



INDEPENDENT AUDITOR'S REPORT

South Eastern Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

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

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Presentation of Budget Information

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

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

The Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Weini Liao
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 September 2024
SYDNEY

South Eastern 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 the South Eastern 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 the South Eastern 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

A handwritten signature in black ink, appearing to read 'Tobi Wilson'.

Tobi Wilson
Chief Executive
9 September 2024

A handwritten signature in black ink, appearing to read 'Ian Anderson'.

Ian Anderson
Director of Finance
9 September 2024

South Eastern Sydney Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	1,513,301	1,507,704	1,370,049	-	-
Personnel services	3	-	-	-	1,463,986	1,335,981
Visiting medical officers	4	88,323	77,940	69,699	88,323	69,699
Operating expenses	5	580,085	537,769	598,007	580,085	598,007
Depreciation and amortisation	6	115,237	113,442	104,659	115,237	104,659
Grants and subsidies	7	18,804	18,651	17,779	18,804	17,779
Finance costs	8	713	437	604	713	604
Payments to Affiliated Health Organisations	9	61,971	61,971	58,532	61,971	58,532
Total expenses excluding losses		2,378,434	2,317,914	2,219,329	2,329,119	2,185,261
Revenue						
Ministry of Health recurrent allocations	12	1,155,050	1,092,513	1,826,054	1,155,050	1,826,054
Ministry of Health capital allocations	12	148,467	144,535	169,115	148,467	169,115
Acceptance by the Crown ² of employee benefits	16	49,315	50,060	34,068	-	-
Sale of goods and services from contracts with customers	13	288,043	287,288	252,542	288,043	252,542
Investment revenue	14	6,822	1,943	4,381	6,822	4,381
Grants and other contributions	15	768,544	764,509	49,314	768,544	49,314
Other income	17	14,195	16,298	13,581	14,195	13,581
Total revenue		2,430,436	2,357,146	2,349,055	2,381,121	2,314,987
Operating result		52,002	39,232	129,726	52,002	129,726
Gains / (losses) on disposal	18	(680)	-	(357)	(680)	(357)
Impairment losses on financial assets	22	(1,085)	(2,658)	(3,920)	(1,085)	(3,920)
Other gains / (losses)	19	(47)	(41)	83	(47)	83
Net result from continuing operations	38	50,190	36,533	125,532	50,190	125,532
Net result		50,190	36,533	125,532	50,190	125,532
Other comprehensive income						
Changes in revaluation surplus of property, plant and equipment	25	76,108	-	86,086	76,108	86,086
Total other comprehensive income		76,108	-	86,086	76,108	86,086
TOTAL COMPREHENSIVE INCOME		126,298	36,533	211,618	126,298	211,618

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

South Eastern Sydney Local Health District

Statement of Financial Position as at 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
Notes		\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	21	151,996	143,070	129,460	151,996	129,460
Receivables	22	119,399	82,041	82,041	119,399	82,041
Inventories	23	27,828	31,961	31,867	27,828	31,867
Total current assets		299,223	257,072	243,368	299,223	243,368
Non-current assets						
Receivables	22	498	24,490	24,490	498	24,490
Other financial assets	24	8,439	8,190	8,190	8,439	8,190
Property, plant & equipment	25					
- Land and buildings		2,397,280	2,321,338	2,291,445	2,397,280	2,291,445
- Plant and equipment		144,378	147,186	138,260	144,378	138,260
- Infrastructure systems		52,542	49,885	55,595	52,542	55,595
Total property, plant & equipment		2,594,200	2,518,409	2,485,300	2,594,200	2,485,300
Right-of-use assets	26	24,224	25,917	25,493	24,224	25,493
Intangible assets	27	445	150	228	445	228
Total non-current assets		2,627,806	2,577,156	2,543,701	2,627,806	2,543,701
Total assets		2,927,029	2,834,228	2,787,069	2,927,029	2,787,069
LIABILITIES						
Current liabilities						
Payables	30	136,633	141,718	145,513	136,633	145,513
Contract liabilities	31	1,043	893	893	1,043	893
Borrowings	32	5,506	3,792	4,927	5,506	4,927
Provisions	33	290,477	282,947	269,738	290,477	269,738
Other current liabilities	34	63,928	63,867	63,885	63,928	63,885
Total current liabilities		497,587	493,217	484,956	497,587	484,956
Non-current liabilities						
Borrowings	32	20,355	23,331	21,675	20,355	21,675
Provisions	33	5,826	5,788	4,823	5,826	4,823
Other non-current liabilities	34	9,946	8,342	8,598	9,946	8,598
Total non-current liabilities		36,127	37,461	35,096	36,127	35,096
Total liabilities		533,714	530,678	520,052	533,714	520,052
Net assets		2,393,315	2,303,550	2,267,017	2,393,315	2,267,017
EQUITY						
Reserves		684,629	607,130	607,130	684,629	607,130
Accumulated funds		1,708,686	1,696,420	1,659,887	1,708,686	1,659,887
Total Equity		2,393,315	2,303,550	2,267,017	2,393,315	2,267,017

¹ Unaudited adjusted budget, see Note 37.

The accompanying notes form part of these financial statements.

South Eastern 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
Balance at 1 July 2023		1,659,887	607,130	2,267,017
Net result for the year		50,190	-	50,190
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	76,108	76,108
Total other comprehensive income		-	76,108	76,108
Total comprehensive income for the year		50,190	76,108	126,298
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		(1,391)	1,391	-
Balance at 30 June 2024		1,708,686	684,629	2,393,315

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		1,532,211	523,188	2,055,399
Net result for the year		125,532	-	125,532
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	86,086	86,086
Total other comprehensive income		-	86,086	86,086
Total comprehensive income for the year		125,532	86,086	211,618
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		2,144	(2,144)	-
Balance at 30 June 2023		1,659,887	607,130	2,267,017

The accompanying notes form part of these financial statements.

South Eastern Sydney Local Health District

Statement of Cash Flows for the year ended 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(1,457,002)	(1,461,585)	(1,377,931)	-	-
Suppliers for goods and services		(725,511)	(669,166)	(719,669)	(725,511)	(719,669)
Grants and subsidies		(89,347)	(89,195)	(84,344)	(89,347)	(84,344)
Finance costs		(713)	(437)	(604)	(713)	(604)
Personnel services		-	-	-	(1,457,002)	(1,377,931)
Total payments		(2,272,573)	(2,220,383)	(2,182,548)	(2,272,573)	(2,182,548)
Receipts						
Ministry of Health recurrent allocations		1,155,050	1,092,513	1,826,054	1,155,050	1,826,054
Ministry of Health capital allocations		148,467	144,535	169,115	148,467	169,115
Reimbursements from the Crown ²		24,529	24,529	23,562	24,529	23,562
Sale of goods and services		296,822	289,490	236,568	296,822	236,568
Interest received		6,492	1,715	4,117	6,492	4,117
Grants and other contributions		752,163	766,060	50,648	752,163	50,648
Other		59,121	57,051	80,958	59,121	80,958
Total receipts		2,442,644	2,375,893	2,391,022	2,442,644	2,391,022
NET CASH FLOWS FROM OPERATING ACTIVITIES	38	170,071	155,510	208,474	170,071	208,474
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		-	-	2,140	-	2,140
Purchases of property, plant and equipment and intangibles		(141,663)	(141,077)	(189,025)	(141,663)	(189,025)
Other		-	3,682	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(141,663)	(137,395)	(186,885)	(141,663)	(186,885)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(5,872)	(4,505)	(6,327)	(5,872)	(6,327)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(5,872)	(4,505)	(6,327)	(5,872)	(6,327)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	21	129,460	129,460	114,198	129,460	114,198
CLOSING CASH AND CASH EQUIVALENTS	21	151,996	143,070	129,460	151,996	129,460

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

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

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

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

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

The consolidated entity includes the SESLHD as a parent entity and the SESLHD 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 9 September 2024.

b) Basis of preparation

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

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

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

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

The SESLHD has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

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

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

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

c) Statement of Compliance

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

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 29 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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

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

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

The SESLHD 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.

South Eastern 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*	1,303,937	1,197,746	-	-
Superannuation - defined benefit plans	3,279	4,546	-	-
Superannuation - defined contribution plans	137,190	120,263	-	-
Long service leave	51,156	30,336	-	-
Redundancies	721	578	-	-
Workers' compensation insurance	16,930	16,484	-	-
Fringe benefits tax	88	96	-	-
	1,513,301	1,370,049	-	-

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

Refer to Note 33 for further details on recognition and measurement of employee related expenses.

3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	1,303,937	1,197,746
Superannuation - defined contribution plans	-	-	137,190	120,263
Long service leave	-	-	5,120	813
Redundancies	-	-	721	578
Workers' compensation insurance	-	-	16,930	16,484
Fringe benefits tax	-	-	88	97
	-	-	1,463,986	1,335,981

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

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

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout the SESLHD's hospitals. VMO expenses of \$88.32 million (2023: \$69.7 million) represent part of the day-to-day running costs incurred in the normal operations of the SESLHD. These costs are expensed as incurred.

South Eastern 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	391	425	391	425
Agency expenses	6,448	6,502	6,448	6,502
Auditor's remuneration - audit of financial statements	286	282	286	282
Blood and blood products	14,069	13,135	14,069	13,135
Consultants	78	834	78	834
Contractors	3,132	5,104	3,132	5,104
Corporate support services	12,268	10,387	12,268	10,387
Courier and freight	1,692	1,588	1,692	1,588
Disability equipment support expenses	2,733	2,642	2,733	2,642
Domestic supplies and services	29,964	27,486	29,964	27,486
Drug supplies	78,732	82,528	78,732	82,528
Expenses relating to short-term leases	3,049	2,135	3,049	2,135
Expenses relating to leases of low-value assets	89	464	89	464
Food supplies	37,378	32,939	37,378	32,939
Fuel, light, power and water	19,160	17,236	19,160	17,236
Hosted services purchased from entities controlled by the immediate parent	401	337	401	337
Information management expenses	49,682	51,831	49,682	51,831
Insurance	3,103	2,364	3,103	2,364
Legal services	293	270	293	270
Maintenance (see Note 5 (a))	50,362	54,889	50,362	54,889
Medical and surgical supplies (including prostheses)	106,615	106,833	106,615	106,833
Membership / professional fees	1,769	1,592	1,769	1,592
Motor vehicle expenses	1,429	1,180	1,429	1,180
Outsourced patient services	22,330	41,460	22,330	41,460
Patient transport costs	12,379	11,973	12,379	11,973
Postal and telephone costs	3,718	3,401	3,718	3,401
Printing and stationery	4,229	3,739	4,229	3,739
Professional services (excluding consultants)	4,024	3,657	4,024	3,657
Quality assurance / accreditation	276	169	276	169
Rates and charges	121	92	121	92
Security services	1,862	1,433	1,862	1,433
Specialised services (dental, radiology, pathology and allied health)	80,431	87,512	80,431	87,512
Staff related costs	5,077	4,241	5,077	4,241
Travel related costs	9,302	7,772	9,302	7,772
Other miscellaneous	13,213	9,575	13,213	9,575
	580,085	598,007	580,085	598,007

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses (continued)

Other miscellaneous of \$13.21 million (2023: \$9.58 million) includes audiovisual expenses, capital project expenses, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services, patient support services and translator services amongst others.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Reconciliation of total maintenance expense				
Corrective maintenance	17,861	15,610	17,861	15,610
Planned maintenance	21,670	21,266	21,670	21,266
New / replacement equipment under \$10,000	12,698	19,728	12,698	19,728
Other	(1,867)	(1,715)	(1,867)	(1,715)
Maintenance expense - contracted labour and other (non-employee related) in Note 5	50,362	54,889	50,362	54,889
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	5,229	5,030	5,229	5,030
	55,591	59,919	55,591	59,919

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

6. Depreciation and amortisation

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Depreciation - buildings	83,123	74,509	83,123	74,509
Depreciation - plant and equipment	19,929	18,360	19,929	18,360
Depreciation - infrastructure systems	5,711	5,380	5,711	5,380
Depreciation - right-of-use buildings	2,754	2,685	2,754	2,685
Depreciation - right-of-use plant and equipment	3,643	3,653	3,643	3,653
Amortisation - intangible assets	77	72	77	72
	115,237	104,659	115,237	104,659

Refer to Note 25 Property, plant and equipment, Note 26 Leases, and Note 27 Intangible assets for recognition and measurement policies on depreciation and amortisation.

7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-government organisations	15,682	14,980	15,682	14,980
Grants to research organisations	583	882	583	882
Grants to entities controlled by the immediate parent	698	823	698	823
Other grants	1,841	1,094	1,841	1,094
	18,804	17,779	18,804	17,779

Recognition and Measurement

Grants and subsidies expense generally comprise of contributions in cash to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grants and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

South Eastern 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	713	604	713	604
	713	604	713	604

9. Payments to Affiliated Health Organisations

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Calvary Health Care Sydney	40,366	37,848	40,366	37,848
War Memorial Hospital Waverley	20,030	19,193	20,030	19,193
Eastern Sydney SCARBA Centre	1,575	1,491	1,575	1,491
	61,971	58,532	61,971	58,532

Recognition and Measurement

Payments to non-government affiliated health organisations generally comprise payments in cash for services rendered. 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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

10. Revenue

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

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

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

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

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

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

South Eastern 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	34,347	37,428	34,347	37,428
Sale of prostheses	12,949	10,587	12,949	10,587
Other	305	300	305	300
	47,601	48,315	47,601	48,315

(b) Rendering of services comprise the following:

Patients

Patient Fees:

- Inpatient fees	124,629	115,294	124,629	115,294
- Nursing home fees	362	398	362	398
- Non inpatient fees	10,499	7,968	10,499	7,968
Department of Veterans' Affairs	14,576	9,542	14,576	9,542
Motor Accident Authority third party	18,623	12,699	18,623	12,699
Patient transport fees	7	-	7	-

Staff

Private use of motor vehicles	19	27	19	27
Salary packaging fee	340	473	340	473
Meals and accommodation	265	252	265	252
Child care fees	1,277	1,276	1,277	1,276

General community

Car parking	9,334	3,056	9,334	3,056
Clinical services (excluding clinical drug trials)	4,577	4,848	4,577	4,848
Commercial activities	1,369	1,082	1,369	1,082
Fees for conferences and training	921	325	921	325
Fees for medical records	188	250	188	250
Information retrieval	1	1	1	1

Non-NSW Health entities

Services to other organisations	6,217	3,854	6,217	3,854
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Entities controlled by the immediate parent

Hosted service revenues	11,592	11,326	11,592	11,326
Shared corporate service revenues	73	-	73	-

Other

Infrastructure fees - annual charge	15,255	13,503	15,255	13,503
Infrastructure fees - monthly facility charge	19,424	17,508	19,424	17,508
Other	894	545	894	545

	240,442	204,227	240,442	204,227
	288,043	252,542	288,043	252,542

South Eastern 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

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

South Eastern 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 (continued)

Rendering of services

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

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Patient services - Inpatient fees, Nursing home fees, Non inpatient fees, Department of Veterans' Affairs, Motor Accident Authority third party	The performance obligations in relation to patient services are typically satisfied as the health services are delivered to the chargeable inpatients and non-inpatients. Public patients are not charged for health services provided at public hospitals. Chargeable patients, including Medicare ineligible patients, privately insured patients, eligible veterans and compensable patients are billed for health services provided under various contractual arrangements. Billings are typically performed upon patient discharge and are based on the rates specified by the Ministry of Health. The payments are typically due within 30 days after the invoice date.	Revenue is recognised on an accrual basis when the service has been provided to the patient. In limited circumstances the price is not fully recovered, e.g. due to inadequate insurance policies, overseas patients returning to their home country before paying, etc. The likelihood of their occurrences is considered on a case by case basis. In most instances revenue is initially recognised at full amounts and subsequently adjusted when more information is provided. No element of financing is deemed present as majority of the services are made with a short credit term.
Non-Patient services provided to staff, General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various non-patient related services are provided to the members of staff, general community, non-NSW health entities and entities controlled by the immediate parent. The performance obligations for these services are typically satisfied by transferring the promised services to its respective customers. The payments are typically due within 30 days after the invoice date.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

South Eastern 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 (continued)

Rendering of services (continued)

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

Refer to Note 31 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the SESLHD expects to recognise the unsatisfied portion as revenue.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Investment revenue

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Interest income from financial assets at amortised cost	6,553	4,117	6,553	4,117
Finance income on the net investment in the lease	249	242	249	242
Dividends	20	22	20	22
	6,822	4,381	6,822	4,381

South Eastern 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
Grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	663,479	-	663,479	-
Cancer Institute grants received from an entity controlled by the immediate parent	10,592	10,220	10,592	10,220
Clinical trials and research grants	7,119	6,303	7,119	6,303
Commonwealth government grants received for community based services	6,214	5,918	6,214	5,918
Commonwealth government grants other	115	115	115	115
Grants from entities controlled by the ultimate parent	170	30	170	30
Other grants from entities controlled by the immediate parent	795	614	795	614
Other grants	10,176	11,252	10,176	11,252
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	54,479	-	54,479	-
Clinical trial and research grants	419	235	419	235
Commonwealth government grants other	3,592	2,559	3,592	2,559
Other grants from entities controlled by the immediate parent	851	2,044	851	2,044
Other grants	990	859	990	859
Donations				
Donations	9,553	9,165	9,553	9,165
	768,544	49,314	768,544	49,314

* Represents funding received by the SESLHD 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).

South Eastern 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)

Recognition and Measurement

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

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

Refer to Note 31 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the SESLHD 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	3,279	4,546	-	-
Long service leave provision	46,036	29,523	-	-
	49,315	34,069	-	-

South Eastern 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:				
Commissions	215	80	215	80
Discounts	82	149	82	149
Insurance refunds	303	377	303	377
Rental income				
- Rental income relating to variable lease payments that do not depend on an index or a rate / contingent Rental income	5	-	5	-
Other rental income	10,379	8,955	10,379	8,955
Revenue related to service concession arrangements	514	514	514	514
Sponsorship	147	89	147	89
Unclaimed deposits	1	4	1	4
Other	2,549	3,413	2,549	3,413
	14,195	13,581	14,195	13,581

South Eastern 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
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	666	521	666	521
Less: proceeds from disposal	-	21	-	21
Net gains / (losses) on disposal	(666)	(500)	(666)	(500)
Right-of-use assets				
Written down value of assets disposed	(103)	454	(103)	454
Less : lease liabilities extinguished	(105)	450	(105)	450
Net gains / (losses) on disposal	(2)	(4)	(2)	(4)
Intangible assets				
Written down value of assets disposed	12	-	12	-
Less : proceeds from disposal	-	-	-	-
Net gains / (losses) on disposal	(12)	-	(12)	-
Assets held for sale				
Written down value of assets disposed	-	1,972	-	1,972
Less : proceeds from disposal	-	2,119	-	2,119
Net gains / (losses) on disposal	-	147	-	147
Total gains / (losses) on disposal	(680)	(357)	(680)	(357)

19. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(41)	93	(41)	93
Foreign exchange gains / (losses)	(6)	(10)	(6)	(10)
	(47)	83	(47)	83

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the SESLHD 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 25 Property, plant and equipment
- Note 26 Leases
- Note 27 Intangible assets.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

The SESLHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The SESLHD 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 29 Restricted assets.

South Eastern 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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Cash at bank and on hand	10,844	129,460	10,844	129,460
Cash at bank - held by HealthShare NSW*	141,152	-	141,152	-
	151,996	129,460	151,996	129,460

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

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

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

Cash and cash equivalents (per Statement of Financial Position)	151,996	129,460	151,996	129,460
	151,996	129,460	151,996	129,460

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

Most cash and cash equivalents held by the SESLHD are restricted assets. Refer to Note 29 for details of restricted assets.

South Eastern 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
Current				
Trade receivables from contracts with customers	48,597	50,811	48,597	50,811
Intra health receivables	37,585	21,070	37,585	21,070
Goods and Services Tax	4,493	5,647	4,493	5,647
Other receivables	3,884	4,598	3,884	4,598
Sub total	94,559	82,126	94,559	82,126
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(4,068)	(4,643)	(4,068)	(4,643)
- Other receivables	(295)	(309)	(295)	(309)
Sub total	90,196	77,174	90,196	77,174
Prepayments	29,203	4,867	29,203	4,867
	119,399	82,041	119,399	82,041

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(4,643)	(2,926)	(4,643)	(2,926)
Amounts written off during the year	1,645	1,918	1,645	1,918
(Increase) / decrease in allowance recognised in the net result	(1,070)	(3,635)	(1,070)	(3,635)
Balance at the end of the year	(4,068)	(4,643)	(4,068)	(4,643)
Other receivables				
Balance at the beginning of the year	(309)	(38)	(309)	(38)
Amounts written off during the year	29	13	29	13
(Increase) / decrease in allowance recognised in the net result	(15)	(284)	(15)	(284)
Balance at the end of the year	(295)	(309)	(295)	(309)
	(4,363)	(4,952)	(4,363)	(4,952)
Non-current				
Prepayments	498	24,490	498	24,490
	498	24,490	498	24,490

South Eastern 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	2,481	2,146	2,481	2,146
Patient fees - Medicare ineligible	12,466	13,264	12,466	13,264
Patient fees - inpatient & other	22,634	18,625	22,634	18,625
	37,581	34,035	37,581	34,035

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)	86,182	71,881	86,182	71,881
Total contract receivables	86,182	71,881	86,182	71,881

Recognition and Measurement

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

South Eastern 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
Current				
Held-for-distribution				
Drug supplies	4,667	8,298	4,667	8,298
Medical and surgical supplies	22,589	20,646	22,589	20,646
Other including goods in transit	572	2,923	572	2,923
	27,828	31,867	27,828	31,867

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. Cost is calculated using the weighted average cost method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the SESLHD would incur to acquire the asset.

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Other financial assets

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-current				
Receivables on finance leases as lessor (Note 26)	8,439	8,190	8,439	8,190
	8,439	8,190	8,439	8,190

Refer to Note 41 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	3,469,049	271,981	215,142	3,956,172
Less: accumulated depreciation and impairment	1,319,659	149,671	157,546	1,626,876
Net carrying amount	2,149,390	122,310	57,596	2,329,296

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	2,149,390	122,310	57,596	2,329,296
Additions	135,318	34,720	8	170,046
Reclassification to assets held for sale	(1,972)	-	-	(1,972)
Disposals	-	(521)	-	(521)
Transfers within NSW Health entities through Statement of Comprehensive Income	180	434	-	614
Net revaluation increments less revaluation decrements	82,951	-	3,135	86,086
Depreciation expense	(74,509)	(18,360)	(5,380)	(98,249)
Reclassifications	87	(323)	236	-
Net carrying amount at end of year	2,291,445	138,260	55,595	2,485,300

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	3,764,358	285,596	228,273	4,278,227
Less: accumulated depreciation and impairment	1,472,913	147,336	172,678	1,792,927
Net carrying amount	2,291,445	138,260	55,595	2,485,300

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	2,291,445	138,260	55,595	2,485,300
Additions	114,077	27,608	49	141,734
Reclassification to intangibles	-	(308)	-	(308)
Disposals	-	(666)	-	(666)
Transfers within NSW Health entities through Statement of Comprehensive Income	230	565	-	795
Net revaluation increments less revaluation decrements	73,499	-	2,609	76,108
Depreciation expense	(83,123)	(19,929)	(5,711)	(108,763)
Reclassifications	1,152	(1,152)	-	-
Net carrying amount at end of year	2,397,280	144,378	52,542	2,594,200

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	3,977,464	300,115	240,686	4,518,265
Less: accumulated depreciation and impairment	1,580,184	155,737	188,144	1,924,065
Net carrying amount	2,397,280	144,378	52,542	2,594,200

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

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

- land and buildings \$10.23 million (2023: \$62.68 million)

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	3,393,744	271,980	215,143	3,880,867
Less: accumulated depreciation and impairment	1,279,838	149,671	157,546	1,587,055
Net carrying amount	2,113,906	122,309	57,597	2,293,812
	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	2,113,906	122,309	57,596	2,293,811
Additions	135,296	34,720	8	170,024
Reclassification to assets held for sale	(1,972)	-	-	(1,972)
Disposals	-	(521)	-	(521)
Transfers within NSW Health entities through Statement of Comprehensive Income	180	434	-	614
Net revaluation increment less revaluation decrements	80,749	-	3,135	83,884
Depreciation expense	(72,949)	(18,360)	(5,380)	(96,689)
Reclassifications	87	(324)	236	(1)
Net carrying amount at end of year	2,255,297	138,258	55,595	2,449,150

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	3,686,829	285,595	228,273	4,200,697
Less: accumulated depreciation and impairment	1,431,532	147,336	172,678	1,751,546
Net carrying amount	2,255,297	138,259	55,595	2,449,151

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	2,255,297	138,259	55,596	2,449,152
Additions	113,806	27,608	49	141,463
Reclassification to intangibles	-	(308)	-	(308)
Disposals	2,312	(666)	-	1,646
Transfers within NSW Health entities through Statement of Comprehensive Income	230	565	-	795
Net revaluation increments less revaluation decrements	70,868	-	2,609	73,477
Depreciation expense	(77,881)	(19,929)	(5,711)	(103,521)
Reclassifications	1,152	(1,151)	(1)	-
Net carrying amount at end of year	2,365,784	144,378	52,542	2,562,704

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	3,899,345	300,115	240,686	4,440,146
Less: accumulated depreciation and impairment	1,533,561	155,737	188,144	1,877,442
Net carrying amount	2,365,784	144,378	52,542	2,562,704

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	75,305	-	-	75,305
Less: accumulated depreciation and impairment	39,821	-	-	39,821
Net carrying amount	35,484	-	-	35,484

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	35,484	-	-	35,484
Additions	22	-	-	22
Net revaluation increment less revaluation decrements	2,202	-	-	2,202
Depreciation expense	(1,560)	-	-	(1,560)
Net carrying amount at end of year	36,148	-	-	36,148

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	77,529	-	-	77,529
Less: accumulated depreciation and impairment	41,381	-	-	41,381
Net carrying amount	36,148	-	-	36,148

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	36,148	-	-	36,148
Additions	270	-	-	270
Disposals	(2,312)	-	-	(2,312)
Net revaluation increments less revaluation decrements	2,632	-	-	2,632
Depreciation expense	(5,242)	-	-	(5,242)
Net carrying amount at end of year	31,496	-	-	31,496

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	78,119	-	-	78,119
Less: accumulated depreciation and impairment	46,623	-	-	46,623
Net carrying amount	31,496	-	-	31,496

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

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

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

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

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

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

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Further information on leases is contained in Note 26.

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 the SESLHD's assessment, the following arrangements fall in the scope of AASB 1059:

Description	Hospital Car Parks			
Name and description of the SCA	The arrangements consist of multiple car parks at Prince of Wales Hospital and St George Hospital.			
Period of arrangement	Prince of Wales Hospital car park - 25 years (1998 – 2023). (On expiry of the arrangement in June 2023, the carpark was returned to SESLHD). St George Hospital car park - 25 years (1999 - 2024)			
Terms of the arrangement	SESLHD has contracted International Parking Group (Operator) to build, manage and operate both car parks for the duration of the arrangement. The car parks were fully funded by the operator. SESLHD has granted rights to the Operator to operate and generate revenue from the car parks. Upon grant of this right, the operator has paid an upfront license fee to SESLHD.			
Rights and obligations	SESLHD is obliged to provide the operator with access to the carparks. The operator is responsible for maintaining and operating the car parks during the period of the arrangement. At the end of the arrangement, the operator will return all the assets back to SESLHD. There is no provision for extension of the term in the contract.			
Changes in arrangements occurred during 2023	Nil			
Changes in arrangements occurred during 2024	Nil			
Carrying amounts of SCA	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Prince of Wales Hospital car park	52,302	-	-	52,302
St George Hospital car park	10,378	-	-	10,378
	62,680	-	-	62,680
Year ended 30 June 2024				
St George Hospital car park	10,230	-	-	10,230
	10,230	-	-	10,230

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

25. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

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

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

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated no material movement in market prices for land and material increases in construction and labour costs of 3.00% for buildings and 3.00% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2024.

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

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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases

(a) Entity as a lessee

The SESLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 7 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The SESLHD does not provide residual value guarantees in relation to leases.

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

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.

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

The SESLHD 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.

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.

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	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	16,235	9,258	25,493
Additions	282	4,034	4,316
Reassessments	229	480	709
Disposals	103	-	103
Depreciation expense	(2,754)	(3,643)	(6,397)
Balance at 30 June 2024	14,095	10,129	24,224
Balance at 1 July 2022	15,966	9,680	25,646
Additions	2,984	3,016	6,000
Reassessments	424	215	639
Disposals	(454)	-	(454)
Depreciation expense	(2,685)	(3,653)	(6,338)
Balance at 30 June 2023	16,235	9,258	25,493

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Balance at 1 July	26,602	26,842
Additions	4,316	5,898
Interest expenses	713	604
Payments	(6,585)	(6,931)
Terminations / derecognition	105	(450)
Other adjustments	710	639
Balance at 30 June	25,861	26,602

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

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	6,397	6,338
Interest expense on lease liabilities	713	604
Expenses relating to short-term leases	3,049	2,135
Expenses relating to leases of low-value assets	89	464
(Gains) / losses on disposal	1	4
Total amount recognised in the statement of comprehensive income	10,249	9,545

The SESLHD had total cash outflows for leases of \$9.72 million for the year ended 30 June 2024 (2023: \$9.53 million).

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and Measurement

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

The SESLHD 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 18 years
Plant and equipment	1 to 7 years
Motor vehicles and other equipment	1 to 5 years

ii. Lease liabilities

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

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

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

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

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases (continued)

(b) Entity as a lessor

SESLHD leases 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. The rental income is incidental to the purpose for holding the property and the retail spaces contribute towards SESLHD revenue-generating activities. As a result, such assets have been disclosed as part of Property, plant and equipment held and used by the consolidated entity.

SESLHD also leases spaces to non-government organisations (NGO's) under operating lease arrangements. Generally there are no rental payments as SESLHD provides market rental assistance grants to offset the rental payments.

SESLHD has also leased Levels 5 and 6 in the Bright Alliance Building, Randwick to the University of NSW for 40 years, which is treated as finance lease. All lease payments have been paid upfront and the asset has been disposed from non-current assets.

SESLHD's overall exposure to changes in the residual value at the end of the current leases is not material as these leases form a very small part of the asset portfolio. Any expectations about the future residual values are reflected in the fair value of these properties.

Lessor for finance leases

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Unguaranteed residual amounts - undiscounted	146,463	146,463
Less: unearned finance income	(138,024)	(138,273)
Net investment in finance lease	8,439	8,190

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease are, as follows:

PARENT AND CONSOLIDATION

	2024	2023
	\$'000	\$'000
Within one year	6,348	6,245
One to two years	6,339	6,211
Two to three years	6,160	6,211
Three to four years	5,580	6,191
Four to five years	5,517	5,992
Later than five years	37,334	47,722
Total (excluding GST)	67,278	78,572

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

27. Intangible assets

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	733	733
Less: accumulated amortisation and impairment	515	515
Net carrying amount	218	218

	Software \$000	Total \$000
Year ended 30 June 2023		
Net carrying amount at beginning of year	218	218
Additions - acquired separately	82	82
Amortisation (recognised in depreciation and amortisation)	(72)	(72)
Net carrying amount at end of year	228	228

	Software \$000	Total \$000
At 1 July 2023		
Cost (gross carrying amount)	720	720
Less: accumulated amortisation and impairment	492	492
Net carrying amount	228	228

	Software \$000	Total \$000
Year ended 30 June 2024		
Net carrying amount at beginning of year	228	228
Reclassifications from plant and equipment	308	308
Disposals	(14)	(14)
Amortisation (recognised in depreciation and amortisation)	(77)	(77)
Net carrying amount at end of year	445	445

	Software \$000	Total \$000
At 30 June 2024		
Cost (gross carrying amount)	968	968
Less: accumulated amortisation and impairment	523	523
Net carrying amount	445	445

Recognition and Measurement

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

The SESLHD's intangible assets are amortised using the straight-line method over a period of five to fifteen years.

Computer software developed or acquired by the SESLHD 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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

28. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

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

The SESLHD 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 25)				
- Land and buildings	-	98,457	1,960,938	2,059,395
- Infrastructure systems	-	-	52,542	52,542
	-	98,457	2,013,480	2,111,937

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 25.

	Level 1	Level 2	Level 3	Total Fair Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 25)				
- Land and buildings	-	202,617	1,859,872	2,062,489
- Infrastructure systems	-	-	55,595	55,595
	-	202,617	1,915,467	2,118,084

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 25.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

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

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 25).

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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
2024			
Fair value as at 1 July 2023	1,859,872	55,595	1,915,467
Additions*	93,502	49	93,551
Revaluation increments/(decrements)	82,434	2,609	85,043
Depreciation expense	(74,870)	(5,711)	(80,581)
Fair value as at 30 June 2024	1,960,938	52,542	2,013,480

* 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.

	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
2023			
Fair value as at 1 July 2022	1,356,590	57,596	1,414,186
Additions*	461,876	244	462,120
Revaluation increments/(decrements)	109,521	3,135	112,656
Depreciation expense	(68,115)	(5,380)	(73,495)
Fair value as at 30 June 2023	1,859,872	55,595	1,915,467

* 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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Restricted assets

PARENT AND CONSOLIDATION

The SESLHD'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	2,137	258	275	2,120
Facility improvements	20,156	5,963	880	25,239
Holds funds in perpetuity	833	5	2	836
Patient welfare	9,392	3,205	4,230	8,367
Private practice disbursements (No.2 Accounts)	37,179	13,983	8,493	42,669
Public contributions	864	153	9	1,008
Clinical trials	16,321	7,675	4,860	19,136
Research	16,825	9,299	4,183	21,941
Staff welfare	2,365	1,760	2,009	2,116
Training and education including conferences	17,178	4,824	5,396	16,606
	123,250	47,125	30,337	140,038

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

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

Unclaimed monies

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

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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

30. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	34,247	24,774	-	-
Salaries and wages deductions	330	381	-	-
Payroll and fringe benefits tax	235	202	-	-
Accrued liability - purchase of personnel services	-	-	34,812	25,357
Creditors	61,935	81,685	61,935	81,685
Other creditors				
- Payables to entities controlled by the immediate parent	39,886	38,471	39,886	38,471
	136,633	145,513	136,633	145,513

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

31. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	1,043	893	1,043	893
	1,043	893	1,043	893

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

The contract liability balance has increased 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	893	175	893	175
Transaction price allocated to the remaining performance obligations from contracts with customers	2,723	4,300	2,723	4,300

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

Specific revenue class	2025 \$000	2026 \$000	2027 \$000	≥ 2028 \$000	Total \$000
Grants and other contributions	1,967	756	-	-	2,723
	1,967	756	-	-	2,723

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Lease liabilities (see Note 26)	5,506	4,927	5,506	4,927
	5,506	4,927	5,506	4,927
Non-current				
Lease liabilities (see Note 26)	20,355	21,675	20,355	21,675
	20,355	21,675	20,355	21,675

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

Final repayment of lease is scheduled for 31 December 2041.

Recognition and Measurement

Borrowings represents lease liabilities from financing activities.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	26,842	26,842
Cash flows	(6,327)	(6,327)
New leases	5,898	5,898
Lease terminations	(450)	(450)
Lease reassessments	639	639
30 June 2023	26,602	26,602
1 July 2023	26,602	26,602
Cash flows	(5,872)	(5,872)
New leases	4,316	4,316
Lease terminations	105	105
Lease reassessments	710	710
30 June 2024	25,861	25,861

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Provisions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
- Obligations expected to be settled within 12 months	157,614	144,854	-	-
- Obligations expected to be settled after 12 months	69,898	76,469	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	3,663	2,822	-	-
- Obligations expected to be settled after 12 months	41,864	38,549	-	-
Parental leave				
- Obligations expected to be settled within 12 months*	9,933	-	-	-
Provision for other employee benefits	7,351	6,851	-	-
Provision for personnel services liability	-	-	290,323	269,545
	290,323	269,545	290,323	269,545
Other Provisions				
Restoration costs	154	193	154	193
	154	193	154	193
Total current provisions	290,477	269,738	290,477	269,738
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	5,045	4,080	-	-
Provision for personnel services liability	-	-	5,045	4,080
	5,045	4,080	5,045	4,080
Other Provisions				
Restoration costs	781	743	781	743
	781	743	781	743
Total non-current provisions	5,826	4,823	5,826	4,823
Aggregate employee benefits and related on-costs				
Provisions - current	290,323	269,545	-	-
Provisions - non-current	5,045	4,080	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 30)	34,577	25,155	-	-
Liability - purchase of personnel services	-	-	329,945	298,780
	329,945	298,780	329,945	298,780

*Parental leave provision is recognised for the first time in the SESLHD financial statements in FY 2024.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. 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
Restoration costs				
Carrying amount at beginning of period	936	52	936	52
- Additional provisions recognised	-	884	-	884
- Amounts used	(1)	-	(1)	-
Carrying amount at end of period	935	936	935	936

The majority of 'restoration costs' represent the expected cost to restore a leased asset at the end of the lease term. Lease end dates vary across the SESLHD's lease portfolio and therefore the timing of the payments to restore the leased asset at the end of the term will vary. The majority of the 'restoration cost' provision is as per the lease contracts.

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 21.78% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 20.98%). The SESLHD has assessed the actuarial advice based on the SESLHD's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where the SESLHD does not expect to settle the liability within 12 months as the SESLHD does not have an unconditional right to defer settlement.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Provisions (continued)

Recognition and Measurement (continued)

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

Long service leave and superannuation

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

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

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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

34. Other liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Unearned revenue	63,671	63,371	63,671	63,371
Grant of right to operate liability under service concessions*	257	514	257	514
	63,928	63,885	63,928	63,885
Non-current				
Unearned revenue	1,409	1,534	1,409	1,534
Grant of right to operate liability under service concessions*	-	257	-	257
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	8,537	6,807	8,537	6,807
	9,946	8,598	9,946	8,598

* 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 25 for further information on service concession arrangement.

Unearned revenue was derived from the following:

- In October 1996 \$5 million was received as income in advance from HCoA Operations (Australia) Pty Ltd (which since then, has been acquired by ANZ Hospitals Senior Holdco Pty Ltd), under the terms of contract to provide and operate a private hospital facility at the Prince of Wales Hospital campus for the 40 years ending October 2036.

- In December 2019 a capital funding deed and agreement was entered into with the University of NSW. Under the terms of the agreement, the University has committed to a funding contribution towards a nominated space and integration at the Randwick Hospital Campus up to an amount of \$62.8M. This facility is under construction and is part of the broader Randwick Development Plan. As at 31 March 2024 the University of NSW has contributed \$62.8M (2023: \$62.8M) as part of the funding deed and are included under unearned revenue. No revenue has been recognised so far as the lease has not yet commenced.

PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	6,807	4,924
Add: receipt of cash during the financial year	1,730	1,883
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	8,537	6,807

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

The SESLHD 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.

South Eastern 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	114,202	146,013	114,202	146,013
Later than one year and not later than five years	126,867	195,793	126,867	195,793
Total (including GST)	241,069	341,806	241,069	341,806

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$241.07 million as at 30 June 2024 includes input tax credits of \$21.91 million that are expected to be recoverable from the Australian Taxation Office (2023: \$31.07 million).

Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$67.28 million as at 30 June 2024 includes taxable sales of \$6.72 million that are expected to be payable to the Australian Taxation Office (2023: \$7.86 million).

36. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

The SESLHD is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements. The majority of capital commitments contracted are related to capital works overseen by the Health Administration Corporation which are fully funded.

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was higher than adjusted budget by \$13.7 million, primarily due to the District's Net Results being impacted by increase in expenses (\$60.5 million) that were offset by increases in revenues (\$73.3 million) and impairment losses (\$0.9 million), for the year ended 30 June 2024.

Assets and liabilities

The actual Net Assets was higher than the adjusted budget by \$89.8 million, primarily due to an increase in total assets of \$92.8 million (from increased non-current assets movements \$50.7 million and increases in current assets of \$42.1 million) which were offset by increases in total liabilities of \$3.0 million (most of the increase was in current liabilities), for the year ended 30 June 2024.

Cash flows

The actual cash and cash equivalent balances was higher than adjusted budget by \$8.9 million, primarily from increases in operating activities (\$14.6 million) which were offset by investing activities (\$4.3 million) and financing activities (\$1.4 million), for the year ended 30 June 2024.

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

	\$000
Initial allocation, 1 July 2023	947,862
Award increases	58,443
One off item expenditure support in 2023-24	18,600
Revenue Budget Reduction	10,000
The Special Commission of Inquiry into the Drug 'Ice'	8,604
Extension of the Statewide 1112 FTE funding for Safe Staffing	5,288
NSW Telestroke Service 2023/24	4,694
HIV antiviral	4,126
Organ and Tissue Donation funding	4,102
COVID-19 Response	3,478
New Capital Project Addition	2,557
Federation Funding Agreement for Adult Dental Services	2,145
Gas Price Increase 2023-24 Budget Relief	1,718
Deferred care BreastScreen	1,410
Affordable IVF	1,374

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. Adjusted budget review (continued)

Cash flows (continued)	\$000
Towards Zero Suicides	1,237
Revised Menopause services model	1,123
Health and Development Checks in Early Childhood Education	1,119
Tertiary Health Study Subsidy Program variances removed from Health entities in 2023-24	960
TMF Agency Performance Adjustment	929
Parent Child Mental Health Program	835
Voluntary Redundancy Reimbursement	719
Voluntary Assisted Dying service delivery	709
S100 Highly Specialised Drugs Co-payments	684
Support for Deferred Care Elective Surgery 2023-24	628
Defined Benefit Superannuation	623
Nursing and Midwifery Strategy Reserve	602
Additional Paid Parental Leave FY2023-24	576
Diagnostic Imaging Medical Physicists positions	556
Enhancement and Integration of Youth Mental Health Services Initiative	528
NSW Aged Care Assessment Program ACAP	437
NSW Sexual Health Infolink	437
Assistants in Medicine (AiMs)	401
Implementation of the NSW Voluntary Assisted Dying Act 2022	400
Telestroke	340
Workplace Culture & Safety	305
To support the provision of the Opioid Treatment Program OTP	286
NSW Addiction Education Program and JMO Addiction Medicine Advanced Training Program	284
Opioid Treatment Program	244
Sustaining NSW Families (SNF) funding to support vulnerable families	225
High Cost Patient Pool	217
Staff Experience Lead Western Sydney Local Health District	204
Lease costs Darlinghurst Community Health Centre	199
Clinical Expert role at the Australian Organ and Tissue Authority	188
Additional funding for clinical expert role at the Australian	187
Resources for the Implementation of Safe Staffing Levels	186
Stronger Communities Investment Pool Escalation	168
TACP Unfunded Places	156
Facilitator funding for Pregnancy Family Conferencing	153
Healthy Children Initiative Program	146
Pregnancy Connect	146
Sustaining NSW Families funds from FY2023-24	131
Healthy Ageing Initiatives	125
War Memorial Salary packaging	108
Calvary Salary packaging	105
Junior Medical Officer Living Away from Home Reimbursement Grant FY2023/24	101
Other	407
Balance as per Statement of Comprehensive Income	1,092,513

South Eastern 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	170,071	208,474	170,071	208,474
Depreciation and amortisation expense	(115,237)	(104,659)	(115,237)	(104,659)
Allowance for impairment	(1,126)	(3,827)	(1,126)	(3,827)
(Increase) / decrease in other liabilities	(1,391)	(24,986)	(1,391)	(24,986)
Decrease / (increase) in provisions	(21,742)	26,123	(21,742)	26,123
Increase / (decrease) in inventory	(3,997)	4,697	(3,997)	4,697
Increase / (decrease) in prepayments and other assets	14,855	23,805	14,855	23,805
Decrease / (increase) in payables	8,724	(4,234)	8,724	(4,234)
Decrease / (increase) in contract liabilities	(151)	(718)	(151)	(718)
Net gain / (loss) on sale of property, plant and equipment	(678)	(353)	(678)	(353)
Net gain / (loss) on disposal of right-of-use assets	(2)	(4)	(2)	(4)
Assets donated or brought to account (Note 39)	864	1,057	864	1,057
Other	-	157	-	157
Net result	50,190	125,532	50,190	125,532

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	866	1,057	866	1,057
Property, plant and equipment acquired by a lease	4,316	6,000	4,316	6,000
	5,182	7,057	5,182	7,057

South Eastern 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

The SESLHD holds trust funds of \$4.5 million (2023: \$3.8 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

These funds are excluded from the financial statements as the SESLHD 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	1,264	671	(304)	1,631
Refundable Deposits	408	51	(47)	412
Private Patient Trust Funds	25	46,369	(46,352)	42
Third Party Funds	2,061	1,255	(927)	2,389
Total trust funds	3,758	48,346	(47,630)	4,474

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	304	2,576	(1,616)	1,264
Refundable Deposits	384	77	(53)	408
Private Patient Trust Funds	25	43,471	(43,471)	25
Third Party Funds	2,154	399	(492)	2,061
Total trust funds	2,867	46,523	(45,632)	3,758

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.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 21)	Amortised cost	151,996	129,460
Receivables (Note 22) ¹	Amortised cost	85,703	71,527
Other financial assets (Note 24)	Amortised cost	8,439	8,190
Total financial assets		246,138	209,177
Financial liabilities			
Borrowings (Note 32)	Financial liabilities measured at amortised cost	25,861	26,602
Payables (Note 30) ²	Financial liabilities measured at amortised cost	136,398	145,311
Total financial liabilities		162,259	171,913

Notes

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

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

Credit risk associated with the SESLHD's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

South Eastern 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)

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

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

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

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

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

South Eastern 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, contract assets and lease receivables (continued)

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

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	1.15%	2.62%	7.36%	17.62%	39.39%	7.16%
Estimated total gross carrying amount ¹	44,292	4,204	2,390	1,776	8,258	60,920
Expected credit loss	511	110	176	313	3,253	4,363
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	1.57%	4.00%	22.79%	29.54%	42.66%	7.79%
Estimated total gross carrying amount ¹	49,176	3,676	1,457	2,011	7,279	63,599
Expected credit loss	774	147	332	594	3,105	4,952

Notes

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

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

ii. Liquidity risk

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

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

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

South Eastern 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)

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

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.

South Eastern 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 the SESLHD's financial liabilities together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			
	EIR ³ %	Nominal Amount ¹ \$000	Fixed	Variable	Non -	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
			Interest Rate \$000	Interest Rate \$000	Bearing Interest \$000			
2024								
Payables:								
- Creditors ²		136,398	-	-	136,398	136,398	-	-
Borrowings:								
- Lease liabilities	2.92%	28,261	28,261	-	-	6,146	14,855	7,260
		164,659	28,261	-	136,398	142,544	14,855	7,260
2023								
Payables:								
- Creditors ²		145,311	-	-	145,311	145,311	-	-
Borrowings:								
- Lease liabilities	2.39%	29,331	29,331	-	-	5,799	14,894	8,638
		174,642	29,331	-	145,311	151,110	14,894	8,638

Notes:

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

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

³ Weighted Average Effective Interest Rate (EIR).

South Eastern 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. The SESLHD's exposures to market risk are primarily through interest rate risk on the SESLHD's borrowings. The SESLHD has no exposure to foreign currency risk and does not enter into commodity contracts.

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

Interest Rate Risk

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

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

However, the SESLHD 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:

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	2024		2023	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(1,346)	1,346	(1,110)	1,110
Equity	(1,346)	1,346	(1,110)	1,110

Foreign exchange risk

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

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

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

South Eastern 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	554	487
Post-employment benefits	55	53
	609	540

During the financial year, South Eastern Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$458 thousand (2023: \$456 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

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

(c) Transactions with the ultimate parent

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

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

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

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

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of patient transport services, information management services, domestic supplies and services, food supplies and corporate support services.
- Health Administration Corporation provides some specialised services which includes pathology related costs.
- Rental accommodation for the HIV and Related Programs Unit (HARP) at the Orana Centre in Warrarong, NSW.

South Eastern Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

42. Related party disclosures (continued)

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

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

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

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

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

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

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

Assets and liabilities as follows:

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

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