	26	(72)
Depreciation expense	(658)	(5,005)	(5,663)
Balance at 30 June 2024	2,133	20,603	22,736

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	895	12,402	13,297
Additions	311	11,170	11,481
Reassessments	937	330	1,267
Disposals	-	(283)	(283)
Depreciation expense	(719)	(5,349)	(6,068)
Balance at 30 June 2023	1,424	18,270	19,694

Nepean Blue Mountains 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	20,266	13,376
Additions	8,147	11,481
Interest expenses	943	624
Payments	(6,097)	(6,322)
Terminations / derecognition	(100)	(160)
Other adjustments	629	1,267
Balance at 30 June	23,788	20,266

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

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	5,663	6,068
Interest expense on lease liabilities	943	624
Expenses relating to short-term leases	2,011	1,947
Expenses relating to leases of low-value assets	154	51
(Gains) / losses on disposal	(28)	122
Total amount recognised in the statement of comprehensive income	8,743	8,812

The NBMLHD had total cash outflows for leases of \$8.26 million for the year ended 30 June 2024 (2023: \$8.32 million).

Nepean Blue Mountains 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)

Recognition and Measurement

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

The NBMLHD 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 10 years
Plant and equipment	1 to 10 years
Motor vehicles and other equipment	1 to 10 years
Aeromedical	1 to 10 years

ii. Lease liabilities

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

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

The NBMLHD 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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Intangible assets

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	1,017	1,017
Less: accumulated amortisation and impairment	527	527
Net carrying amount	490	490
Year ended 30 June 2023		
Net carrying amount at beginning of year	490	490
Additions - acquired separately	717	717
Reclassifications <to or from> plant and equipment	281	281
Amortisation (recognised in depreciation and amortisation)	(80)	(80)
Net carrying amount at end of year	1,408	1,408
At 1 July 2023		
Cost (gross carrying amount)	2,015	2,015
Less: accumulated amortisation and impairment	607	607
Net carrying amount	1,408	1,408
Year ended 30 June 2024		
Net carrying amount at beginning of year	1,408	1,408
Additions - acquired separately	853	853
Amortisation (recognised in depreciation and amortisation)	(159)	(159)
Net carrying amount at end of year	2,102	2,102
At 30 June 2024		
Cost (gross carrying amount)	2,868	2,868
Less: accumulated amortisation and impairment	766	766
Net carrying amount	2,102	2,102

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

27. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

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

The NBMLHD 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	-	6,854	1,092,508	1,099,362
- Infrastructure systems	-	-	15,589	15,589
	-	6,854	1,108,097	1,114,951

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	-	5,365	992,464	997,829
- Infrastructure systems	-	-	10,918	10,918
	-	5,365	1,003,382	1,008,747

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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the NBMLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE valuation Pty Limited (CBRE) for the 2023-24 financial year. CBRE valuation Pty Limited (CBRE) is an independent entity and is not an associated entity of the NBMLHD.

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

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

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

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

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

2024	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2023	992,464	10,918	1,003,382
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	136,775	5,388	142,163
Depreciation expense	(36,731)	(717)	(37,448)
Fair value as at 30 June 2024	1,092,508	15,589	1,108,097

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

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

2023	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2022	536,686	7,093	543,779
Additions*	454,048	5,626	459,674
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	28,621	(1,122)	27,499
Depreciation expense	(26,891)	(679)	(27,570)
Fair value as at 30 June 2023	992,464	10,918	1,003,382

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Restricted assets

PARENT AND CONSOLIDATION

The NBMLHD'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	3	0	0	3
Facility improvements	8,729	(2,547)	187	5,995
Patient welfare	4,524	519	98	4,945
Private practice disbursements (No.2 Accounts)	51,291	6,857	3,032	55,116
Public contributions	612	(61)	216	334
Clinical trials	1,268	1,074	223	2,118
Research	546	125	49	623
Staff welfare	1,363	108	64	1,406
Training and education including conferences	1,545	349	396	1,499
	69,881	6,424	4,265	72,040

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Restricted assets (continued)

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Holds funds in perpetuity	Donor has explicitly requested funds be invested permanently and not otherwise expended.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients'.
Private practice disbursements (No.2 Accounts)	Staff specialists' private practice arrangements to improve the level of clinical services provided.
Public contributions	Donations or legacies received without any donor-specified conditions as to its use.
Clinical trials	A study designed to test the safety and effectiveness of a treatment.
Research	Research to gain knowledge, understanding and insight.
Section 19(2) exemption funds	Improving access to primary care in rural and remote areas.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.
Other	Does not meet the definition of any of the above categories.

Unclaimed monies

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

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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	18,001	13,039	-	-
Salaries and wages deductions	158	133	-	-
Payroll and fringe benefits tax	2	(25)	-	-
Accrued liability - purchase of personnel services	-	-	18,161	13,147
Creditors	34,798	45,644	34,798	45,644
Other creditors				
- Payables to entities controlled by the immediate parent	24,826	22,999	24,826	22,999
- Other	619	320	619	320
	78,404	82,110	78,404	82,110

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 40.

Recognition and Measurement

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	309	251	309	251
	309	251	309	251
Non-current				
Contract liabilities	198	556	198	556
	198	556	198	556

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

The contract liability balance has [increased / 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	251	74	251	74

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

31. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Other loans and deposits	651	649	651	649
Lease liabilities (see Note 25)	5,202	4,811	5,202	4,811
	5,853	5,460	5,853	5,460
Non-current				
Other loans and deposits	4,108	4,764	4,108	4,764
Lease liabilities (see Note 25)	18,586	15,455	18,586	15,455
	22,694	20,219	22,694	20,219

* This relates to contractual payments made to the operator, refer to Note 24 for further details on the NBMLHD's service concession arrangements.

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 2031

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 40.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Recognition and Measurement

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

The NBMLHD 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	-	-	6,053	13,375	19,428
Cash flows	-	-	(640)	(5,697)	(6,337)
New leases	-	-	-	11,481	11,481
Lease terminations	-	-	-	(160)	(160)
Lease reassessments	-	-	-	1,267	1,267
30 June 2023	-	-	5,413	20,266	25,679
1 July 2023	-	-	5,413	20,266	25,679
Cash flows	-	-	(647)	(5,154)	(5,801)
New leases	-	-	-	8,147	8,147
Lease terminations	-	-	-	(100)	(100)
Lease reassessments	-	-	-	629	629
30 June 2024	-	-	4,766	23,788	28,554

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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Provisions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
- Obligations expected to be settled within 12 months	67,408	62,203	-	-
- Obligations expected to be settled after 12 months	36,408	33,773	-	-
- Obligations expected to be settled within 12 months	1,705	1,307	-	-
- Obligations expected to be settled after 12 months	17,944	16,179	-	-
Parental leave				
- Obligations expected to be settled within 12 months	4,178	-	-	-
Provision for other employee benefits	3,967	3,677	-	-
Provision for personnel services liability	-	-	131,610	117,139
	131,610	117,139	131,610	117,139
Other Provisions				
Other	-	117	-	117
	-	117	-	117
Total current provisions	131,610	117,256	131,610	117,256
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	2,173	1,717	-	-
Provision for personnel services liability	-	-	2,173	1,717
	2,173	1,717	2,173	1,717
Total non-current provisions	2,173	1,717	2,173	1,717
Aggregate employee benefits and related on-costs				
Provisions - current	131,610	117,139	-	-
Provisions - non-current	2,173	1,717	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 29)	18,159	13,172	-	-
Liability - purchase of personnel services	-	-	151,942	132,028
	151,942	132,028	151,942	132,028

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Provisions (continued)

Movements in provisions (other than employee benefits)

Movements in other provisions during the financial year, other than employee benefits, are set out below:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other				
Carrying amount at beginning of period	117	-	117	-
- Additional provisions recognised	-	117	-	117
- Amounts used	(117)	-	(117)	-
Carrying amount at end of period	-	117	-	117

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

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 0.2218 are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 20.08%). The NBMLHD has assessed the actuarial advice based on the NBMLHD's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where the NBMLHD does not expect to settle the liability within 12 months as the NBMLHD does not have an unconditional right to defer settlement.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Provisions (continued)

Recognition and Measurement (continued)

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

Long service leave and superannuation

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

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

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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Other liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Unearned revenue	77	76	77	76
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	12	12	12	12
	89	88	89	88
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	4,916	4,916	4,916	4,916
	4,916	4,916	4,916	4,916

PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	4,928	5,055
Add: receipt of cash during the financial year	-	(127)
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	4,928	4,928

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

The NBMLHD 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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Commitments

(a) Capital commitments

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	119,972	101,532	119,972	101,532
Later than one year and not later than five years	86,677	165,296	86,677	165,296
Total (including GST)	206,649	266,828	206,649	266,828

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$206.65 million as at 30 June 2024 includes input tax credits of 18.79M million that are expected to be recoverable from the Australian Taxation Office (2023: 24.26M million).

35. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

(a) Contingent liabilities

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

(b) Contingent assets

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

36. Adjusted budget review

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was lower than adjusted budget by \$10 million, primarily due to:

Unfavourability on expenses \$64.013M and loss on disposal and impairment \$1.161M have been partially offset by favourability on revenue by \$54.983M

Expenses are higher compared to the budget due to redevelopment initiatives now being in place for the full year. A significant component is related to FTE required for the redevelopment and noting the 5% increase in occupied bed days.

Revenue has been higher mainly because of additional funding provided by the Ministry to fund operational cost overruns due to redevelopment and outsource of activity due to demand for higher bed base.

Assets carrying value has increased by over \$140m due to land and building fair value adjustment for FY24.

Cash flow from operating activities are less than the budget due to higher operational expenditure impacted by Nepean hospital redevelopment and increase in occupied bed days.

Assets and liabilities

The unfavourability in Total Assets is at \$131.451m, the majority relating to Property Plant and Equipment revaluations. Total Liabilities are lower by \$1.116m against budget mainly due to lesser Trade Payables.

Cash flows

The actual cash and cash equivalent balances was lower than adjusted budget by \$4.05m, primarily due to the District's decreased operating inflows (\$6.852m), decreased investing outflows (\$3.573m) and increased financing outflows (\$0.771m).

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

	\$000
Initial allocation, 1 July 2023	862,972
Award increases and other escalations	31,692
ABF Commonwealth revenue	(382,523)
Block Commonwealth revenue	(30,936)
Deferred care elective surgery	11,035
Other adjustments	10,654
Comprehensive expenditure review savings allocation	(9,093)
Workforce resilience and public health enhancement	8,634
Hawkesbury transition and activity overrun	8,568
Intrahealth adjustments	8,043
Special commission into drug "Ice"	7,496
Additional nurses for safe staffing level	6,163
Other Growth	4,816
Excess demand and service expansion	3,120
Adult dental services	2,633
Primary school mobile dental program	2,402
Leap year financial impact	2,333
COVID Anti-virals	2,027
Rural and regional workforce	1,518
Towards zero suicides	1,398
Balance as per Statement of Comprehensive Income	552,953

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Net cash used on operating activities	108,634	111,137	108,634	111,137
Depreciation and amortisation expense	(52,779)	(46,760)	(52,779)	(46,760)
Allowance for impairment	(1,173)	(1,582)	(1,173)	(1,582)
(Increase) / decrease in other liabilities	(1)	216	(1)	216
Decrease / (increase) in provisions	(14,807)	7,717	(14,807)	7,717
Increase / (decrease) in inventory	(1,120)	(113)	(1,120)	(113)
Increase / (decrease) in prepayments and other assets	(2,264)	42,314	(2,264)	42,314
Decrease / (increase) in payables	3,303	(13,434)	3,303	(13,434)
Decrease / (increase) in contract liabilities	300	348	300	348
Net gain / (loss) on sale of property, plant and equipment	(543)	(18,203)	(543)	(18,203)
Net gain / (loss) on disposal of right-of-use assets	28	(123)	28	(123)
Assets donated or brought to account (Note 38)	-	1,590	-	1,590
Net result	39,578	83,107	39,578	83,107

38. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	-	1,590	-	1,590
Property, plant and equipment acquired by a lease	8,147	11,481	8,147	11,481
	8,147	13,071	8,147	13,071

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

39. Trust funds

PARENT AND CONSOLIDATION

The NBMLHD holds trust funds of \$3.9 million (2023: \$5.5 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

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

Category	1 July 2023	Revenue	Expense	30 June 2024
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	320	0	(316)	4
Refundable Deposits	3,284	78	(2,659)	703
Private Patient Trust Funds	371	9,571	(9,942)	-
Third Party Funds	1,541	23,192	(21,508)	3,225
Total trust funds	5,516	32,841	(34,425)	3,932

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	320	1	(1)	320
Refundable Deposits	3,332	2,291	(2,339)	3,284
Private Patient Trust Funds	371	8,081	(8,081)	371
Third Party Funds	1,324	21,819	(21,602)	1,541
Total trust funds	5,347	32,192	(32,023)	5,516

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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 20)	Amortised cost	73,672	82,215
Receivables (Note 21) ¹	Amortised cost	32,365	37,942
Total financial assets		106,037	120,157
Financial liabilities			
Borrowings (Note 31)	Financial liabilities measured at amortised cost	28,547	25,679
Payables (Note 29) ²	Financial liabilities measured at amortised cost	78,402	82,135
Total financial liabilities		106,949	107,814

Notes

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

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

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Financial instruments (continued)

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

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

Credit risk associated with the NBMLHD'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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The NBMLHD 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.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	1.87%	11.21%	19.22%	24.49%	23.33%	4.94%
Estimated total gross carrying amount ¹	15,921	1,035	515	245	1,646	19,362
Expected credit loss	298	116	99	60	384	957

	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	3.38%	11.95%	19.04%	18.09%	24.65%	6.04%
Estimated total gross carrying amount ¹	28,549	1,892	1,150	293	2,495	34,379
Expected credit loss	964	226	219	53	615	2,077

Notes

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

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

ii. Liquidity risk

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

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

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			
	EIR ³	Nominal Amount ¹	Fixed	Variable	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
			Interest Rate	Interest Rate				
%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2024								
Payables:								
- Creditors ²		78,402	-	-	78,402	78,402	-	-
Borrowings:								
- Other loans and deposits	1.24	4,989	4,989	-	-	713	2,851	1,425
- Lease liabilities	3.84	26,840	26,840	-	-	5,670	15,428	5,742
		110,231	31,829	-	78,402	84,785	18,279	7,167
2023								
Payables:								
- Creditors ²		82,135	-	-	82,135	82,135	-	-
Borrowings:								
- Other loans and deposits	1.24	6,057	6,057	-	-	713	3,563	1,781
- Lease liabilities	3.16	22,017	22,017	-	-	5,232	13,787	2,998
		110,209	28,074	-	82,135	88,080	17,350	4,779

Notes:

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

Nepean Blue Mountains Local Health District

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for the year ended 30 June 2024

40. Financial instruments (continued)

iii. Market risk

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

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

Interest Rate Risk

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

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

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

However, the NBMLHD 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	(451)	451	(565)	565
Equity	(451)	451	(565)	565

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Related party disclosures

PARENT AND CONSOLIDATION

Key management personnel compensation is as follows:

	2024	2023
	\$000	\$000
Short-term employee benefits	1,563	1,363
Post-employment benefits	140	126
	1,703	1,489

During the financial year, Nepean Blue Mountains Local Health District obtained key management personnel services from the immediate parent and incurred \$0.412 million (2023: \$0.387 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

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

(c) Transactions with the ultimate parent

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

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

During the financial year and comparative year, immediate 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.
- Rental for [provide details of what was rented and for what purpose]
- Staff related costs in relation to [list]
- Various grants and subsidies towards research and other projects

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Related party disclosures (continued)

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

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

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

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

- Revenue from recurrent and capital allocations
- Various grants and contributions towards research and other projects

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

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

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- Some term deposits are invested with TCorpIM Funds Investment facilities
- Energy Efficient Government Program loans are held with the Crown
- Intra-health loans and advances
- The majority of the construction of property, plant and equipment is managed and overseen by Health Administration Corporation
- The majority of capital commitments contracted but not provided for related to capital works overseen by the Health Administration Corporation.

Nepean Blue Mountains Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Events after the reporting period

From 1 July 2024, Hawkesbury District Hospital's operations and management transitioned to Nepean Blue Mountains Local Health District. Assets remain as Service Concession Assets in current statements and will transfer out in FY2024-25.

END OF AUDITED FINANCIAL STATEMENTS