



## INDEPENDENT AUDITOR'S REPORT

### Northern NSW Local Health District

To Members of the New South Wales Parliament

#### Opinion

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

In my opinion, the financial statements:

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

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

#### Basis for Opinion

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

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

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

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

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

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

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

## **Emphasis of Matter - Presentation of Budget Information**

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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

- that the District and the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Susan Prichard  
Director, Financial Audit Branch

Delegate of the Auditor-General for New South Wales

2 October 2024  
SYDNEY

# Northern NSW Local Health District

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



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

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

A handwritten signature in black ink, appearing to read "Tracey Maisey".

Tracey Maisey

**Chief Executive**

27 September 2024

# Northern NSW Local Health District

## Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget <sup>1</sup>	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
<b>Continuing operations</b>						
<b>Expenses excluding losses</b>						
Employee related expenses	2	726,344	683,341	660,035	-	-
Personnel services	3	-	-	-	708,139	648,556
Visiting medical officers	4	98,514	85,644	92,300	98,514	92,300
Operating expenses	5	353,161	331,089	359,436	353,161	359,436
Depreciation and amortisation	6	51,424	48,851	45,201	51,424	45,201
Grants and subsidies	7	7,192	7,124	4,777	7,192	4,777
Finance costs	8	592	224	348	592	348
<b>Total expenses excluding losses</b>		<b>1,237,227</b>	<b>1,156,273</b>	<b>1,162,097</b>	<b>1,219,022</b>	<b>1,150,618</b>
<b>Revenue</b>						
Ministry of Health recurrent allocations	11	660,462	590,068	1,035,333	660,462	1,035,333
Ministry of Health capital allocations	11	122,420	108,330	223,704	122,420	223,704
Acceptance by the Crown <sup>2</sup> of employee benefits	15	18,205	18,478	11,479	-	-
Sale of goods and services from contracts with customers	12	82,383	83,512	71,834	82,383	71,834
Grants and other contributions	14	400,189	386,871	27,372	400,189	27,372
Other income	16	3,761	3,170	1,597	3,761	1,597
<b>Total revenue</b>		<b>1,288,599</b>	<b>1,190,762</b>	<b>1,372,133</b>	<b>1,270,394</b>	<b>1,360,654</b>
<b>Operating result</b>		<b>51,372</b>	<b>34,489</b>	<b>210,036</b>	<b>51,372</b>	<b>210,036</b>
Gains / (losses) on disposal	17	(303)	(5)	(137)	(303)	(137)
Impairment losses on financial assets	21	(737)	(297)	(503)	(737)	(503)
Other gains / (losses)	18	(1)	-	(65)	(1)	(65)
<b>Net result from continuing operations</b>	37	<b>50,331</b>	<b>34,187</b>	<b>209,331</b>	<b>50,331</b>	<b>209,331</b>
<b>Net result</b>		<b>50,331</b>	<b>34,187</b>	<b>209,331</b>	<b>50,331</b>	<b>209,331</b>
<b>Other comprehensive income</b>						
Changes in revaluation surplus of property, plant and equipment	24	111,047	-	80,131	111,047	80,131
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>161,378</b>	<b>34,187</b>	<b>289,462</b>	<b>161,378</b>	<b>289,462</b>

<sup>1</sup> Unaudited adjusted budget, see Note 36.

<sup>2</sup> Crown represents 'The Crown in right of the State of New South Wales'.

The accompanying notes form part of these financial statements.

# Northern NSW Local Health District

## Statement of Financial Position as at 30 June 2024

		Consolidated Actual 2024 \$000	Consolidated Budget <sup>1</sup> 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
	Notes					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	20	23,707	17,702	25,327	23,707	25,327
Receivables	21	47,768	28,146	28,146	47,768	28,146
Contract assets	22	1,197	1,200	1,200	1,197	1,200
Inventories	23	2,104	2,024	2,027	2,104	2,027
<b>Total current assets</b>		<b>74,776</b>	<b>49,072</b>	<b>56,700</b>	<b>74,776</b>	<b>56,700</b>
<b>Non-current assets</b>						
- Land and buildings		1,525,854	1,403,791	1,394,110	1,525,854	1,394,110
- Plant and equipment		73,672	79,071	39,774	73,672	39,774
- Infrastructure systems		20,383	23,517	24,144	20,383	24,144
Total property, plant & equipment		1,619,909	1,506,379	1,458,028	1,619,909	1,458,028
Right-of-use assets	25	17,648	20,484	13,232	17,648	13,232
<b>Total non-current assets</b>		<b>1,637,557</b>	<b>1,526,863</b>	<b>1,471,260</b>	<b>1,637,557</b>	<b>1,471,260</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	29	76,098	67,222	65,638	76,098	65,638
Contract liabilities	30	73	94	94	73	94
Borrowings	31	5,635	3,303	4,303	5,635	4,303
Provisions	32	98,628	96,168	91,095	98,628	91,095
Other current liabilities	33	1,757	7,816	7,816	1,757	7,816
<b>Total current liabilities</b>		<b>182,191</b>	<b>174,603</b>	<b>168,946</b>	<b>182,191</b>	<b>168,946</b>
<b>Non-current liabilities</b>						
Borrowings	31	13,793	18,079	10,703	13,793	10,703
Provisions	32	1,529	1,530	1,257	1,529	1,257
Other non-current liabilities	33	12,244	6,340	5,857	12,244	5,857
<b>Total non-current liabilities</b>		<b>27,566</b>	<b>25,949</b>	<b>17,817</b>	<b>27,566</b>	<b>17,817</b>
<b>Total liabilities</b>		<b>209,757</b>	<b>200,552</b>	<b>186,763</b>	<b>209,757</b>	<b>186,763</b>
<b>Net assets</b>		<b>1,502,576</b>	<b>1,375,383</b>	<b>1,341,197</b>	<b>1,502,576</b>	<b>1,341,197</b>
<b>EQUITY</b>						
Reserves		339,681	228,634	228,634	339,681	228,634
Accumulated funds		1,162,895	1,146,749	1,112,563	1,162,895	1,112,563
<b>Total Equity</b>		<b>1,502,576</b>	<b>1,375,383</b>	<b>1,341,197</b>	<b>1,502,576</b>	<b>1,341,197</b>

<sup>1</sup> Unaudited adjusted budget, see Note 36.

The accompanying notes form part of these financial statements.

# Northern NSW 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
<b>Balance at 1 July 2023</b>		<b>1,112,564</b>	<b>228,634</b>	<b>1,341,198</b>
<b>Net result for the year</b>		<b>50,331</b>	<b>-</b>	<b>50,331</b>
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	24	-	111,047	111,047
<b>Total comprehensive income for the year</b>		<b>50,331</b>	<b>111,047</b>	<b>161,378</b>
<b>Balance at 30 June 2024</b>		<b>1,162,895</b>	<b>339,681</b>	<b>1,502,576</b>

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2022</b>		<b>903,885</b>	<b>148,504</b>	<b>1,052,389</b>
Correction of error - long service leave calculations		(654)	-	(654)
<b>Balance at 1 July 2022</b>		<b>903,231</b>	<b>148,504</b>	<b>1,051,735</b>
<b>Net result for the year</b>		<b>209,331</b>	<b>-</b>	<b>209,331</b>
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	24	-	80,131	80,131
<b>Total other comprehensive income</b>		<b>-</b>	<b>80,131</b>	<b>80,131</b>
<b>Total comprehensive income for the year</b>		<b>209,331</b>	<b>80,131</b>	<b>289,462</b>
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		1	(1)	-
<b>Balance at 30 June 2023</b>		<b>1,112,563</b>	<b>228,634</b>	<b>1,341,197</b>

The accompanying notes form part of these financial statements.

# Northern NSW Local Health District

## Statement of Cash Flows for the year ended 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget' 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related		(708,934)	(670,720)	(675,709)	-	-
Suppliers for goods and services		(477,127)	(446,172)	(468,712)	(477,127)	(468,712)
Grants and subsidies		(7,710)	(7,642)	(5,245)	(7,710)	(5,245)
Finance costs		(592)	(224)	(347)	(592)	(347)
Personnel services		-	-	-	(708,934)	(675,709)
<b>Total payments</b>		<b>(1,194,363)</b>	<b>(1,124,758)</b>	<b>(1,150,013)</b>	<b>(1,194,363)</b>	<b>(1,150,013)</b>
<b>Receipts</b>						
Ministry of Health recurrent allocations		660,462	590,068	1,035,333	660,462	1,035,333
Ministry of Health capital allocations		122,419	108,329	223,704	122,419	223,704
Reimbursements from the Crown <sup>2</sup>		11,341	11,341	12,141	11,341	12,141
Sale of goods and services		66,008	84,182	66,930	66,008	66,930
Interest received		1,170	333	814	1,170	814
Grants and other contributions		398,691	388,234	29,201	398,691	29,201
Other		35,659	32,686	38,409	35,659	38,409
<b>Total receipts</b>		<b>1,295,750</b>	<b>1,215,173</b>	<b>1,406,532</b>	<b>1,295,750</b>	<b>1,406,532</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	37	<b>101,387</b>	<b>90,415</b>	<b>256,519</b>	<b>101,387</b>	<b>256,519</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of property, plant and equipment		6	-	10	6	10
Purchases of property, plant and equipment		(97,553)	(94,205)	(246,388)	(97,553)	(246,388)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(97,547)</b>	<b>(94,205)</b>	<b>(246,378)</b>	<b>(97,547)</b>	<b>(246,378)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings and advances		(752)	(752)	(734)	(752)	(734)
Payment of principal portion of lease liabilities		(4,708)	(3,083)	(5,025)	(4,708)	(5,025)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(5,460)</b>	<b>(3,835)</b>	<b>(5,759)</b>	<b>(5,460)</b>	<b>(5,759)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,620)</b>	<b>(7,625)</b>	<b>4,382</b>	<b>(1,620)</b>	<b>4,382</b>
Opening cash and cash equivalents	20	25,327	25,327	20,945	25,327	20,945
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	20	<b>23,707</b>	<b>17,702</b>	<b>25,327</b>	<b>23,707</b>	<b>25,327</b>

<sup>1</sup> Unaudited adjusted budget, see Note 36.

<sup>2</sup> Crown represents 'The Crown in right of the State of New South Wales'.

The accompanying notes form part of these financial statements.

# Northern NSW Local Health District

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

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## 1. Statement of Material Accounting Policy Information

### a) Reporting entity

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2024 have been authorised for issue by the Chief Executive on 20 September 2024.

### b) Basis of preparation

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

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

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

The Secretary of NSW Health, the Chair of the Northern NSW 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 District'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 District fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including withholding or providing additional financial support and increased management interaction.



# Northern NSW Local Health District

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

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## 1. Statement of Material Accounting Policy Information (continued)

### b) Basis of preparation (continued)

Other circumstances why the going concern assumption is appropriate include:

- \* Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
- \* The District 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 District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the District 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 District has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

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

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

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

### c) Statement of Compliance

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

# Northern NSW Local Health District

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

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## 1. Statement of Material Accounting Policy Information (continued)

### d) Comparative Information

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

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

- \* Note 3 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.

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

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

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

# Northern NSW 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*	626,157	578,767	-	-
Superannuation - defined benefit plans	1,405	1,941	-	-
Superannuation - defined contribution plans	65,306	55,108	-	-
Long service leave	18,137	9,169	-	-
Redundancies	163	16	-	-
Workers' compensation insurance	15,147	15,205	-	-
Fringe benefits tax	29	(171)	-	-
	<b>726,344</b>	<b>660,035</b>	<b>-</b>	<b>-</b>

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

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

Employee related costs of \$1.26 million (2023: \$0.94 million) have been capitalised in property, plant and equipment 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*	-	-	626,157	578,767
Superannuation - defined contribution plans	-	-	65,306	55,108
Long service leave	-	-	1,342	(369)
Workers' compensation insurance	-	-	15,147	15,205
Fringe benefits tax	-	-	29	(171)
	<b>-</b>	<b>-</b>	<b>708,139</b>	<b>648,556</b>

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

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

Personnel services of \$1.26 million (2023: \$0.94 million) have been capitalised in property, plant and equipment assets and are excluded from the above amounts.

## 4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout the District's hospitals. VMO expenses of \$98.51 million (2023: \$92.3 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

# Northern NSW 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	240	260	240	260
Agency expenses	26,373	74,391	26,373	74,391
Auditor's remuneration - audit of financial statements	158	151	158	151
Blood and blood products	6,396	5,423	6,396	5,423
Consultants	-	771	-	771
Contractors	856	1,513	856	1,513
Corporate support services	8,763	6,731	8,763	6,731
Courier and freight	759	633	759	633
Disability equipment support expenses	1,147	1,108	1,147	1,108
Domestic supplies and services	13,835	12,496	13,835	12,496
Drug supplies	28,662	25,874	28,662	25,874
Expenses relating to short-term leases	6,002	3,660	6,002	3,660
Expenses relating to leases of low-value assets	311	342	311	342
Food supplies	21,091	19,614	21,091	19,614
Fuel, light, power and water	10,238	8,733	10,238	8,733
Hosted services purchased from entities controlled by the immediate parent	676	840	676	840
Information management expenses	22,759	20,549	22,759	20,549
Insurance	2,020	1,648	2,020	1,648
Legal services	168	317	168	317
Maintenance (see Note 5 (a))	44,990	27,122	44,990	27,122
Medical and surgical supplies (including prostheses)	49,612	50,684	49,612	50,684
Membership / professional fees	286	139	286	139
Motor vehicle expenses	1,706	1,446	1,706	1,446
Occupancy agreement expenses - Property NSW	204	187	204	187
Outsourced patient services	4,780	5,035	4,780	5,035
Patient transport costs	12,406	10,732	12,406	10,732
Postal and telephone costs	1,533	1,750	1,533	1,750
Printing and stationery	1,696	1,589	1,696	1,589
Professional services (excluding consultants)	1,298	1,135	1,298	1,135
Quality assurance / accreditation	182	182	182	182
Rates and charges	164	204	164	204
Specialised services (dental, radiology, pathology and allied health)	51,001	50,942	51,001	50,942
Staff related costs	4,311	1,382	4,311	1,382
Travel related costs	15,679	12,007	15,679	12,007
Other miscellaneous	10,090	5,905	10,090	5,905
	<b>353,161</b>	<b>359,436</b>	<b>353,161</b>	<b>359,436</b>

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

# Northern NSW Local Health District

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

## 5. Operating expenses (continued)

Other miscellaneous of \$10.09 million (2023: \$5.90 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
<b>(a) Reconciliation of total maintenance expense</b>				
Corrective maintenance	10,312	8,206	10,312	8,206
Planned maintenance	10,227	10,202	10,227	10,202
New / replacement equipment under \$10,000	24,449	8,704	24,449	8,704
Other	2	10	2	10
<b>Maintenance expense - contracted labour and other (non-employee related) in Note 5</b>	<b>44,990</b>	<b>27,122</b>	<b>44,990</b>	<b>27,122</b>
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	2,571	2,570	2,571	2,570
	<b>47,561</b>	<b>29,692</b>	<b>47,561</b>	<b>29,692</b>

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

# Northern NSW 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	36,854	32,696	36,854	32,696
Depreciation - plant and equipment	7,855	6,927	7,855	6,927
Depreciation - infrastructure systems	1,183	1,124	1,183	1,124
Depreciation - right-of-use buildings	1,673	1,065	1,673	1,065
Depreciation - right-of-use plant and equipment	3,859	3,389	3,859	3,389
	<b>51,424</b>	<b>45,201</b>	<b>51,424</b>	<b>45,201</b>

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

## 7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-government organisations	2,987	2,323	2,987	2,323
Grants to research organisations	2	26	2	26
Grants to entities controlled by the immediate parent	1,636	36	1,636	36
Other grants	2,567	2,392	2,567	2,392
	<b>7,192</b>	<b>4,777</b>	<b>7,192</b>	<b>4,777</b>

### 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.

# Northern NSW Local Health District

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

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## 8. Finance costs

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Interest expense from lease liabilities	539	276	539	276
Interest expense from financial liabilities at amortised cost*	53	72	53	72
	<b>592</b>	<b>348</b>	<b>592</b>	<b>348</b>

### 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.

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 9. Revenue

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

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

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

### 10. Summary of compliance

The Appropriation Act 2023 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$19.61 billion to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2023-24. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including the District.

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

In addition, government money that the District receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is also deemed appropriation moneys where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

A summary of compliance is disclosed in the financial statements of the Annual Report of the Ministry of Health. It has been prepared by aggregating the spending authorities of the Minister for Health for the services of the Ministry of Health. It reflects the status at the point in time this disclosure statement is being made. District's spending authority and expenditure is included in the summary of compliance.

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

### 11. Ministry of Health allocations

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

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



# Northern NSW 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	7,364	6,065	7,364	6,065
Sale of prostheses	1,421	1,538	1,421	1,538
Other	91	55	91	55
	<b>8,876</b>	<b>7,658</b>	<b>8,876</b>	<b>7,658</b>

(b) Rendering of services comprise the following:

- Inpatient fees	29,300	26,577	29,300	26,577
- Nursing home fees	2,674	2,322	2,674	2,322
- Non inpatient fees	3,547	3,030	3,547	3,030
Department of Veterans' Affairs	8,429	7,599	8,429	7,599
Motor Accident Authority third party	6,230	3,846	6,230	3,846
Multi Purpose Service Centre fees	5,903	5,550	5,903	5,550
Patient transport fees	77	51	77	51
Other patient fees	367	-	367	-
<b>Staff</b>				
Private use of motor vehicles	44	24	44	24
Salary packaging fee	151	180	151	180
Meals and accommodation	203	210	203	210
<b>General community</b>				
Cafeteria / kiosk	18	17	18	17
Car parking	13	139	13	139
Clinical services (excluding clinical drug trials)	2,058	1,763	2,058	1,763
Commercial activities	4	3	4	3
Fees for conferences and training	-	8	-	8
Fees for medical records	174	158	174	158
Information retrieval	1	-	1	-
Services to other organisations	535	64	535	64
<b>Entities controlled by the immediate parent</b>				
Hosted service revenues	2,174	2,281	2,174	2,281
<b>Other</b>				
Infrastructure fees - annual charge	1,484	1,006	1,484	1,006
Infrastructure fees - monthly facility charge	9,789	9,021	9,789	9,021
Other	332	327	332	327
	<b>73,507</b>	<b>64,176</b>	<b>73,507</b>	<b>64,176</b>
	<b>82,383</b>	<b>71,834</b>	<b>82,383</b>	<b>71,834</b>

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### Recognition and Measurement

##### Sale of goods

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

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

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### Recognition and Measurement (continued)

##### Rendering of services

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

Type of service	Nature of timing of satisfaction of	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.

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### Recognition and Measurement (continued)

#### Rendering of services (continued)

<b>Type of service</b>	<b>Nature of timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition policies</b>
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	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 District expects to recognise the unsatisfied portion as revenue.

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 13. Investment revenue

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Interest income from financial assets at amortised cost	1,179	814	1,179	814
	<b>1,179</b>	<b>814</b>	<b>1,179</b>	<b>814</b>

#### 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).

# Northern NSW 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
<b>Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity</b>				
Grants to acquire / construct non-financial asset	4,590	483	4,590	483
<b>Other grants with sufficiently specific performance obligations</b>				
Ministry of Health National Health Reform Funding*	339,460	-	339,460	-
Cancer Institute grants received from an entity controlled by the immediate parent	6,070	6,013	6,070	6,013
Clinical trials and research grants	779	841	779	841
Commonwealth government grants received for community based services	4,103	3,907	4,103	3,907
Grants from entities controlled by the ultimate parent	97	198	97	198
Other grants from entities controlled by the immediate parent	42	1,584	42	1,584
Other grants	4,679	4,220	4,679	4,220
<b>Grants without specific performance obligations</b>				
Ministry of Health National Health Reform Funding*	33,128	-	33,128	-
Commonwealth government grants other	-	463	-	463
Grants from entities controlled by the ultimate parent	5,179	8,101	5,179	8,101
Other grants from entities controlled by the immediate parent	171	667	171	667
Other grants	25	-	25	-
<b>Donations</b>				
Donations	1,866	895	1,866	895
	<b>400,189</b>	<b>27,372</b>	<b>400,189</b>	<b>27,372</b>

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

# Northern NSW Local Health District

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

## Recognition and Measurement

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

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

Refer to Note 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 District obtains control over the granted assets (e.g. cash).

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

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

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Superannuation - defined benefit plans	1,405	1,941	-	-
Long service leave provision	16,795	9,538	-	-
	<b>18,200</b>	<b>11,479</b>	-	-

# Northern NSW Local Health District

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

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## 16. Other income

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Commissions	4	11	4	11
Discounts	132	145	132	145
Insurance refunds	2,460	461	2,460	461
- Other rental income	898	950	898	950
Sponsorship	1	-	1	-
Other	266	30	266	30
	<b>3,761</b>	<b>1,597</b>	<b>3,761</b>	<b>1,597</b>

### Recognition and Measurement

#### *Rental income*

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

Revenue reflects the progressive unwinding of the 'grant of right to operate liability' (Note 33) over the remaining period of the arrangement. Refer to Note 24 for further details on service concession arrangements.



# Northern NSW 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
<b>Gains / (losses) on disposals of:</b>				
<b>Property, plant and equipment</b>				
Written down value of assets disposed	373	176	373	176
Less: proceeds from disposal	6	10	6	10
<b>Net gains / (losses) on disposal</b>	<b>(367)</b>	<b>(166)</b>	<b>(367)</b>	<b>(166)</b>
<b>Right-of-use assets</b>				
Written down value of assets disposed	265	327	265	327
Less: lease liabilities extinguished	329	356	329	356
<b>Net gains / (losses) on disposal</b>	<b>64</b>	<b>29</b>	<b>64</b>	<b>29</b>
<b>Total gains / (losses) on disposal</b>	<b>(303)</b>	<b>(137)</b>	<b>(303)</b>	<b>(137)</b>

### 18. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	-	(65)	-	(65)
Foreign exchange gains / (losses)	(1)	-	(1)	-
	<b>(1)</b>	<b>(65)</b>	<b>(1)</b>	<b>(65)</b>

### Recognition and Measurement

#### **Impairment losses on non-financial assets**

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

- Note 21 Receivables
- Note 22 Contract assets
- Note 23 Inventories
- Note 24 Property, plant and equipment
- Note 25 Leases
- Note Intangible assets.

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

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

# Northern NSW 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	2,324	25,327	2,324	25,327
Cash at bank - held by HealthShare NSW*	21,383	-	21,383	-
	<b>23,707</b>	<b>25,327</b>	<b>23,707</b>	<b>25,327</b>

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

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

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

Cash and cash equivalents (per Statement of Financial Position)	23,707	25,327	23,707	25,327
	<b>23,707</b>	<b>25,327</b>	<b>23,707</b>	<b>25,327</b>

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

Most cash and cash equivalents held by the District are restricted assets. Refer to Note 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 District for payments to suppliers and employees. HealthShare NSW makes payments after the District has reviewed and approved the invoices and employee rosters. The District's approval of invoices and employee rosters provides authority to HealthShare NSW to make payments. These payments are reported as expenditures and cash outflows in the financial statements of the District.

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

# Northern NSW 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
<b>Current</b>				
Trade receivables from contracts with customers	12,807	11,440	12,807	11,440
Intra health receivables	22,251	7,105	22,251	7,105
Goods and Services Tax	5,141	5,867	5,141	5,867
Other receivables	1,978	802	1,978	802
<b>Sub total</b>	<b>42,177</b>	<b>25,214</b>	<b>42,177</b>	<b>25,214</b>
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(638)	(508)	(638)	(508)
- Other receivables	(57)	(40)	(57)	(40)
<b>Sub total</b>	<b>41,482</b>	<b>24,666</b>	<b>41,482</b>	<b>24,666</b>
Prepayments	6,286	3,480	6,286	3,480
	<b>47,768</b>	<b>28,146</b>	<b>47,768</b>	<b>28,146</b>

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

<b>Trade receivables from contracts with customers</b>				
Balance at the beginning of the year	(508)	(393)	(508)	(393)
Amounts written off during the year	562	342	562	342
(Increase) / decrease in allowance recognised in the net result <sup>1</sup>	(692)	(456)	(692)	(456)
<b>Balance at the end of the year</b>	<b>(638)</b>	<b>(508)</b>	<b>(638)</b>	<b>(508)</b>
<b>Other receivables</b>				
Balance at the beginning of the year	(40)	(39)	(40)	(39)
Amounts written off during the year	28	47	28	47
(Increase) / decrease in allowance recognised in the net result	(45)	(47)	(45)	(47)
<b>Balance at the end of the year</b>	<b>(57)</b>	<b>(40)</b>	<b>(57)</b>	<b>(40)</b>
	<b>(695)</b>	<b>(548)</b>	<b>(695)</b>	<b>(548)</b>

<sup>1</sup> Includes total impairment loss of \$0.69 million (2023: \$0.46 million) recognised on receivables from contracts with customers.

# Northern NSW 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	607	623	607	623
Patient fees - Medicare ineligible	1,449	956	1,449	956
Patient fees - inpatient & other	5,972	5,306	5,972	5,306
	<b>8,028</b>	<b>6,885</b>	<b>8,028</b>	<b>6,885</b>

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)	35,057	18,545	35,057	18,545
<b>Total contract receivables</b>	<b>35,057</b>	<b>18,545</b>	<b>35,057</b>	<b>18,545</b>

### Recognition and Measurement

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

### Subsequent measurement

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

### Impairment

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

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 22. Contract assets

	<b>Consolidated</b>	<b>Consolidated</b>	<b>Parent</b>	<b>Parent</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Current</b>				
Contract assets	1,197	1,200	1,197	1,200
	<b>1,197</b>	<b>1,200</b>	<b>1,197</b>	<b>1,200</b>

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 23. Inventories

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
<b>Current</b>				
<b>Held-for-distribution</b>				
Drug supplies	1,976	1,845	1,976	1,845
Medical and surgical supplies	128	182	128	182
<b>Sub total</b>	<b>2,104</b>	<b>2,027</b>	<b>2,104</b>	<b>2,027</b>
	<b>2,104</b>	<b>2,027</b>	<b>2,104</b>	<b>2,027</b>

#### Recognition and Measurement

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

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the District would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

# Northern NSW 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 <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2022 - fair value</b>				
Gross carrying amount	1,602,671	83,797	44,508	1,730,976
Less: accumulated depreciation and impairment	497,821	46,004	19,923	563,748
<b>Net carrying amount</b>	<b>1,104,850</b>	<b>37,793</b>	<b>24,585</b>	<b>1,167,228</b>
<b>Year ended 30 June 2023</b>				
Net carrying amount at beginning of year	1,104,850	37,793	24,585	1,167,228
Additions	242,339	7,574	95	250,008
Disposals	-	(176)	-	(176)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	1,584	-	1,584
Net revaluation increments less revaluation decrements	79,543	-	588	80,131
Depreciation expense	(32,696)	(6,927)	(1,124)	(40,747)
Reclassifications	74	(74)	-	-
<b>Net carrying amount at end of year</b>	<b>1,394,110</b>	<b>39,774</b>	<b>24,144</b>	<b>1,458,028</b>

<sup>1</sup> 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.

# Northern NSW 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	Plant and Equipment <sup>1</sup>	Infrastructure Systems	Total
<b>At 1 July 2023 - fair value</b>				
Gross carrying amount	1,893,950	89,175	47,293	2,030,418
Less: accumulated depreciation and impairment	499,840	49,401	23,149	572,390
<b>Net carrying amount</b>	<b>1,394,110</b>	<b>39,774</b>	<b>24,144</b>	<b>1,458,028</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2024</b>				
Net carrying amount at beginning of year	1,394,110	39,774	24,144	1,458,028
Additions	54,956	42,085	16	97,057
Disposals	-	(373)	-	(373)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	42	-	42
Net revaluation increments less revaluation decrements	113,641	-	(2,594)	111,047
Depreciation expense	(36,854)	(7,855)	(1,183)	(45,892)
Reclassifications	1	(1)	-	-
<b>Net carrying amount at end of year</b>	<b>1,525,854</b>	<b>73,672</b>	<b>20,383</b>	<b>1,619,909</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2024 - fair value</b>				
Gross carrying amount	2,177,042	128,683	49,631	2,355,356
Less: accumulated depreciation and impairment	651,188	55,011	29,248	735,447
<b>Net carrying amount</b>	<b>1,525,854</b>	<b>73,672</b>	<b>20,383</b>	<b>1,619,909</b>

<sup>1</sup> 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.



# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 24. Property, plant and equipment (continued)

#### Recognition and Measurement

##### **Acquisition of property, plant and equipment**

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

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

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

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

##### **Capitalisation thresholds**

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

##### **Depreciation of property, plant and equipment**

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

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

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

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

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

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

'Infrastructure Systems' comprises public facilities which provide essential services and enhance the productive capacity of the economy including roads, 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 District has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 25.

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 24. Property, plant and equipment (continued)

#### *Revaluation of property, plant and equipment*

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

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

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

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

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated a cumulative increase of 2.00% in market prices for land and material increases in construction and labour costs of 9.10% for buildings and 9.10% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2023 and

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

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

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 25. Leases

#### (a) Entity as a lessee

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

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

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

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

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

All occupancy agreements entered into by the District with Property NSW (PNSW), an entity of the ultimate parent, have a 'substitution right' clause added to the occupancy arrangements providing PNSW with a substantive substitution right to relocate the District during the term of the agreement. As a result of this clause, those agreements are not accounted for as a lease within the scope of AASB 16. These leases are recognised as an expense in Note 5 under 'occupancy agreement expenses - Property NSW' when incurred over the agreement duration.

Under the occupancy agreements with PNSW, The District continues to carry the responsibility to make good, and to control the fit-out during the occupancy period as the District receives the economic benefits via using the fit-out or expected compensation from PNSW upon relocation. Therefore, the District recognises any make-good provision and fit-out costs in the financial statements arising from these occupancy agreements.

# Northern NSW 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	Plant and Equipment	Total
<b>Balance at 1 July 2023</b>	3,542	9,690	13,232
Additions	3,193	6,088	9,281
Reassessments	589	343	932
Disposals	(156)	(109)	(265)
Depreciation expense	(1,673)	(3,859)	(5,532)
<b>Balance at 30 June 2024</b>	<b>5,495</b>	<b>12,153</b>	<b>17,648</b>

#### PARENT AND CONSOLIDATION

	Land and \$'000	Plant and \$'000	Total \$'000
<b>Balance at 1 July 2022</b>	1,751	8,655	10,406
Additions	2,406	4,318	6,724
Reassessments	715	168	883
Depreciation expense	(1,065)	(3,389)	(4,454)
<b>Balance at 30 June 2023</b>	<b>3,542</b>	<b>9,690</b>	<b>13,232</b>

# Northern NSW 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
<b>Balance at 1 July</b>	12,692	10,468
Additions	9,281	6,724
Interest expenses	539	276
Payments	(5,247)	(5,301)
Terminations / derecognition	(329)	(356)
Other adjustments	931	882
<b>Balance at 30 June</b>	<b>17,867</b>	<b>12,693</b>

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

##### PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	5,532	4,454
Interest expense on lease liabilities	539	276
Expenses relating to short-term leases	6,002	3,660
Expenses relating to leases of low-value assets	311	342
(Gains) / losses on disposal	(65)	(29)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>12,319</b>	<b>8,703</b>

The District had total cash outflows for leases of \$11.56 million for the year ended 30 June 2024 (2023: \$9.30 million).

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 25. Leases (continued)

#### (a) Entity as a lessee (continued)

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

The District entered into a 40 year lease with the Tweed Shire Council for the use of a community health building. The contract specifies lease payments of \$Nil per annum. The leased premise is to be used by the District to provide different community health services. The community health buildings account for a small portion of the similar assets the District is using for the purpose of providing community health services. Therefore it does not have a significant impact on the District's operations.

##### Recognition and Measurement

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

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

##### i. Right-of-use assets

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	1 to 5 years
Plant and equipment	1 to 5 years
Motor vehicles and other equipment	1 to 5 years

##### ii. Lease liabilities

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

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

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

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

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

# Northern NSW Local Health District

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

## PARENT AND CONSOLIDATION

### 26. Non-current assets held for sale

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Assets held for sale</b>				
Land and buildings	-	-	-	-
	-	-	-	-

The non-current assets held for sale constitute assets that are surplus to requirements and are actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale in the next twelve months.

This asset relates to part of the land at the former Coraki Hospital which is surplus to requirements. The asset is recorded at \$1. Due to rounding in the Financial Statements this note shows a \$Nil balance. The District had expected to sell this property in 2022/23, but this did not occur and negotiations for the sale of the property are still in progress.

Further details regarding fair value measurement are disclosed in Note 27.

# Northern NSW 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 District categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

#### (a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2024	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	19,147	1,486,540	1,505,687
- Infrastructure systems	-	-	20,382	20,382
	-	19,147	1,506,922	1,526,069

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

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

	Level 1	Level 2	Level 3	Total Fair Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	19,365	782,733	802,098
- Infrastructure systems	-	-	24,101	24,101
	-	19,365	806,834	826,199

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.



# Northern NSW Local Health District

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

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

### (b) Valuation techniques, inputs and processes

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

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

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

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

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

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

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

# Northern NSW 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

<b>2024</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
<b>Fair value as at 1 July 2023</b>	782,733	24,101	806,834
Additions*	626,796	59	626,855
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	113,213	(2,595)	110,618
Depreciation expense	(36,202)	(1,183)	(37,385)
<b>Fair value as at 30 June 2024</b>	<b>1,486,540</b>	<b>20,382</b>	<b>1,506,922</b>

\* 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.

<b>2023</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
<b>Fair value as at 1 July 2022</b>	694,014	24,584	718,598
Additions*	41,493	53	41,546
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	79,297	588	79,885
Depreciation expense	(32,071)	(1,124)	(33,195)
<b>Fair value as at 30 June 2023</b>	<b>782,733</b>	<b>24,101</b>	<b>806,834</b>

\* 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.

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

Category	1 July 2023		30 June 2024	
	Opening \$000	Revenue \$000	Expense \$000	Closing \$000
Community welfare	762	40	7	795
Facility improvements	15,086	(2,339)	835	11,912
Patient welfare	64	41	17	88
Private practice disbursements (No.2 Accounts)	5,122	1,713	194	6,641
Public contributions	429	300	17	713
Research	238	40	(49)	326
Section 19(2) exemption funds	77	-	-	77
Staff welfare	83	4	7	80
Training and education including conferences	2,066	(126)	154	1,785
Other	-	142	4	138
	<b>23,927</b>	<b>(185)</b>	<b>1,187</b>	<b>22,555</b>

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

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

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

# Northern NSW 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
<b>Current</b>				
Accrued salaries, wages and on-costs	12,660	8,395	-	-
Salaries and wages deductions	125	108	-	-
Payroll and fringe benefits tax	(3)	9	-	-
Accrued liability - purchase of personnel services	-	-	12,782	8,512
Creditors	37,157	34,362	37,157	34,362
Other creditors				
- Capital works	3,894	4,391	3,894	4,391
- Payables to entities controlled by the immediate parent	22,241	18,360	22,241	18,360
- Other	24	13	24	13
	<b>76,098</b>	<b>65,638</b>	<b>76,098</b>	<b>65,638</b>

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 District and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

# Northern NSW 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
<b>Current</b>				
Contract liabilities	73	94	73	94
	<b>73</b>	<b>94</b>	<b>73</b>	<b>94</b>

### Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	94	83	94	83
Transaction price allocated to the remaining performance obligations from contracts with	13,328	22,689	13,328	22,689

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

Specific revenue class	2025 \$000	2026 \$000	2027 \$000	≥ 2028 \$000	Total \$000
Grants and other contributions	11,948	1,222	158	-	13,328
	<b>11,948</b>	<b>1,222</b>	<b>158</b>	<b>-</b>	<b>13,328</b>

# Northern NSW 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
<b>Current</b>				
Other loans and deposits	771	752	771	752
Lease liabilities (see Note 25)	4,864	3,551	4,864	3,551
	<b>5,635</b>	<b>4,303</b>	<b>5,635</b>	<b>4,303</b>
<b>Non-current</b>				
Other loans and deposits	790	1,561	790	1,561
Lease liabilities (see Note 25)	13,003	9,142	13,003	9,142
	<b>13,793</b>	<b>10,703</b>	<b>13,793</b>	<b>10,703</b>

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 2026

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

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

### Recognition and Measurement

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

#### *Financial liabilities at amortised cost*

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

Borrowings are classified as current liabilities unless the District has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 40 (b) for derecognition policy.

# Northern NSW Local Health District

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

## 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
<b>1 July 2022</b>	-	-	<b>3,047</b>	<b>10,468</b>	<b>13,515</b>
Cash flows	-	-	(734)	(5,025)	(5,759)
New leases	-	-	-	6,723	6,723
Lease terminations	-	-	-	(356)	(356)
Lease reassessments	-	-	-	883	883
<b>30 June 2023</b>	-	-	<b>2,313</b>	<b>12,693</b>	<b>15,006</b>
<b>1 July 2023</b>	-	-	<b>2,313</b>	<b>12,693</b>	<b>15,006</b>
Cash flows	-	-	(752)	(4,708)	(5,460)
Lease terminations	-	-	-	(329)	(329)
Lease reassessments	-	-	-	931	931
<b>30 June 2024</b>	-	-	<b>1,561</b>	<b>17,867</b>	<b>19,428</b>

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.

# Northern NSW 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
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Annual leave				
- Obligations expected to be settled within 12 months	62,491	56,988	-	-
- Obligations expected to be settled after 12 months	17,246	18,674	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	1,852	1,474	-	-
- Obligations expected to be settled after 12 months	12,001	11,311	-	-
Parental leave				
- Obligations expected to be settled within 12 months	2,266	-	-	-
Provision for other employee benefits	2,772	2,648	-	-
Provision for personnel services liability	-	-	98,628	91,095
<b>Total current provisions</b>	<b>98,628</b>	<b>91,095</b>	<b>98,628</b>	<b>91,095</b>
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave consequential on-costs	1,529	1,257	-	-
Provision for personnel services liability	-	-	1,529	1,257
<b>Total non-current provisions</b>	<b>1,529</b>	<b>1,257</b>	<b>1,529</b>	<b>1,257</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	98,628	91,095	-	-
Provisions - non-current	1,529	1,257	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 29)	12,785	8,503	-	-
Liability - purchase of personnel services	-	-	112,942	100,855
	<b>112,942</b>	<b>100,855</b>	<b>112,942</b>	<b>100,855</b>

### Recognition and Measurement

#### Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 22.88% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 22.28%). The District has assessed the actuarial advice based on the District's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where the District does not expect to settle the liability within 12 months as the District does not have an unconditional right to defer settlement.



# Northern NSW Local Health District

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

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

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

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

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

### Consequential on-costs

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

# Northern NSW 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
<b>Current</b>				
Unearned revenue	434	3,802	434	3,802
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	1,323	4,014	1,323	4,014
	<b>1,757</b>	<b>7,816</b>	<b>1,757</b>	<b>7,816</b>
<b>Non-current</b>				
Unearned revenue	6,840	-	6,840	-
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	5,370	5,823	5,370	5,823
Other	34	34	34	34
	<b>12,244</b>	<b>5,857</b>	<b>12,244</b>	<b>5,857</b>

### PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	9,837	6,383
Add: receipt of cash during the financial year	1,446	3,937
Deduct: income recognised during the financial year	4,590	483
<b>Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity</b>	<b>6,693</b>	<b>9,837</b>

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

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

# Northern NSW Local Health District

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

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## 34. Commitments

### (a) Capital commitments

Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment and infrastructure

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	18,040	50,308	18,040	50,308
<b>Total (including GST)</b>	<b>18,040</b>	<b>50,308</b>	<b>18,040</b>	<b>50,308</b>

### (b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$18.04 million as at 30 June 2024 includes input tax credits of 1.64 million that are expected to be recoverable from the Australian Taxation Office (2023: \$4.57 million).

## 35. Contingent liabilities and contingent assets

### PARENT AND CONSOLIDATION

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

# Northern NSW Local Health District

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

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

### PARENT AND CONSOLIDATION

#### Net result

The actual Net Result was higher than adjusted budget by \$16 million, primarily due to:

Higher than budget Revenues of \$98 million and higher than budget Expenses of \$81 million.

The higher than budget Revenue was represented by higher NSW Ministry of Health recurrent allocations \$70 million and NSW Ministry of Health capital allocations \$14 million and Grants and Contributions \$13 million.

The higher than budgeted Ministry of Health Recurrent Allocations reflects additional cash required by the District due to higher than budgeted Expenses \$81 million associate with premium nursing/medical agency expenses \$42 million and higher expenses associated with growth in activity above target \$22 million. The higher than budget Ministry of Health capital allocations reflects the Asset Refurbishment/Replacement Project from funds not advanced in 2022-23.

Grants and Contributions higher than budget reflects NHRA Revenue \$7.5 million and Capital Grants or \$4.6 million above budget.

#### Assets and liabilities

Current Assets were \$25 million higher than budget. This was due mainly to higher than budget Cash \$6 million and Receivables \$20 million. The higher than budget Receivables reflects Intra Health receivables \$15 million and Health Infrastructure Prepayments of \$2.8 million.

Non Current Assets were \$56 million higher than budget. This reflects the revaluation of Land and Building \$55 million to recognise movements in indicies since the last revaluation in 2022-23. Current Liabilities were higher than budget by \$8 million. This reflects higher than budget Payables \$9 million represented by \$4.3 million Salaries Accrual and Intra Health Payables \$3.9 million.

# Northern NSW Local Health District

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

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## Cash flows

Net Cashflows from Operating Activities was \$11 million higher than budget. This was due to Payments \$70 million higher than budget and higher than budget Receipts \$81 million. The higher than budget payments relates higher than budget premium labour costs and activity above target.

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

	<b>\$000</b>
<b>Initial allocation, 1 July 2023</b>	566,847
<b>Special projects</b>	
Mental Health Initiatives	3,059
Other Special Projects	4,798
Special Commission of Inquiry into the Drug 'Ice' Implementation	3,732
Voluntary Assisted Dying	659
<b>Other</b>	
Covid-19 Response	2,023
Deferred Care	214
Energy Efficiency Projects	90
Medical Training & Research	1,846
Rural Health Workforce Enhancements	1,157
Safe Staffing Levels	2,721
Workers Compensation Performance Adjustment	(3,897)
Voluntary Redundancies	180
Workplace Culture	195
<b>Balance as per Statement of Comprehensive Income</b>	<b>590,068</b>

# Northern NSW 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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Net cash used on operating activities	101,387	256,519	101,387	256,519
Depreciation and amortisation expense	(51,424)	(45,201)	(51,424)	(45,201)
Allowance for impairment	(737)	(568)	(737)	(568)
(Increase) / decrease in other liabilities	(329)	(7,256)	(329)	(7,256)
Decrease / (increase) in provisions	(7,806)	17,052	(7,806)	17,052
Increase / (decrease) in inventory	78	46	78	46
Increase / (decrease) in prepayments and other assets	20,386	(1,940)	20,386	(1,940)
Increase / (decrease) in contract assets	(2)	665	(2)	665
Decrease / (increase) in payables	(10,983)	(11,422)	(10,983)	(11,422)
Decrease / (increase) in contract liabilities	22	(11)	22	(11)
Net gain / (loss) on sale of property, plant and	(367)	(166)	(367)	(166)
Net gain / (loss) on disposal of right-of-use assets	64	29	64	29
Assets donated or brought to account (Note 38)	42	1,584	42	1,584
<b>Net result</b>	<b>50,331</b>	<b>209,331</b>	<b>50,331</b>	<b>209,331</b>

### 38. Non-cash financing and investing activities

	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Assets donated or brought to account	43	1,584	43	1,584
Property, plant and equipment acquired by a lease	9,281	6,723	9,281	6,723
	<b>9,324</b>	<b>8,307</b>	<b>9,324</b>	<b>8,307</b>

# Northern NSW 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 District holds trust funds of \$1.2 million (2023: \$1.8 million) which are held for the safe keeping of patients' monies, These funds are excluded from the financial statements as the District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

Category	1 July 2023	Revenue	Expense	30 June 2024
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	197	1,362	(1,378)	181
Refundable Deposits	1	-	-	1
Private Patient Trust Funds	428	6,778	(7,206)	(0)
Third Party Funds	1,206	(108)	(70)	1,028
<b>Total trust funds</b>	<b>1,832</b>	<b>8,032</b>	<b>(8,654)</b>	<b>1,210</b>

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	139	1,306	(1,248)	197
Private Patient Trust Funds	434	5,892	(5,898)	428
Third Party Funds	1,110	145	(49)	1,206
<b>Total trust funds</b>	<b>1,684</b>	<b>7,343</b>	<b>(7,195)</b>	<b>1,832</b>

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

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

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 40. Financial instruments

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

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

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

#### (a) Financial instrument categories

##### PARENT AND CONSOLIDATION

Class	Category	Carrying	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
<b>Financial assets</b>			
Cash and cash equivalents (Note 20)	Amortised cost	23,707	25,327
Receivables (Note 21) <sup>1</sup>	Amortised cost	36,341	18,799
Contract assets (Note 22) <sup>3</sup>	Amortised cost	1,197	1,200
<b>Total financial assets</b>		<b>61,245</b>	<b>45,326</b>
<b>Financial liabilities</b>			
Borrowings (Note 31)	Financial liabilities measured at amortised cost	19,428	15,006
Payables (Note 29) <sup>2</sup>	Financial liabilities measured at amortised cost	76,101	65,629
Other liabilities (Note 33)	Financial liabilities measured at amortised cost	34	34
<b>Total financial liabilities</b>		<b>95,563</b>	<b>80,669</b>

#### Notes

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

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

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

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

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

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

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



# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 40. Financial instruments (continued)

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

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

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

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

#### (c) Offsetting financial instruments

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

#### (d) Financial risk

##### i. Credit risk

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

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

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

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 40. Financial instruments (continued)

#### (d) Financial risk (continued)

##### i. Credit risk (continued)

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

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

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

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

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

# Northern NSW 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	2.27%	4.95%	7.91%	10.77%	20.48%	4.35%
Estimated total gross carrying amount <sup>1</sup>	12,973	889	392	297	1,431	15,982
Expected credit loss	295	44	31	32	293	695
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	1.50%	3.50%	7.67%	7.19%	27.22%	4.08%
Estimated total gross carrying amount <sup>1</sup>	10,185	1,313	352	556	1,036	13,442
Expected credit loss	153	46	27	40	282	548

##### Notes

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

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

#### ii. Liquidity risk

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

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

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

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 40. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

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

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

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

# Northern NSW 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 District's financial liabilities together with the interest rate exposure.

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure					Maturity Dates		
	EIR <sup>3</sup> %	Nominal Amount <sup>1</sup> \$000	Fixed	Variable	Non -	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
			Interest Rate \$000	Interest Rate \$000	Bearing Interest \$000			
<b>2024</b>								
Payables:								
- Creditors <sup>2</sup>		76,101	-	-	76,101	76,101	-	-
Borrowings:								
- Other loans and deposits	2.5	2,013	-	-	2,013	805	1,208	-
- Lease liabilities	3.68	19,376	19,376	-	-	5,546	12,207	1,623
		<b>97,490</b>	<b>19,376</b>	-	<b>78,114</b>	<b>82,452</b>	<b>13,415</b>	<b>1,623</b>
<b>2023</b>								
Payables:								
- Creditors <sup>2</sup>		65,629	-	-	65,629	65,629	-	-
Borrowings:								
- Other loans and deposits	2.5	2,416	2,416	-	-	805	1,611	-
- Lease liabilities	3.06	14,200	14,200	-	-	4,441	8,472	1,287
		<b>82,245</b>	<b>16,616</b>	-	<b>65,629</b>	<b>70,875</b>	<b>10,083</b>	<b>1,287</b>

#### Notes:

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

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

# Northern NSW Local Health District

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

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

#### *Interest Rate Risk*

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

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

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

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

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

#### PARENT AND CONSOLIDATION

	2024		2023	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(42)	42	(103)	103
Equity	(42)	42	(103)	103

# Northern NSW Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 40. Financial instruments (continued)

#### iii. Market risk (continued)

##### *Foreign exchange risk*

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

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

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

# Northern NSW 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

#### (a) Key management personnel compensation

Key management personnel compensation is as follows:

	2024	2023
	\$000	\$000
Short-term employee benefits	1,407	1,052
Post-employment benefits	79	55
	<b>1,486</b>	<b>1,107</b>

During the financial year, Northern NSW Local Health District obtained key management personnel services from the immediate parent and incurred \$0.432 Million (2023: \$0.421 Million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

Provide details of transactions with key management personnel and their close family members

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

#### (c) Transactions with the ultimate parent

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

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

During the financial year and comparative year, the District entered into the various transactions with other entities consolidated as part of the Ministry of Health (the [immediate/senior] 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/senior] parent:

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



# Northern NSW Local Health District

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

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## 41. Related party disclosures (continued)

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

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

- Payroll and fringe benefits taxes
- Legal and consultancy services
- Motor vehicle toll expenses
- Insurance costs
- Occupancy agreement expenses for Property NSW properties
- Various grants and subsidies towards research and other projects

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

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

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

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

*Assets and liabilities as follows:*

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

## 42. Events after the reporting period

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

**END OF AUDITED FINANCIAL STATEMENTS**