



## INDEPENDENT AUDITOR'S REPORT

### Northern Sydney Local Health District

To Members of the New South Wales Parliament

### Opinion

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

In my opinion, the financial statements:

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

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

### Basis for Opinion

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

I am independent of the District and the consolidated entity in accordance with the requirements of the:

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

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

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

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

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

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

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 37. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Network. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Network's financial statements present adjusted budget information.

## **Chief Executive's Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

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

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



Manuel Moncada  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 September 2024  
SYDNEY

# Northern Sydney Local Health District

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



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

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

A handwritten signature in blue ink that reads 'A. M. Scl.'.

Adjunct Professor Anthony Schembri AM  
**Chief Executive**  
12 September 2024

A handwritten signature in black ink that reads 'Grace Timothy'.

Grace Timothy  
**Acting Executive Director Finance**  
12 September 2024

# Northern Sydney 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	1,233,641	1,232,908	1,122,529	-	-
Personnel services	3	-	-	-	1,195,677	1,096,397
Visiting medical officers	4	72,421	68,090	58,252	72,421	58,252
Operating expenses	5	689,597	661,645	686,661	689,597	686,661
Depreciation and amortisation	6	117,338	115,590	106,031	117,338	106,031
Grants and subsidies	7	10,332	11,630	7,261	10,332	7,261
Finance costs	8	75,675	75,577	74,134	75,675	74,134
Payments to Affiliated Health Organisations	9	49,583	45,563	46,976	49,583	46,976
<b>Total expenses excluding losses</b>		<b>2,248,587</b>	<b>2,211,003</b>	<b>2,101,844</b>	<b>2,210,623</b>	<b>2,075,712</b>
<b>Revenue</b>						
Ministry of Health recurrent allocations	12	1,153,787	1,131,211	1,745,564	1,153,787	1,745,564
Ministry of Health capital allocations	12	50,297	49,307	53,408	50,297	53,408
Acceptance by the Crown <sup>2</sup> of employee benefits	16	37,964	38,557	26,132	-	-
Sale of goods and services from contracts with customers	13	254,138	253,601	237,060	254,138	237,060
Investment revenue	14	5,409	886	3,977	5,409	3,977
Grants and other contributions	15	704,724	693,903	53,196	704,724	53,196
Other income	17	23,462	20,833	22,320	23,462	22,320
<b>Total revenue</b>		<b>2,229,781</b>	<b>2,188,298</b>	<b>2,141,657</b>	<b>2,191,817</b>	<b>2,115,525</b>
<b>Operating result</b>		<b>(18,806)</b>	<b>(22,705)</b>	<b>39,813</b>	<b>(18,806)</b>	<b>39,813</b>
Gains / (losses) on disposal	18	179	(52)	(129)	179	(129)
Impairment losses on financial assets	22	(12,366)	(1,244)	(5,785)	(12,366)	(5,785)
Other gains / (losses)	19	(5)	(1)	(49)	(5)	(49)
<b>Net result from continuing operations</b>	38	<b>(30,998)</b>	<b>(24,002)</b>	<b>33,850</b>	<b>(30,998)</b>	<b>33,850</b>
<b>Net result</b>		<b>(30,998)</b>	<b>(24,002)</b>	<b>33,850</b>	<b>(30,998)</b>	<b>33,850</b>
<b>Other comprehensive income</b>						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	24	116,186	-	159,444	116,186	159,444
<b>Total other comprehensive income</b>		<b>116,186</b>	<b>-</b>	<b>159,444</b>	<b>116,186</b>	<b>159,444</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>85,188</b>	<b>(24,002)</b>	<b>193,294</b>	<b>85,188</b>	<b>193,294</b>

<sup>1</sup> Unaudited adjusted budget, see Note 37.

<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 Sydney Local Health District

Statement of Financial Position as at 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>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	21	99,944	88,958	105,467	99,944	105,467
Receivables	22	82,163	70,714	69,440	82,163	69,440
Inventories	23	9,426	9,425	9,175	9,426	9,175
<b>Total current assets</b>		<b>191,533</b>	<b>169,097</b>	<b>184,082</b>	<b>191,533</b>	<b>184,082</b>
<b>Non-current assets</b>						
Receivables	22	4,044	3,535	2,711	4,044	2,711
Property, plant & equipment	24					
- Land and buildings		2,974,194	2,871,432	2,940,152	2,974,194	2,940,152
- Plant and equipment		95,045	85,550	88,662	95,045	88,662
- Infrastructure systems		58,194	58,046	57,726	58,194	57,726
Total property, plant & equipment		3,127,433	3,015,028	3,086,540	3,127,433	3,086,540
Right-of-use assets	25	4,651	6,414	4,250	4,651	4,250
Intangible assets	26	1,794	2,123	2,124	1,794	2,124
<b>Total non-current assets</b>		<b>3,137,922</b>	<b>3,027,100</b>	<b>3,095,625</b>	<b>3,137,922</b>	<b>3,095,625</b>
<b>Total assets</b>		<b>3,329,455</b>	<b>3,196,197</b>	<b>3,279,707</b>	<b>3,329,455</b>	<b>3,279,707</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	29	133,225	120,680	168,808	133,225	168,808
Contract liabilities	30	10,071	14,257	14,257	10,071	14,257
Borrowings	31	19,445	2,690	15,545	19,445	15,545
Provisions	32	239,185	226,101	211,595	239,185	211,595
Other current liabilities	33	10,818	10,737	10,737	10,818	10,737
<b>Total current liabilities</b>		<b>412,744</b>	<b>374,465</b>	<b>420,942</b>	<b>412,744</b>	<b>420,942</b>
<b>Non-current liabilities</b>						
Borrowings	31	679,409	698,259	697,613	679,409	697,613
Provisions	32	3,738	3,738	3,014	3,738	3,014
Other non-current liabilities	33	179,308	174,667	189,070	179,308	189,070
<b>Total non-current liabilities</b>		<b>862,455</b>	<b>876,664</b>	<b>889,697</b>	<b>862,455</b>	<b>889,697</b>
<b>Total liabilities</b>		<b>1,275,199</b>	<b>1,251,129</b>	<b>1,310,639</b>	<b>1,275,199</b>	<b>1,310,639</b>
<b>Net assets</b>		<b>2,054,256</b>	<b>1,945,068</b>	<b>1,969,068</b>	<b>2,054,256</b>	<b>1,969,068</b>
<b>EQUITY</b>						
Reserves	34	877,029	760,842	760,843	877,029	760,843
Accumulated funds		1,177,227	1,184,226	1,208,225	1,177,227	1,208,225
<b>Total Equity</b>		<b>2,054,256</b>	<b>1,945,068</b>	<b>1,969,068</b>	<b>2,054,256</b>	<b>1,969,068</b>

<sup>1</sup> Unaudited adjusted budget, see Note 37.

The accompanying notes form part of these financial statements.

# Northern Sydney 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>1,208,225</b>	<b>760,843</b>	<b>1,969,068</b>
<b>Net result for the year</b>		<b>(30,998)</b>	<b>-</b>	<b>(30,998)</b>
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	24	-	116,186	116,186
<b>Total other comprehensive income</b>		<b>-</b>	<b>116,186</b>	<b>116,186</b>
<b>Total comprehensive income for the year</b>		<b>(30,998)</b>	<b>116,186</b>	<b>85,188</b>
<b>Balance at 30 June 2024</b>		<b>1,177,227</b>	<b>877,029</b>	<b>2,054,256</b>

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2022</b>		<b>1,175,289</b>	<b>606,485</b>	<b>1,781,774</b>
<b>Net result for the year</b>		<b>33,850</b>	<b>-</b>	<b>33,850</b>
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	24	-	159,444	159,444
<b>Total other comprehensive income</b>		<b>-</b>	<b>159,444</b>	<b>159,444</b>
<b>Total comprehensive income for the year</b>		<b>33,850</b>	<b>159,444</b>	<b>193,294</b>

Transfer of asset revaluation surplus to accumulated funds on disposal of assets

5,086 (5,086) -

### Transactions with owners in their capacity as owners

Increase / (decrease) in net assets from equity transfers 34 (6,000) - (6,000)

**Balance at 30 June 2023** **1,208,225** **760,843** **1,969,068**

The accompanying notes form part of these financial statements.

# Northern Sydney Local Health District

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

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget <sup>1</sup> 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		(1,192,940)	(1,203,208)	(1,135,311)	-	-
Suppliers for goods and services		(848,031)	(828,733)	(845,449)	(848,031)	(845,449)
Grants and subsidies		(63,771)	(61,934)	(57,663)	(63,771)	(57,663)
Finance costs		(75,675)	(75,577)	(74,135)	(75,675)	(74,135)
Personnel services		-	-	-	(1,192,940)	(1,135,311)
<b>Total payments</b>		<b>(2,180,417)</b>	<b>(2,169,452)</b>	<b>(2,112,558)</b>	<b>(2,180,417)</b>	<b>(2,112,558)</b>
<b>Receipts</b>						
Ministry of Health recurrent allocations		1,153,787	1,131,211	1,745,564	1,153,787	1,745,564
Ministry of Health capital allocations		50,297	49,307	53,408	50,297	53,408
Reimbursements from the Crown <sup>2</sup>		18,721	18,721	19,788	18,721	19,788
Sale of goods and services		244,728	258,191	232,726	244,728	232,726
Interest received		5,368	732	3,977	5,368	3,977
Grants and other contributions		693,251	696,567	56,959	693,251	56,959
Other		65,010	66,019	53,091	65,010	53,091
<b>Total receipts</b>		<b>2,231,162</b>	<b>2,220,748</b>	<b>2,165,513</b>	<b>2,231,162</b>	<b>2,165,513</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	38	<b>50,745</b>	<b>51,296</b>	<b>52,955</b>	<b>50,745</b>	<b>52,955</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of property, plant and equipment		156	-	294	156	294
Purchases of property, plant and equipment and intangibles		(39,846)	(43,885)	(41,851)	(39,846)	(41,851)
Purchases of financial assets		-	(32)	-	-	-
Other		-	(9,389)	-	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(39,690)</b>	<b>(53,306)</b>	<b>(41,557)</b>	<b>(39,690)</b>	<b>(41,557)</b>

# Northern Sydney Local Health District

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

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget <sup>1</sup> 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings and advances		(12,852)	(12,827)	(9,828)	(12,852)	(9,828)
Payment of principal portion of service concession financial liabilities		(1,557)	(1,540)	(1,464)	(1,557)	(1,464)
Payment of principal portion of lease liabilities		(2,169)	(132)	(2,220)	(2,169)	(2,220)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>						
		<b>(16,578)</b>	<b>(14,499)</b>	<b>(13,512)</b>	<b>(16,578)</b>	<b>(13,512)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
		(5,523)	(16,509)	(2,114)	(5,523)	(2,114)
Opening cash and cash equivalents	21	105,467	105,467	107,581	105,467	107,581
<b>CLOSING CASH AND CASH EQUIVALENTS</b>						
	21	<b>99,944</b>	<b>88,958</b>	<b>105,467</b>	<b>99,944</b>	<b>105,467</b>

<sup>1</sup> Unaudited adjusted budget, see Note 37.

<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 Sydney 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

Northern Sydney Local Health District (NSLHD), 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.

NSLHD 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.

NSLHD 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
- \* Northern Sydney Local Health District Special Purpose Service Entity which provides personnel services to NSLHD 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 NSLHD as a parent entity and NSLHD Special Purpose Service Entity. The consolidated financial statements disclose balances for the parent entity and the consolidated entity.

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

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

#### b) Basis of preparation

NSLHD'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 NSLHD have been prepared on a going concern basis.

The Secretary of NSW Health, the Chair of Northern Sydney 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 NSLHD'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 NSLHD 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 Sydney 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.
- \* NSLHD 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.
- \* NSLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by NSLHD 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.

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

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

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

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

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

##### (ii) Issued but not yet effective

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

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

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

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

# Northern Sydney 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*	1,069,787	987,551	-	-
Superannuation - defined benefit plans	2,506	3,498	-	-
Superannuation - defined contribution plans	111,208	97,910	-	-
Long service leave	39,354	23,013	-	-
Redundancies	-	192	-	-
Workers' compensation insurance	10,713	10,323	-	-
Fringe benefits tax	73	42	-	-
	<b>1,233,641</b>	<b>1,122,529</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 \$Nil (2023: \$Nil) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above amounts.

### 3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	1,069,787	987,551
Superannuation - defined contribution plans	-	-	111,208	97,910
Long service leave	-	-	3,896	379
Redundancies	-	-	-	192
Workers' compensation insurance	-	-	10,713	10,323
Fringe benefits tax	-	-	73	42
	<b>-</b>	<b>-</b>	<b>1,195,677</b>	<b>1,096,397</b>

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

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

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

### 4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout NSLHD's hospitals. VMO expenses of \$72.42 million (2023: \$58.25 million) represent part of the day-to-day running costs incurred in the normal operations of NSLHD. These costs are expensed as incurred.

# Northern Sydney 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	100	311	100	311
Agency expenses	2,515	1,942	2,515	1,942
Auditor's remuneration - audit of financial statements	260	245	260	245
Blood and blood products	13,409	12,094	13,409	12,094
Consultants	27	317	27	317
Contractors	(207)	7,940	(207)	7,940
Corporate support services	16,743	15,049	16,743	15,049
Courier and freight	697	579	697	579
Disability equipment support expenses	1,950	1,885	1,950	1,885
Domestic supplies and services	46,894	45,354	46,894	45,354
Drug supplies	54,574	60,330	54,574	60,330
Expenses relating to short-term leases	937	746	937	746
Expenses relating to leases of low-value assets	1,721	1,532	1,721	1,532
Food supplies	29,846	27,353	29,846	27,353
Fuel, light, power and water	14,364	13,412	14,364	13,412
Hosted services purchased from entities controlled by the immediate parent	596	529	596	529
Information management expenses	38,698	41,028	38,698	41,028
Insurance	2,061	1,709	2,061	1,709
Legal services	(8)	809	(8)	809
Maintenance (see Note 5 (a))	64,711	71,852	64,711	71,852
Medical and surgical supplies (including prostheses)	82,769	99,998	82,769	99,998
Membership / professional fees	1,022	956	1,022	956
Motor vehicle expenses	1,851	1,740	1,851	1,740
Outsourced patient services	204,893	171,599	204,893	171,599
Patient transport costs	11,289	9,909	11,289	9,909
Postal and telephone costs	2,087	2,953	2,087	2,953
Printing and stationery	1,496	1,799	1,496	1,799
Professional services (excluding consultants)	3,188	2,097	3,188	2,097
Public private partnership contracted services	2,165	3,271	2,165	3,271
Quality assurance / accreditation	188	176	188	176
Rates and charges	167	120	167	120
Security services	1,916	2,083	1,916	2,083
Specialised services (dental, radiology, pathology and allied health)	67,013	60,256	67,013	60,256
Staff related costs	5,622	5,928	5,622	5,928
Travel related costs	6,581	5,986	6,581	5,986
Other miscellaneous	7,462	12,774	7,462	12,774
	<b>689,597</b>	<b>686,661</b>	<b>689,597</b>	<b>686,661</b>

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 5. Operating expenses (continued)

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

Other miscellaneous of \$7.46 million (2023: \$12.77 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	7,995	10,053	7,995	10,053
Planned maintenance	29,389	28,676	29,389	28,676
New / replacement equipment under \$10,000	27,272	33,124	27,272	33,124
Other	55	(1)	55	(1)
<b>Maintenance expense - contracted labour and other (non-employee related) in Note 5</b>	<b>64,711</b>	<b>71,852</b>	<b>64,711</b>	<b>71,852</b>
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	3,360	3,219	3,360	3,219
	<b>68,071</b>	<b>75,071</b>	<b>68,071</b>	<b>75,071</b>

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

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 6. Depreciation and amortisation

	<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>
Depreciation - buildings	95,114	83,816	95,114	83,816
Depreciation - plant and equipment	17,820	17,887	17,820	17,887
Depreciation - infrastructure systems	2,201	2,068	2,201	2,068
Depreciation - right-of-use buildings	174	215	174	215
Depreciation - right-of-use plant and equipment	1,699	1,567	1,699	1,567
Amortisation - intangible assets	330	478	330	478
	<b>117,338</b>	<b>106,031</b>	<b>117,338</b>	<b>106,031</b>

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

### 7. Grants and subsidies

	<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>
Non-government organisations	3,515	3,627	3,515	3,627
Grants to research organisations	29	165	29	165
Grants to entities controlled by the immediate parent	4,738	1,028	4,738	1,028
Other grants	2,050	2,441	2,050	2,441
	<b>10,332</b>	<b>7,261</b>	<b>10,332</b>	<b>7,261</b>

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 8. Finance costs

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest expense from lease liabilities	212	134	212	134
Interest expense from financial liabilities at amortised cost*	75,463	74,000	75,463	74,000
	<b>75,675</b>	<b>74,134</b>	<b>75,675</b>	<b>74,134</b>

\* Of the interest expense from financial liabilities at amortised cost, \$0.7 million (2023: \$0.74 million) related to financial liabilities relating to service concession arrangements. Refer to Note 24 for further details on service concession arrangements.

### 9. Payments to Affiliated Health Organisations

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Recurrent sourced</b>				
Greenwich & Neringah Hospitals (HammondCare)	24,600	23,254	24,600	23,254
Royal Rehabilitation Centre Sydney	24,983	23,722	24,983	23,722
	<b>49,583</b>	<b>46,976</b>	<b>49,583</b>	<b>46,976</b>

#### Recognition and Measurement

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



# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 10. Revenue

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

### 11. Summary of compliance

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

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

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

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

### 12. Ministry of Health allocations

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 13. Sale of goods and services from contracts with customers

#### (a) Sale of goods comprise the following:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Sale and recovery of pharmaceutical supplies	19,499	22,826	19,499	22,826
Sale of prostheses	9,448	9,246	9,448	9,246
Other	27,049	22,553	27,049	22,553
	<b>55,996</b>	<b>54,625</b>	<b>55,996</b>	<b>54,625</b>

#### (b) Rendering of services comprise the following:

##### **Patients**

##### Patient Fees:

- Inpatient fees	101,328	93,474	101,328	93,474
- Nursing home fees	1,390	1,256	1,390	1,256
- Non inpatient fees	7,773	7,293	7,773	7,293
Department of Veterans' Affairs	9,783	7,427	9,783	7,427
Motor Accident Authority third party	16,193	15,978	16,193	15,978

##### **Staff**

Private use of motor vehicles	43	49	43	49
Salary packaging fee	516	863	516	863
Meals and accommodation	65	95	65	95
Child care fees	1,750	1,584	1,750	1,584

##### **General community**

Car parking	952	314	952	314
Clinical services (excluding clinical drug trials)	2,276	2,025	2,276	2,025
Commercial activities	3,137	2,957	3,137	2,957
Fees for conferences and training	33	55	33	55
Fees for medical records	297	267	297	267
Information retrieval	1	1	1	1

##### **Non-NSW Health entities**

Services to other organisations	6,344	3,613	6,344	3,613
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##### **Entities controlled by the immediate parent**

Hosted service revenues	9,676	10,100	9,676	10,100
Shared corporate service revenues	6	-	6	-

##### **Other**

Infrastructure fees - annual charge	7,175	4,823	7,175	4,823
Infrastructure fees - monthly facility charge	20,510	19,396	20,510	19,396
Other	8,894	10,865	8,894	10,865

	<b>198,142</b>	<b>182,435</b>	<b>198,142</b>	<b>182,435</b>
	<b>254,138</b>	<b>237,060</b>	<b>254,138</b>	<b>237,060</b>

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### Recognition and Measurement

##### Sale of goods

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

<b>Type of good</b>	<b>Nature of timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition policies</b>
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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### Recognition and Measurement (continued)

##### Rendering of services

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

<b>Type of service</b>	<b>Nature of timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition policies</b>
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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 13. 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 arrangement.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

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

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 14. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	5,409	3,977	5,409	3,977
	<b>5,409</b>	<b>3,977</b>	<b>5,409</b>	<b>3,977</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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 15. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity</b>				
Grants to acquire / construct non-financial asset	620	5,000	620	5,000
<b>Other grants with sufficiently specific performance obligations</b>				
Ministry of Health National Health Reform Funding*	566,310	-	566,310	-
Cancer Institute grants received from an entity controlled by the immediate parent	9,173	9,142	9,173	9,142
Clinical trials and research grants	11,169	8,025	11,169	8,025
Commonwealth government grants received for community based services	11,016	10,466	11,016	10,466
Other grants from entities controlled by the immediate parent	942	880	942	880
Other grants	6,423	8,413	6,423	8,413
<b>Grants without specific performance obligations</b>				
Ministry of Health National Health Reform Funding*	89,987	-	89,987	-
Commonwealth government grants other	-	196	-	196
Other grants from entities controlled by the immediate parent	2,691	3,327	2,691	3,327
Other grants	731	334	731	334
<b>Donations</b>				
Donations	5,662	7,413	5,662	7,413
	<b>704,724</b>	<b>53,196</b>	<b>704,724</b>	<b>53,196</b>

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 15. Grants and other contributions (continued)

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

#### Recognition and Measurement

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

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

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

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

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	2,506	3,498	-	-
Long service leave provision	35,458	22,634	-	-
	<b>37,964</b>	<b>26,132</b>	-	-



# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 17. Other income

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other income comprises the following:				
Bad debts recovered	1	9	1	9
Commissions	59	52	59	52
Discounts	193	34	193	34
Insurance refunds	509	570	509	570
Rental income				
- Other rental income	7,814	7,178	7,814	7,178
Revenue related to service concession arrangements	9,389	9,389	9,389	9,389
Sponsorship	6	-	6	-
Unclaimed deposits	67	69	67	69
Other	5,424	5,019	5,424	5,019
	<b>23,462</b>	<b>22,320</b>	<b>23,462</b>	<b>22,320</b>

#### Recognition and Measurement

##### *Revenue related to service concession arrangements*

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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 18. Gains / (losses) on disposal

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Gains / (losses) on disposals of:</b>				
<b>Property, plant and equipment</b>				
Written down value of assets disposed	(23)	423	(23)	423
Less: proceeds from disposal	156	294	156	294
<b>Net gains / (losses) on disposal</b>	<b>179</b>	<b>(129)</b>	<b>179</b>	<b>(129)</b>
<b>Right-of-use assets</b>				
Written down value of assets disposed	15	17	15	17
Less: lease liabilities extinguished	15	17	15	17
<b>Net gains / (losses) on disposal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total gains / (losses) on disposal</b>	<b>179</b>	<b>(129)</b>	<b>179</b>	<b>(129)</b>

### 19. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(1)	(43)	(1)	(43)
Foreign exchange gains / (losses)	(4)	(6)	(4)	(6)
	<b>(5)</b>	<b>(49)</b>	<b>(5)</b>	<b>(49)</b>

### Recognition and Measurement

#### Impairment losses on non-financial assets

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

- Note 22 Receivables
- Note 23 Inventories
- Note 24 Property, plant and equipment
- Note 25 Leases
- Note 26 Intangible assets.

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

NSLHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. NSLHD 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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 21. Cash and cash equivalents

	<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>
Cash at bank and on hand	2,676	105,467	2,676	105,467
Cash at bank - held by HealthShare NSW*	97,268	-	97,268	-
	<b>99,944</b>	<b>105,467</b>	<b>99,944</b>	<b>105,467</b>

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

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

Refer to Note 41 for details regarding credit risk and market risk arising from financial instruments.

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

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

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 22. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Current</b>				
Trade receivables from contracts with customers	54,521	52,033	54,521	52,033
Intra health receivables	17,910	10,937	17,910	10,937
Goods and Services Tax	10,148	5,936	10,148	5,936
Other receivables	1,563	4,188	1,563	4,188
<b>Sub total</b>	<b>84,142</b>	<b>73,094</b>	<b>84,142</b>	<b>73,094</b>
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(3,403)	(4,890)	(3,403)	(4,890)
- Other receivables	(843)	(2,271)	(843)	(2,271)
<b>Sub total</b>	<b>79,896</b>	<b>65,933</b>	<b>79,896</b>	<b>65,933</b>
Prepayments	2,267	3,507	2,267	3,507
	<b>82,163</b>	<b>69,440</b>	<b>82,163</b>	<b>69,440</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	(4,890)	(4,874)	(4,890)	(4,874)
Amounts written off during the year	12,889	4,968	12,889	4,968
Amounts recovered during the year	(278)	(79)	(278)	(79)
(Increase) / decrease in allowance recognised in the net result <sup>1</sup>	(11,124)	(4,905)	(11,124)	(4,905)
<b>Balance at the end of the year</b>	<b>(3,403)</b>	<b>(4,890)</b>	<b>(3,403)</b>	<b>(4,890)</b>
<b>Other receivables</b>				
Balance at the beginning of the year	(2,271)	(1,444)	(2,271)	(1,444)
Amounts written off during the year	2,670	46	2,670	46
Amounts recovered during the year	1	9	1	9
(Increase) / decrease in allowance recognised in the net result	(1,242)	(881)	(1,242)	(881)
<b>Balance at the end of the year</b>	<b>(843)</b>	<b>(2,271)</b>	<b>(843)</b>	<b>(2,271)</b>
	<b>(4,246)</b>	<b>(7,161)</b>	<b>(4,246)</b>	<b>(7,161)</b>
<b>Non-current</b>				
Prepayments	4,044	2,711	4,044	2,711
	<b>4,044</b>	<b>2,711</b>	<b>4,044</b>	<b>2,711</b>

<sup>1</sup> Includes total impairment loss of \$11.12 million (2023: \$4.9 million) recognised on receivables from contracts with customers.

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 22. Receivables (continued)

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

Current and non-current include:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Patient fees - compensable	3,442	4,798	3,442	4,798
Patient fees - Medicare ineligible	7,547	12,577	7,547	12,577
Patient fees - inpatient & other	19,166	19,416	19,166	19,416
	<b>30,155</b>	<b>36,791</b>	<b>30,155</b>	<b>36,791</b>

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 41.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 22)	72,431	62,970	72,431	62,970
<b>Total contract receivables</b>	<b>72,431</b>	<b>62,970</b>	<b>72,431</b>	<b>62,970</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

NSLHD 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, NSLHD applies a simplified approach in calculating ECLs. NSLHD recognises a loss allowance based on lifetime ECLs at each reporting date. NSLHD 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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 23. Inventories

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Current</b>				
<b>Held-for-distribution</b>				
Drug supplies	3,547	3,551	3,547	3,551
Medical and surgical supplies	5,694	5,448	5,694	5,448
Engineering supplies	37	43	37	43
Other including goods in transit	148	133	148	133
	<b>9,426</b>	<b>9,175</b>	<b>9,426</b>	<b>9,175</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 NSLHD 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 Sydney 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	3,644,760	229,351	81,828	3,955,939
Less: accumulated depreciation and impairment	819,811	111,831	29,595	961,237
<b>Net carrying amount</b>	<b>2,824,949</b>	<b>117,520</b>	<b>52,233</b>	<b>2,994,702</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2023</b>				
Net carrying amount at beginning of year	2,824,949	117,520	52,233	2,994,702
Additions	34,650	7,173	48	41,871
Disposals	-	(423)	-	(423)
Equity transfers - transfers in / (out)	(6,000)	-	-	(6,000)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	717	-	717
Net revaluation increments less revaluation decrements	154,955	-	4,489	159,444
Depreciation expense	(83,816)	(17,887)	(2,068)	(103,771)
Reclassifications	15,414	(18,438)	3,024	-
<b>Net carrying amount at end of year</b>	<b>2,940,152</b>	<b>88,662</b>	<b>57,726</b>	<b>3,086,540</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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

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

##### PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2023 - fair value</b>				
Gross carrying amount	3,840,259	209,471	90,420	4,140,150
Less: accumulated depreciation and impairment	900,107	120,809	32,694	1,053,610
<b>Net carrying amount</b>	<b>2,940,152</b>	<b>88,662</b>	<b>57,726</b>	<b>3,086,540</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	2,940,152	88,662	57,726	3,086,540
Additions	16,264	22,613	-	38,877
Disposals	-	23	-	23
Transfers within NSW Health entities through Statement of Comprehensive Income	-	942	-	942
Net revaluation increments less revaluation decrements	113,559	-	2,627	116,186
Depreciation expense	(95,114)	(17,820)	(2,201)	(115,135)
Reclassifications	(667)	625	42	-
<b>Net carrying amount at end of year</b>	<b>2,974,194</b>	<b>95,045</b>	<b>58,194</b>	<b>3,127,433</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2024 - fair value</b>				
Gross carrying amount	4,016,966	223,937	94,745	4,335,648
Less: accumulated depreciation and impairment	1,042,772	128,892	36,551	1,208,215
<b>Net carrying amount</b>	<b>2,974,194</b>	<b>95,045</b>	<b>58,194</b>	<b>3,127,433</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.

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

- land and buildings \$703.16 million (2023: \$693.82 million)
- plant and equipment \$14.26 million (2023: \$18.43 million)
- infrastructure systems \$25.31 million (2023: \$24.87 million)



# Northern Sydney 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)

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

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

#### (b) Property, plant and equipment held and used by NSLHD

##### 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	3,603,854	229,350	81,829	3,915,033
Less: accumulated depreciation and impairment	797,027	111,831	29,595	938,453
<b>Net carrying amount</b>	<b>2,806,827</b>	<b>117,519</b>	<b>52,234</b>	<b>2,976,580</b>
<b>Year ended 30 June 2023</b>				
Net carrying amount at beginning of year	2,806,826	117,520	52,233	2,976,579
Additions	34,650	7,173	48	41,871
Disposals	-	(423)	-	(423)
Equity transfers - transfers in / (out)	(6,000)	-	-	(6,000)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	717	-	717
Net revaluation increment less revaluation decrements	155,832	-	4,489	160,321
Depreciation expense	(82,784)	(17,887)	(2,068)	(102,739)
Reclassifications	15,414	(18,439)	3,024	(1)
<b>Net carrying amount at end of year</b>	<b>2,923,938</b>	<b>88,661</b>	<b>57,726</b>	<b>3,070,325</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 Sydney 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)

#### (b) Property, plant and equipment held and used by NSLHD (continued)

##### PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2023 - fair value</b>				
Gross carrying amount	3,798,992	209,470	90,420	4,098,882
Less: accumulated depreciation and impairment	875,054	120,809	32,694	1,028,557
<b>Net carrying amount</b>	<b>2,923,938</b>	<b>88,661</b>	<b>57,726</b>	<b>3,070,325</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	2,923,938	88,661	57,726	3,070,325
Additions	16,264	22,613	-	38,877
Disposals	-	23	-	23
Transfers within NSW Health entities through Statement of Comprehensive Income	-	942	-	942
Net revaluation increments less revaluation decrements	112,885	-	2,627	115,512
Depreciation expense	(94,082)	(17,820)	(2,201)	(114,103)
Reclassifications	(668)	626	42	-
<b>Net carrying amount at end of year</b>	<b>2,958,337</b>	<b>95,045</b>	<b>58,194</b>	<b>3,111,576</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2024 - fair value</b>				
Gross carrying amount	3,973,746	223,937	94,745	4,292,428
Less: accumulated depreciation and impairment	1,015,409	128,892	36,551	1,180,852
<b>Net carrying amount</b>	<b>2,958,337</b>	<b>95,045</b>	<b>58,194</b>	<b>3,111,576</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 Sydney 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)

#### (c) Property, plant and equipment where NSLHD is the lessor under operating leases

##### 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	40,906	-	-	40,906
Less: accumulated depreciation and impairment	22,784	-	-	22,784
<b>Net carrying amount</b>	<b>18,122</b>	<b>-</b>	<b>-</b>	<b>18,122</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2023</b>				
Net carrying amount at beginning of year	18,122	-	-	18,122
Net revaluation increment less revaluation decrements	(876)	-	-	(876)
Depreciation expense	(1,032)	-	-	(1,032)
<b>Net carrying amount at end of year</b>	<b>16,214</b>	<b>-</b>	<b>-</b>	<b>16,214</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 Sydney 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)

#### (c) Property, plant and equipment where NSLHD is the lessor under operating leases (continued)

##### PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2023 - fair value</b>				
Gross carrying amount	41,267	-	-	41,267
Less: accumulated depreciation and impairment	25,053	-	-	25,053
<b>Net carrying amount</b>	<b>16,214</b>	<b>-</b>	<b>-</b>	<b>16,214</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	16,214	-	-	16,214
Net revaluation increments less revaluation decrements	674	-	-	674
Depreciation expense	(1,032)	-	-	(1,032)
<b>Net carrying amount at end of year</b>	<b>15,856</b>	<b>-</b>	<b>-</b>	<b>15,856</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2024 - fair value</b>				
Gross carrying amount	43,219	-	-	43,219
Less: accumulated depreciation and impairment	27,363	-	-	27,363
<b>Net carrying amount</b>	<b>15,856</b>	<b>-</b>	<b>-</b>	<b>15,856</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 Sydney 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 NSLHD and records all costs incurred as work in progress or expenses and subsequently transfers those costs to NSLHD. The costs are then accordingly reflected in NSLHD's financial statements. NSLHD acquires most assets in this manner.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 34).

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

##### *Capitalisation thresholds*

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

##### *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 NSLHD.

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

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

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

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

Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles, furniture and fittings.

'Infrastructure Systems' comprises public facilities which provide essential services and enhance the productive capacity of the economy including roads, 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.

# Northern Sydney 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)

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

Further information on leases is contained in Note 25.

#### *Service concession assets*

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

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

# Northern Sydney 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)

#### *Service concession assets (continued)*

#### Description

<b>Name and description of the SCA</b>	Northern Beaches Hospital arrangement consist of a public hospital, a private hospital and the hospital car park located in the suburb of Frenchs Forest. The private hospital is not a service concession asset and is excluded from discussions below.
<b>Period of arrangement</b>	Northern Beaches Public Hospital - 20 years (2018 - 2038) Northern Beaches Car Park - 40 years (2018 - 2058)
<b>Terms of the arrangement</b>	NSLHD has contracted HealthScope (Operator) to build, operate and manage the hospital and the car park for the duration of the arrangement. The construction of the public hospital was funded by NSLHD, paid upfront on completion of the construction works. The private hospital and the car park was fully funded by the Operator. NSLHD has no funding obligations for the private hospital. For the car park, NSLHD has granted rights to the Operator to operate and generate revenue from the car parks. Annual service level agreements are entered into for the delivery of public health services at the public hospital with the Operator, which is funded by NSLHD, paid on a monthly basis.
<b>Rights and obligations</b>	NSLHD is obliged to provide the Operator with access to the hospital and the car park. The Operator is responsible for the delivery of health services to public patients at the hospital which NSLHD is obliged to pay for. At the end of the arrangement, the Operator is obliged to return all assets back to NSLHD. NSLHD will be sharing a portion of the hospital facilities with the private operator for a additional term of 20 years after the expiry of the concession period. NSLHD is required to issue a notice outlining what shared services will be provided by different parties. NSLHD has rights to extend the arrangement for up to 5 years, by way of giving 3 years notice to the operator.
<b>Changes in arrangements occurred during 2023</b>	Nil
<b>Changes in arrangements occurred during 2024</b>	Nil

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### *Service concession assets (continued)*

Carrying amounts of SCA	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure \$000	Total \$000
<b>Year ended 30 June 2023</b>				
Northern Beaches Public Hospital	588,878	18,433	24,866	632,177
Northern Beaches Car Park	55,902	-	-	55,902
	<b>644,780</b>	<b>18,433</b>	<b>24,866</b>	<b>688,079</b>
<b>Year ended 30 June 2024</b>				
Northern Beaches Public Hospital	596,424	14,256	25,309	635,989
Northern Beaches Car Park	57,355	-	-	57,355
	<b>653,779</b>	<b>14,256</b>	<b>25,309</b>	<b>693,344</b>



# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### Service concession assets (continued)

#### Description

Name and description of the SCA	The arrangement consist of two multi-storey car parks at Royal North Shore Hospital, namely P1 and P2.			
<b>Period of arrangement</b>	P1 Car Park - 26.5 years (2010 - 2036) P2 Car Park - 22 years (2014 - 2036)			
<b>Terms of the arrangement</b>	NSLHD has contracted Infrashore (Operator) to build P1 car park and manage both P1 and P2 car parks for the duration of the arrangement. The construction of the P2 car park is funded by NSLHD, paid in instalments under a financing arrangement for the duration of the term. P1 car park was an existing carpark of NSLHD. NSLHD has granted rights to the Operator to operate and generate revenue from both the car parks. Upon grant of this right, the Operator has paid an upfront license fee to NSLHD.			
<b>Rights and obligations</b>	NSLHD is obliged to provide the Operator with access to the carparks and obligated to pay for the construction of the P2 car park under the financing arrangement with the Operator. The Operator is responsible for operating the car parks and at the end of the arrangement, return all assets back to NSLHD. There is no provision for extension of the term.			
<b>Changes in arrangements occurred during 2023</b>	Nil			
<b>Changes in arrangements occurred during 2024</b>	Nil			
<b>Carrying amounts of SCA</b>	<b>Land and Buildings \$000</b>	<b>Plant and Equipment \$000</b>	<b>Infrastructure \$000</b>	<b>Total \$000</b>
<b>Year ended 30 June 2023</b>				
Royal North Shore Hospital P1 Car Park	24,649	-	-	24,649
Royal North Shore Hospital P2 Car Park	24,394	-	-	24,394
	<b>49,043</b>	<b>-</b>	<b>-</b>	<b>49,043</b>
<b>Period ended 30 June 2024</b>				
Royal North Shore Hospital P1 Car Park	24,469	-	-	24,469
Royal North Shore Hospital P2 Car Park	24,909	-	-	24,909
	<b>49,378</b>	<b>-</b>	<b>-</b>	<b>49,378</b>

# Northern Sydney 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. NSLHD 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. NSLHD 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 2.33% in market prices for land and material increases in construction and labour costs of 8.92% for buildings and 8.92% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2023 and 2024.

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

NSLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 6 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. NSLHD does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by NSLHD 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.

NSLHD 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.

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 25. Leases (continued)

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

##### Right-of-use assets under leases

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

##### PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
<b>Balance at 1 July 2023</b>	527	3,723	4,250
Additions	-	2,190	2,190
Reassessments	20	79	99
Disposals	(11)	(4)	(15)
Depreciation expense	(174)	(1,699)	(1,873)
<b>Balance at 30 June 2024</b>	<b>362</b>	<b>4,289</b>	<b>4,651</b>

##### PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
<b>Balance at 1 July 2022</b>	457	3,852	4,309
Additions	203	1,437	1,640
Reassessments	82	18	100
Disposals	-	(17)	(17)
Depreciation expense	(215)	(1,567)	(1,782)
<b>Balance at 30 June 2023</b>	<b>527</b>	<b>3,723</b>	<b>4,250</b>

# Northern Sydney 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>	3,922	4,419
Additions	2,190	1,640
Interest expenses	212	134
Payments	(2,381)	(2,354)
Terminations / derecognition	(15)	(17)
Other adjustments	99	100
<b>Balance at 30 June</b>	<b>4,027</b>	<b>3,922</b>

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

##### PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	1,873	1,782
Interest expense on lease liabilities	212	134
Expenses relating to short-term leases	937	746
Expenses relating to leases of low-value assets	1,721	1,532
<b>Total amount recognised in the statement of comprehensive income</b>	<b>4,743</b>	<b>4,194</b>

NSLHD had total cash outflows for leases of \$5.04 million for the year ended 30 June 2024 (2023: \$4.63 million).

# Northern Sydney 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

NSLHD entered into a number of property leases, with lease terms ranging from 5 years with various local councils for the use of community health buildings, which forms a small portion of similar assets. The contract specifies lease payments of \$nil per annum. Therefore it does not have a significant impact on NSLHD's operations.

##### Recognition and Measurement

NSLHD 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.

NSLHD 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 6 years
Plant and equipment	1 to 7 years
Motor vehicles and other equipment	1 to 4 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. NSLHD 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, NSLHD 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

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

# Northern Sydney 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)

#### (b) Entity as a lessor

NSLHD leases a few retail spaces located within the hospital precincts under operating leases with rental payable monthly. Lease payments generally contain uplift clauses to align to the market conditions.

NSLHD also leases spaces to NGO's under operating leases arrangements. Generally there are no rental payments as NSLHD provides market rental assistance grants to offset the rental payments.

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 26. Intangible assets

#### PARENT AND CONSOLIDATION

	Software \$000	Total \$000
<b>At 1 July 2022</b>		
Cost (gross carrying amount)	8,881	8,881
Less: accumulated amortisation and impairment	6,279	6,279
<b>Net carrying amount</b>	<b>2,602</b>	<b>2,602</b>
<b>Year ended 30 June 2023</b>		
Net carrying amount at beginning of year	2,602	2,602
Amortisation (recognised in depreciation and amortisation)	(478)	(478)
<b>Net carrying amount at end of year</b>	<b>2,124</b>	<b>2,124</b>
<b>At 1 July 2023</b>		
Cost (gross carrying amount)	8,881	8,881
Less: accumulated amortisation and impairment	6,757	6,757
<b>Net carrying amount</b>	<b>2,124</b>	<b>2,124</b>
<b>Year ended 30 June 2024</b>		
Net carrying amount at beginning of year	2,124	2,124
Amortisation (recognised in depreciation and amortisation)	(330)	(330)
<b>Net carrying amount at end of year</b>	<b>1,794</b>	<b>1,794</b>

### 26. Intangible assets (continued)

#### PARENT AND CONSOLIDATION

	Software \$000	Total \$000
<b>At 30 June 2024</b>		
Cost (gross carrying amount)	8,880	8,880
Less: accumulated amortisation and impairment	7,086	7,086
<b>Net carrying amount</b>	<b>1,794</b>	<b>1,794</b>

#### Recognition and Measurement

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

NSLHD's intangible assets are amortised using the straight-line method over a period of five years.

Computer software developed or acquired by NSLHD are recognised as intangible assets. Most computer software is acquired from eHealth NSW, a controlled entity of the immediate parent. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.



# Northern Sydney 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, NSLHD 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).

NSLHD 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	-	21,286	2,918,517	2,939,803
- Infrastructure systems	-	-	58,194	58,194
	-	21,286	2,976,711	2,997,997

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	-	21,293	2,894,524	2,915,817
- Infrastructure systems	-	-	56,847	56,847
	-	21,293	2,951,371	2,972,664

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

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

# Northern Sydney 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 NSLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE Valuations Pty Ltd for the 2022-23 financial year. CBRE Valuations Pty Ltd is an independent entity and is not an associated entity of NSLHD.

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 Sydney 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>	2,894,524	56,847	2,951,371
Additions*	5,836	921	6,757
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	109,874	2,547	112,421
Depreciation expense	(91,717)	(2,121)	(93,838)
<b>Fair value as at 30 June 2024</b>	<b>2,918,517</b>	<b>58,194</b>	<b>2,976,711</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>	2,781,120	52,105	2,833,225
Additions*	42,772	2,983	45,755
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	149,900	3,657	153,557
Depreciation expense	(79,268)	(1,898)	(81,166)
<b>Fair value as at 30 June 2023</b>	<b>2,894,524</b>	<b>56,847</b>	<b>2,951,371</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 Sydney 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

NSLHD'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	169	19	16	172
Facility improvements	26,720	360	1,017	26,063
Holds funds in perpetuity	82	82	-	164
Patient welfare	4,857	1,118	816	5,159
Private practice disbursements (No.2 Accounts)	34,602	8,115	7,780	34,937
Public contributions	3,971	1,078	962	4,087
Clinical trials	724	-	138	586
Research	19,721	4,695	4,655	19,761
Staff welfare	62	34	2	94
Training and education including conferences	9,789	2,168	1,712	10,245
	<b>100,697</b>	<b>17,669</b>	<b>17,098</b>	<b>101,268</b>

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

#### 28. Restricted assets (continued)

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

#### Unclaimed monies

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

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 Sydney 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	27,411	19,872	-	-
Salaries and wages deductions	224	21	-	-
Payroll and fringe benefits tax	38	20	-	-
Accrued liability - purchase of personnel services	-	-	27,673	19,913
Creditors	81,386	124,310	81,386	124,310
Other creditors				
- Payables to entities controlled by the immediate parent	24,152	24,569	24,152	24,569
- Other	14	16	14	16
	<b>133,225</b>	<b>168,808</b>	<b>133,225</b>	<b>168,808</b>

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 41.

#### Recognition and Measurement

Payables represent liabilities for goods and services provided to NSLHD 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 Sydney 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	10,071	14,257	10,071	14,257
	<b>10,071</b>	<b>14,257</b>	<b>10,071</b>	<b>14,257</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	14,257	14,188	14,257	14,188

# Northern Sydney 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	410	401	410	401
Lease liabilities (see Note 25)	887	1,161	887	1,161
Service concession financial liabilities*	1,656	1,557	1,656	1,557
Public Private Partnerships	16,492	12,426	16,492	12,426
	<b>19,445</b>	<b>15,545</b>	<b>19,445</b>	<b>15,545</b>
<b>Non-current</b>				
Other loans and deposits	891	1,327	891	1,327
Lease liabilities (see Note 25)	3,140	2,761	3,140	2,761
Service concession financial liabilities*	26,400	28,056	26,400	28,056
Public Private Partnerships	648,978	665,469	648,978	665,469
	<b>679,409</b>	<b>697,613</b>	<b>679,409</b>	<b>697,613</b>

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

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

Final repayment of Public Private Partnerships scheduled for 2037.

Other loans (EEGP Loan) still to be extinguished represent monies to be repaid to the NSW Treasury, which is controlled by the ultimate parent.

The Public, Private Partnership relate to the provision of service-enabling infrastructure that includes private sector delivering a combination of design, construction, financing, maintenance, operations and delivery of clinical and non-clinical services. Payments are made by NSLHD 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.

Royal North Shore Hospital Campus redevelopment Public Private Partnership (PPP) Contract awarded in October 2008. Project construction completed and commissioned in October 2014. PPP Contract will expire in 2037.

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 31. Borrowings (continued)

#### Recognition and Measurement

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

#### Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless NSLHD has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 41 (b) for derecognition policy.

#### 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 \$000
<b>1 July 2022</b>	-	<b>31,077</b>	<b>689,451</b>	<b>4,420</b>	<b>724,948</b>
Cash flows	-	(1,464)	(9,828)	(2,221)	(13,513)
New leases	-	-	-	1,640	1,640
Lease terminations	-	-	-	(17)	(17)
Lease reassessments	-	-	-	100	100
<b>30 June 2023</b>	-	<b>29,613</b>	<b>679,623</b>	<b>3,922</b>	<b>713,158</b>
<b>1 July 2023</b>	-	<b>29,613</b>	<b>679,623</b>	<b>3,922</b>	<b>713,158</b>
Cash flows	-	(1,557)	(12,852)	(2,169)	(16,578)
New leases	-	-	-	2,190	2,190
Lease terminations	-	-	-	(15)	(15)
Lease reassessments	-	-	-	99	99
<b>30 June 2024</b>	-	<b>28,056</b>	<b>666,771</b>	<b>4,027</b>	<b>698,854</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 Sydney 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	123,908	111,177	-	-
- Obligations expected to be settled after 12 months	46,486	55,161	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	3,037	2,396	-	-
- Obligations expected to be settled after 12 months	30,792	28,262	-	-
Parental leave				
- Obligations expected to be settled within 12 months	8,316	-	-	-
Provision for other employee benefits	4,739	5,404	-	-
Provision for personnel services liability	-	-	217,278	202,400
	<b>217,278</b>	<b>202,400</b>	<b>217,278</b>	<b>202,400</b>
<b>Other Provisions</b>				
Other	21,907	9,195	21,907	9,195
	21,907	9,195	21,907	9,195
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave - conditional	-	-	-	-
Long service leave consequential on-costs	3,738	3,014	-	-
Provision for personnel services liability	-	-	3,738	3,014
<b>Total non-current provisions</b>	<b>3,738</b>	<b>3,014</b>	<b>3,738</b>	<b>3,014</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	217,278	202,400	-	-
Provisions - non-current	3,738	3,014	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 29)	27,635	19,893	-	-
Liability - purchase of personnel services	-	-	248,651	225,307
	<b>248,651</b>	<b>225,307</b>	<b>248,651</b>	<b>225,307</b>

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 32. Provisions (continued)

#### Movements in provisions (other than employee benefits)

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Other</b>				
Carrying amount at beginning of period	9,195	51,699	9,195	51,699
- Additional provisions recognised	38,001	-	38,001	-
- Amounts used	(25,289)	(42,504)	(25,289)	(42,504)
<b>Carrying amount at end of period</b>	<b>21,907</b>	<b>9,195</b>	<b>21,907</b>	<b>9,195</b>

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

#### Recognition and Measurement

##### Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 21.48% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 20.08%). NSLHD has assessed the actuarial advice based on the NSLHD'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 NSLHD does not expect to settle the liability within 12 months as NSLHD does not have an unconditional right to defer settlement.

# Northern Sydney 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**

NSLHD'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. NSLHD 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 NSLHD.

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 Sydney 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	1,149	1,194	1,149	1,194
Grant of right to operate liability under service concessions*	9,389	9,389	9,389	9,389
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	280	154	280	154
	<b>10,818</b>	<b>10,737</b>	<b>10,818</b>	<b>10,737</b>
<b>Non-current</b>				
Unearned revenue	16,183	17,332	16,183	17,332
Grant of right to operate liability under service concessions*	155,673	165,062	155,673	165,062
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	7,452	6,498	7,452	6,498
Other	-	178	-	178
	<b>179,308</b>	<b>189,070</b>	<b>179,308</b>	<b>189,070</b>

\* This is the unearned portion of the revenue from exchange of assets and is progressively reduced over the period of the arrangement. Refer to Note 17 and Note 24 for further information on service concession arrangement.

Unearned revenue was derived from the following:

In October 2008, \$30 million was received in advance from University of Sydney, under the terms of contract for the use of Kolling building for the 30 years ending 2038.

In November 1996, \$7 million was received in advance from Ramsay Health Care Group, under the terms of contract to operate private health facility for the 50 years ending in 2046 and \$3 million received for the use of Royal North Shore car park facilities for the 40 years ending 2036.

#### PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	6,652	5,809
Add: receipt of cash during the financial year	1,700	5,843
Deduct: income recognised during the financial year	620	5,000
<b>Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity</b>	<b>7,732</b>	<b>6,652</b>

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

NSLHD 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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 34. Equity transfers

#### *Increase / (decrease) in net assets from equity transfers*

Equity transfers effected in the 2023/24 year were:

Nil

Equity transfers effected in the 2022/23 year were:

An equity transfer was made to the Ministry of Health in accordance with the Real Property Disposal Framework. This has resulted in a decrease in net assets of \$6.0 million.

#### Equity transfers effected comprised:

	2024 \$000	2023 \$000
(a) Land - Transfer to NSW Ministry of Health	-	5,870
(b) Buildings - Transfer to NSW Ministry of Health	-	130
	-	<b>6,000</b>

#### Assets and Liabilities transferred are as follows:

	2024 \$000	2023 \$000
(a) Land - Transfer to NSW Ministry of Health	-	(5,870)
(b) Buildings - Transfer to NSW Ministry of Health	-	(130)
<b>Increase / (Decrease) in Net Assets From Equity Transfers</b>	<b>-</b>	<b>(6,000)</b>

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 35. Commitments

#### (a) Capital commitments

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	28,595	9,202	28,595	9,202
Later than one year and not later than five years	3,932	-	3,932	-
<b>Total (including GST)</b>	<b>32,527</b>	<b>9,202</b>	<b>32,527</b>	<b>9,202</b>

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

The total 'Capital expenditure commitments' of \$32.53 million as at 30 June 2024 includes input tax credits of \$2.96 million that are expected to be recoverable from the Australian Taxation Office (2023: \$0.84 million).

### 36. Contingent liabilities and contingent assets

#### PARENT AND CONSOLIDATION

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

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

#### PARENT AND CONSOLIDATION

##### Net result

The actual Net Result was lower than adjusted budget by \$7 million, primarily due to:

Net expenses increased by \$38M due to increase of Operating expenses (\$28M), VMO expenses (\$4M), Depreciation (\$2M) and payments to AHOs (\$4M).

Net revenue increased by \$42M mainly due to increased Ministry recurrent allocations (\$23M), Investment revenue (\$5M), Grants & Other Contributions (\$11M), Other income (\$3M).

Impairment losses include Expected Credit Losses (ECL) allowance (AASB 9) of \$10M for the year to comply with the Ministry Subsidy Conditions and Sundry Debtors of \$1M.

##### Assets and liabilities

Net Assets was higher than adjusted budget by \$109M.

Actual consolidated total assets were favourable by \$133M to the budget. The net variance is mainly due to Net Asset Revaluation/Indexation movement and amortisation (\$111M), timing difference in Cash and Receivables (\$22M).

Actual consolidated total liabilities were unfavourable by \$24M to the budget. The net variance is mainly due to increase in Provisions (\$13M) and timing difference of Payables and Other Liabilities (\$13M) and decrease in Borrowings (\$2M).

##### Cash flows

Actual Operating cash flow were unfavourable by \$0.5M to the budget. The variance to the budget is mainly related to increase in Total Receipts (\$10.4M FAV) offset by Total Payments (\$10.9M UNF).

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

	<b>\$000</b>
Initial allocation, 1 July 2023	1,184,948
2023/24 Award increases and escalations	499,271
Accounting Change	(640,274)
2023/24 Budget Relief	2,991
COVID-19	9,259
Public Private Partnership	29,554
2023/4 Specific initiatives	27,315
Workforce Resilience	12,558
Other activity	5,589
<b>Balance as per Statement of Comprehensive Income</b>	<b>1,131,211</b>

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 38. Reconciliation of cash flows from operating activities to net result

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Net cash used on operating activities	50,745	52,955	50,745	52,955
Depreciation and amortisation expense	(117,338)	(106,031)	(117,338)	(106,031)
Allowance for impairment	(12,367)	(5,828)	(12,367)	(5,828)
(Increase) / decrease in other liabilities	9,502	10,343	9,502	10,343
Decrease / (increase) in provisions	(28,314)	65,855	(28,314)	65,855
Increase / (decrease) in inventory	251	560	251	560
Increase / (decrease) in prepayments and other assets	20,294	22,350	20,294	22,350
Decrease / (increase) in payables	40,825	(6,893)	40,825	(6,893)
Decrease / (increase) in contract liabilities	4,186	(69)	4,186	(69)
Net gain / (loss) on sale of property, plant and equipment	179	(129)	179	(129)
Assets donated or brought to account (Note 39)	1,039	737	1,039	737
<b>Net result</b>	<b>(30,998)</b>	<b>33,850</b>	<b>(30,998)</b>	<b>33,850</b>

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	1,039	737	1,039	737
Property, plant and equipment acquired by a lease	2,191	1,640	2,191	1,640
	<b>3,230</b>	<b>2,377</b>	<b>3,230</b>	<b>2,377</b>



# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 40. Trust funds

#### PARENT AND CONSOLIDATION

NSLHD holds trust funds of \$4.4 million (2023: \$4.9 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

These funds are excluded from the financial statements as NSLHD 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	752	(1,253)	636	135
Refundable Deposits	151	3	(3)	151
Private Patient Trust Funds	1,655	39,272	(39,286)	1,641
Third Party Funds	2,305	3,726	(3,531)	2,500
<b>Total trust funds</b>	<b>4,863</b>	<b>41,748</b>	<b>(42,184)</b>	<b>4,427</b>

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	1,122	157	(527)	752
Refundable Deposits	150	2	(1)	151
Private Patient Trust Funds	1,448	35,869	(35,662)	1,655
Third Party Funds	2,169	2,816	(2,680)	2,305
<b>Total trust funds</b>	<b>4,889</b>	<b>38,844</b>	<b>(38,870)</b>	<b>4,863</b>

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

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

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 41. Financial instruments

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

NSLHD's main risks arising from financial instruments are outlined below, together with NSLHD'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 NSLHD, 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 21)	Amortised cost	99,944	105,467
Receivables (Note 22) <sup>1</sup>	Amortised cost	69,748	59,997
<b>Total financial assets</b>		<b>169,692</b>	<b>165,464</b>
<b>Financial liabilities</b>			
Borrowings (Note 31)	Financial liabilities measured at amortised cost	698,854	713,158
Payables (Note 29) <sup>2</sup>	Financial liabilities measured at amortised cost	133,187	168,788
Other liabilities (Note 33)	Financial liabilities measured at amortised cost	-	178
<b>Total financial liabilities</b>		<b>832,041</b>	<b>882,124</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).

NSLHD 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:

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

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 41. Financial instruments (continued)

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

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

Credit risk associated with NSLHD'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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 41. Financial instruments (continued)

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

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

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

NSLHD 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. NSLHD 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 180 days past due.

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 41. 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	2.11%	4.28%	16.29%	26.13%	30.95%	7.57%
Estimated total gross carrying amount <sup>1</sup>	39,446	5,220	1,872	1,443	8,102	56,083
Expected credit loss	833	224	305	377	2,507	4,246
30 June 2023	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	2.39%	2.65%	12.66%	21.74%	34.52%	12.74%
Estimated total gross carrying amount <sup>1</sup>	29,070	6,938	2,322	1,463	16,428	56,221
Expected credit loss	694	184	294	318	5,671	7,161

#### 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 22.

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

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

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 41. Financial instruments (continued)

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

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

NSLHD 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 NSLHD 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 Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 41. Financial instruments (continued)

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

#### ii. Liquidity risk (continued)

#### PARENT AND CONSOLIDATION

The table below summarises the maturity profile of NSLHD'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	Interest Bearing \$000			
<b>2024</b>								
Payables <sup>2</sup>		133,187	-	-	133,187	133,187	-	-
Borrowings:								
- Other loans and deposits	1.80	1,353	1,353	-	-	432	798	123
- Service concession financial liabilities	2.42	32,670	32,670	-	-	2,317	9,880	20,473
- Public Private Partnership	11.23	1,312,122	-	1,312,122	-	91,963	392,141	828,018
		<b>1,479,332</b>	<b>34,023</b>	<b>1,312,122</b>	<b>133,187</b>	<b>227,899</b>	<b>402,819</b>	<b>848,614</b>
<b>2023</b>								
Payables <sup>2</sup>		168,788	-	-	168,788	168,788	-	-
Borrowings:								
- Other loans and deposits	1.88	1,812	1,812	-	-	432	1,079	301
- Service concession financial liabilities	2.42	34,927	34,927	-	-	2,256	9,631	23,040
- Public Private Partnership	10.80	1,399,905	-	1,399,905	-	89,512	381,793	928,600
		<b>1,605,432</b>	<b>36,739</b>	<b>1,399,905</b>	<b>168,788</b>	<b>260,988</b>	<b>392,503</b>	<b>951,941</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 NSLHD 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).

<sup>3</sup> Weighted Average Effective Interest Rate (EIR).

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 41. Financial instruments (continued)

#### iii. Market risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which NSLHD 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 NSLHD's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp.

NSLHD 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, NSLHD 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**

	<b>2024</b>		<b>2023</b>	
	<b>\$000</b>		<b>\$000</b>	
	<b>-1%</b>	<b>1%</b>	<b>-1%</b>	<b>1%</b>
Net result	5,989	(5,989)	6,079	(6,079)
Equity	5,989	(5,989)	6,079	(6,079)



# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 41. Financial instruments (continued)

#### iii. Market risk (continued)

##### *Foreign exchange risk*

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions

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 NSLHD. 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, NSLHD did not hold any material foreign currency denominated monetary assets and monetary liabilities.

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### 42. 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	410	444
Post-employment benefits	42	35
	<b>452</b>	<b>479</b>

During the financial year, Northern Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$0.47 million (2023: \$0.44 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

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

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

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

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

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

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

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of patient transport services, information management services, domestic supplies and services, food supplies, corporate support services and pathology related costs.

# Northern Sydney Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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### 42. Related party disclosures (continued)

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

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

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

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

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

*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
- Motor vehicle rebates
- Insurance refunds

*Assets and liabilities as follows:*

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

### 43. 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**