



INDEPENDENT AUDITOR'S REPORT

Southern NSW Local Health District

To Members of the New South Wales Parliament

Opinion

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

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 34. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

The Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 September 2024
SYDNEY

Southern NSW Local Health District

Statement by the Accountable Authority

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

A handwritten signature in black ink that reads 'Margaret Bennett'.

Margaret Bennett

Chief Executive

19 September 2024

A handwritten signature in black ink that reads 'Sarah Wallace'.

Sarah Wallace

District Director of Finance and Performance

19 September 2024

Southern NSW Local Health District

Statement of Comprehensive Income for the period ended 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
Notes		\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	369,478	319,950	336,139	-	-
Personnel services	3	-	-	-	361,643	329,816
Visiting medical officers	4	52,776	47,528	48,794	52,776	48,794
Operating expenses	5	167,523	163,068	161,886	167,523	161,886
Depreciation and amortisation	6	28,575	28,295	24,032	28,575	24,032
Grants and subsidies	7	2,842	3,168	2,565	2,842	2,565
Finance costs	8	109	76	69	109	69
Total expenses excluding losses		621,303	562,085	573,485	613,468	567,162
Revenue						
Ministry of Health recurrent allocations	11	334,255	290,214	502,871	334,255	502,871
Ministry of Health capital allocations	11	63,797	59,492	36,830	63,797	36,830
Acceptance by the Crown ² of employee benefits	15	7,835	7,942	6,323	-	-
Sale of goods and services from contracts with customers	12	52,748	50,905	46,062	52,748	46,062
Investment revenue	13	233	47	145	233	145
Grants and other contributions	14	188,018	181,558	16,678	188,018	16,678
Other income	16	605	1,316	610	605	610
Total revenue		647,491	591,474	609,519	639,656	603,196
Operating result		26,188	29,389	36,034	26,188	36,034
Gains / (losses) on disposal	17	363	-	(219)	363	(219)
Impairment losses on financial assets		(1,068)	(35)	(484)	(1,068)	(484)
Other gains / (losses)	18	(15)	(15)	(18)	(15)	(18)
Net result from continuing operations	35	25,468	29,339	35,313	25,468	35,313
Net result		25,468	29,339	35,313	25,468	35,313
Changes in revaluation surplus of property, plant and equipment	23	33,014	-	37,304	33,014	37,304
Total other comprehensive income		33,014	-	37,304	33,014	37,304
TOTAL COMPREHENSIVE INCOME		58,482	29,339	72,617	58,482	72,617

¹ Unaudited adjusted budget, see Note 34.

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

The accompanying notes form part of these financial statements.

Southern NSW Local Health District

Statement of Financial Position as at 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	20	4,855	1,486	4,124	4,855	4,124
Receivables	21	18,422	15,513	15,513	18,422	15,513
Inventories	22	1,186	1,431	1,447	1,186	1,447
Total current assets		24,463	18,430	21,084	24,463	21,084
Non-current assets						
Receivables	21	22,723	22,723	-	22,723	-
- Land and buildings		675,694	644,086	634,232	675,694	634,232
- Plant and equipment		45,247	44,962	42,742	45,247	42,742
- Infrastructure systems		20,627	20,038	20,190	20,627	20,190
Total property, plant & equipment		741,568	709,086	697,164	741,568	697,164
Right-of-use assets	24	2,080	2,799	2,056	2,080	2,056
Total non-current assets		766,371	734,608	699,220	766,371	699,220
Total assets		790,834	753,038	720,304	790,834	720,304
LIABILITIES						
Current liabilities						
Payables	27	38,061	30,413	30,411	38,061	30,411
Contract liabilities	28	707	832	832	707	832
Borrowings	29	1,028	1,273	1,407	1,028	1,407
Provisions	30	44,281	42,731	40,158	44,281	40,158
Other current liabilities	31	609	377	377	609	377
		84,686	75,626	73,185	84,686	73,185
Total current liabilities		84,686	75,626	73,185	84,686	73,185
Non-current liabilities						
Borrowings	29	1,118	1,526	688	1,118	688
Provisions	30	679	679	563	679	563
Total non-current liabilities		1,797	2,205	1,251	1,797	1,251
Total liabilities		86,483	77,831	74,436	86,483	74,436
Net assets		704,351	675,207	645,868	704,351	645,868
EQUITY						
Reserves		197,696	164,682	164,681	197,696	164,681
Accumulated funds		506,655	510,525	481,187	506,655	481,187
Total Equity		704,351	675,207	645,868	704,351	645,868

¹ Unaudited adjusted budget, see Note 34.

The accompanying notes form part of these financial statements.

Southern NSW Local Health District

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

PARENT AND CONSOLIDATION

		Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
	Notes			
Balance at 1 July 2023		481,187	164,682	645,869
Net result for the year		25,468	-	25,468
Net change in revaluation surplus of property, plant and equipment	23	-	33,014	33,014
Balance at 30 June 2024		506,655	197,696	704,351

		Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
	Notes			
Balance at 1 July 2022		446,176	127,377	573,553
Correction of error - long service leave calculations		(302)	-	(302)
Balance at 1 July 2022		445,874	127,377	573,251
Net result for the year		35,313	-	35,313
Net change in revaluation surplus of property, plant and equipment	23	-	37,304	37,304
Balance at 30 June 2023		481,187	164,681	645,868

The accompanying notes form part of these financial statements.

Southern NSW Local Health District

Statement of Cash Flows for the period ended 30 June 2024

	Consolidated	Consolidated	Consolidated	Parent	Parent
	Actual	Budget ¹	Actual	Actual	Actual
	2024	2024	2023	2024	2023
Notes	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee related	(361,367)	(315,251)	(341,592)	-	-
Suppliers for goods and services	(227,302)	(223,523)	(225,980)	(227,302)	(225,980)
Grants and subsidies	(3,037)	(3,363)	(2,813)	(3,037)	(2,813)
Finance costs	(109)	(76)	(69)	(109)	(69)
Personnel services	-	-	-	(361,367)	(341,592)
Total payments	(591,815)	(542,213)	(570,454)	(591,815)	(570,454)
Receipts					
Ministry of Health recurrent allocations	334,255	290,214	502,871	334,255	502,871
Ministry of Health capital allocations	63,797	59,492	36,830	63,797	36,830
Reimbursements from the Crown ²	5,196	5,198	6,345	5,196	6,345
Sale of goods and services	53,877	51,128	44,286	53,877	44,286
Interest received	232	47	145	232	145
Grants and other contributions	183,295	181,667	14,151	183,295	14,151
Other	14,175	14,806	14,831	14,175	14,831
Total receipts	654,827	602,552	619,459	654,827	619,459
NET CASH FLOWS FROM OPERATING ACTIVITIES	63,012	60,339	49,005	63,012	49,005
35					
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(60,808)	(61,292)	(46,543)	(60,808)	(46,543)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(60,808)	(61,292)	(46,543)	(60,808)	(46,543)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of principal portion of lease liabilities	(1,473)	(1,685)	(1,642)	(1,473)	(1,642)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1,473)	(1,685)	(1,642)	(1,473)	(1,642)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	731	(2,638)	820	731	820
Opening cash and cash equivalents	20 4,124	4,124	3,305	4,124	3,305
CLOSING CASH AND CASH EQUIVALENTS	20 4,855	1,486	4,124	4,855	4,124

¹ Unaudited adjusted budget, see Note 34.

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

The accompanying notes form part of these financial statements.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

1. Statement of Material Accounting Policy Information

a) Reporting entity

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

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

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

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

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

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

These consolidated financial statements for the period ended 30 June 2024 have been authorised for issue by the Chief Executive on 19 September 2024.

b) Basis of preparation

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

Other circumstances why the going concern assumption is appropriate include:

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

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

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

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

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

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

c) Statement of Compliance

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

d) Comparative Information

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

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

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

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

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

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

(ii) Issued but not yet effective

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

f) Financial Result

The District received \$63.8 million from the Ministry of Health for capital work in progress during the 2023-24 financial year. Without this capital allocation or if there had been no timing difference between the revenue and the corresponding expenses, the District's net result would have been \$38 million unfavorable for the 2023-2024 financial year.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

2. Employee related expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	325,438	297,942	-	-
Superannuation - defined benefit plans	705	939	-	-
Superannuation - defined contribution plans	32,246	27,858	-	-
Long service leave	7,675	5,186	-	-
Redundancies	-	286	-	-
Workers' compensation insurance	3,414	3,929	-	-
Fringe benefits tax	-	(1)	-	-
	369,478	336,139	-	-

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

3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	325,438	297,942
Superannuation - defined contribution plans	-	-	32,246	27,858
Long service leave	-	-	545	(198)
Redundancies	-	-	-	286
Workers' compensation insurance	-	-	3,414	3,929
Fringe benefits tax	-	-	-	(1)
	-	-	361,643	329,816

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

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

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

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout the District's hospitals. VMO expenses of \$52.78 million (2023: \$48.79 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

5. Operating expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Advertising	164	292	164	292
Agency expenses	7,412	7,390	7,412	7,390
Auditor's remuneration - audit of financial statements	111	75	111	75
Blood and blood products	2,390	2,207	2,390	2,207
Consultants	203	434	203	434
Contractors	1,258	2,376	1,258	2,376
Corporate support services	4,069	3,404	4,069	3,404
Courier and freight	369	325	369	325
Disability equipment support expenses	945	914	945	914
Domestic supplies and services	16,806	16,117	16,806	16,117
Drug supplies	10,499	11,165	10,499	11,165
Expenses relating to short-term leases	4,016	3,166	4,016	3,166
Expenses relating to leases of low-value assets	427	405	427	405
Food supplies	11,974	11,300	11,974	11,300
Fuel, light, power and water	6,299	6,161	6,299	6,161
Hosted services purchased from entities controlled by the immediate parent	1,576	1,582	1,576	1,582
Information management expenses	12,566	12,647	12,566	12,647
Insurance	1,368	1,077	1,368	1,077
Legal services	107	280	107	280
Maintenance (see Note 5 (a))	11,911	11,026	11,911	11,026
Medical and surgical supplies (including prostheses)	15,976	17,699	15,976	17,699
Membership / professional fees	236	130	236	130
Motor vehicle expenses	1,286	1,284	1,286	1,284
Outsourced patient services	1,322	923	1,322	923
Patient transport costs	13,039	12,211	13,039	12,211
Postal and telephone costs	938	849	938	849
Printing and stationery	964	799	964	799
Professional services (excluding consultants)	1,359	1,080	1,359	1,080
Quality assurance / accreditation	23	11	23	11
Rates and charges	190	152	190	152
Security services	787	1,508	787	1,508
Specialised services (dental, radiology, pathology and allied health)	26,921	24,366	26,921	24,366
Staff related costs	1,613	615	1,613	615
Travel related costs	6,730	6,044	6,730	6,044
Other miscellaneous	1,669	1,872	1,669	1,872
	167,523	161,886	167,523	161,886

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 District.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

5. Operating expenses (continued)

Other miscellaneous of \$1.67 million (2023: \$1.87 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	3,896	2,796	3,896	2,796
Planned maintenance	4,551	4,743	4,551	4,743
New / replacement equipment under \$10,000	3,463	3,485	3,463	3,485
Other	1	2	1	2
Maintenance expense - contracted labour and other (non-employee related) in Note 5	11,911	11,026	11,911	11,026
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	1,407	1,369	1,407	1,369
	13,318	12,395	13,318	12,395

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

6. Depreciation and amortisation

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Depreciation - buildings	21,052	17,912	21,052	17,912
Depreciation - plant and equipment	4,665	3,740	4,665	3,740
Depreciation - infrastructure systems	932	774	932	774
Depreciation - right-of-use buildings	732	470	732	470
Depreciation - right-of-use plant and equipment	1,194	1,136	1,194	1,136
	28,575	24,032	28,575	24,032

Refer to Note 23 Property, plant and equipment and Note 24 Leases for recognition and measurement policies on depreciation.

7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Grants to entities controlled by the immediate parent	907	104	907	104
Other grants	1,935	2,461	1,935	2,461
	2,842	2,565	2,842	2,565

Recognition and Measurement

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

8. Finance costs

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest expense from lease liabilities	109	69	109	69
	109	69	109	69

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

9. Revenue

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

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

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

10. Summary of compliance

The Appropriation Act 2023 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$19,613 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 District.

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

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

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

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

11. Ministry of Health allocations

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

12. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Sale of inventories				
Sale and recovery of pharmaceutical supplies	3,583	3,400	3,583	3,400
Sale of prostheses	562	615	562	615
Other	75	26	75	26
	4,220	4,041	4,220	4,041

(b) Rendering of services comprise the following:

Patients

Patient Fees:

- Inpatient fees	19,807	17,259	19,807	17,259
- Nursing home fees	250	256	250	256
- Non inpatient fees	2,524	2,340	2,524	2,340
Department of Veterans' Affairs	5,662	4,152	5,662	4,152
Motor Accident Authority third party	1,976	1,414	1,976	1,414
Multi Purpose Service Centre fees	4,233	3,852	4,233	3,852
Patient transport fees	106	83	106	83
Private use of motor vehicles	57	48	57	48
Salary packaging fee	63	-	63	-
Meals and accommodation	189	238	189	238

General community

Clinical services (excluding clinical drug trials)	6,036	5,217	6,036	5,217
Commercial activities	13	10	13	10
Fees for medical records	71	53	71	53
Information retrieval	20	9	20	9
Services to other organisations	750	24	750	24

Entities controlled by the immediate parent

Hosted service revenues	5,682	5,739	5,682	5,739
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Other

Infrastructure fees - monthly facility charge	848	634	848	634
Other	241	693	241	693

	48,528	42,021	48,528	42,021
	52,748	46,062	52,748	46,062

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

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

Recognition and Measurement

Sale of goods

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services

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

Type of service	Nature of timing of satisfaction of 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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

Refer to Note 28 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the District expects to recognise the unsatisfied portion as revenue.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

13. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised cost	233	145	233	145
	233	145	233	145

Recognition and Measurement

Interest income from financial assets at amortised cost

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

14. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	2,577	8,413	2,577	8,413
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	143,755	-	143,755	-
Cancer Institute grants received from an entity controlled by the immediate parent	720	665	720	665
Commonwealth government grants received for community based services	3,062	2,817	3,062	2,817
Other grants from entities controlled by the immediate parent	15	507	15	507
Other grants	3,331	3,061	3,331	3,061
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	33,284	-	33,284	-
Commonwealth government grants other	-	48	-	48
Grants from entities controlled by the ultimate parent	180	25	180	25
Other grants from entities controlled by the immediate parent	585	871	585	871
Donations				
Donations	509	271	509	271
	188,018	16,678	188,018	16,678

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

Recognition and Measurement

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

14. Recognition and Measurement (continued)

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

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

Refer to Note 28 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

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

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

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Superannuation - defined benefit plans	705	939	-	-
Long service leave provision	7,130	5,384	-	-
	7,835	6,323	-	-

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

16. Other income

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Commissions	1	2	1	2
Discounts	112	184	112	184
Insurance refunds	164	35	164	35
- Other rental income	267	389	267	389
Unclaimed deposits	(1)	-	(1)	-
Other	62	-	62	-
	605	610	605	610

Recognition and Measurement

Rental income

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

17. Gains / (losses) on disposal

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	61	219	61	219
Net gains / (losses) on disposal	(61)	(219)	(61)	(219)
Right-of-use assets				
Written down value of assets disposed	440	4	440	4
Less: lease liabilities extinguished	864	4	864	4
Net gains / (losses) on disposal	424	-	424	-
Total gains / (losses) on disposal	363	(219)	363	(219)

18. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write down	(15)	(18)	(15)	(18)
	(15)	(18)	(15)	(18)

Recognition and Measurement

Impairment losses on non-financial assets

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

- Note 21 Receivables
- Note 22 Inventories
- Note 23 Property, plant and equipment
- Note 24 Leases

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

The District receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The District determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 26 Restricted assets.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

20. Cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Cash at bank and on hand	380	4,124	380	4,124
Cash at bank - held by HealthShare NSW*	4,475	-	4,475	-
	4,855	4,124	4,855	4,124

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

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

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

Cash and cash equivalents (per Statement of Financial Position)	4,855	4,124	4,855	4,124
	4,855	4,124	4,855	4,124

Refer to Note 38 for details regarding credit risk and market risk arising from financial instruments.

Most cash and cash equivalents held by the District are restricted assets. Refer to Note 26 for details of restricted assets.

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

21. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	5,889	7,133	5,889	7,133
Intra health receivables	8,219	4,144	8,219	4,144
Goods and Services Tax	1,318	1,514	1,318	1,514
Other receivables	102	315	102	315
Sub total	15,528	13,106	15,528	13,106
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(108)	(263)	(108)	(263)
Sub total	15,420	12,843	15,420	12,843
Prepayments	3,002	2,670	3,002	2,670
	18,422	15,513	18,422	15,513

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(263)	(20)	(263)	(20)
Amounts written off during the year	1,169	142	1,169	142
(Increase) / decrease in allowance recognised in the net result ¹	(1,014)	(385)	(1,014)	(385)
Balance at the end of the year	(108)	(263)	(108)	(263)
Other receivables				
Amounts written off during the year	54	101	54	101
(Increase) / decrease in allowance recognised in the net result	(54)	(101)	(54)	(101)
	(108)	(263)	(108)	(263)
Non-current				
Prepayments	22,723	-	22,723	-
	22,723	-	22,723	-

¹ Includes total impairment loss of \$1.01 million (2023: \$0.38 million) recognised on receivables from contracts with

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

21. Receivables (continued)

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

Current and non-current include:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Patient fees - compensable	593	804	593	804
Patient fees - Medicare ineligible	439	617	439	617
Patient fees - inpatient & other	3,927	4,445	3,927	4,445
	4,959	5,866	4,959	5,866

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 38.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 21)	14,109	11,277	14,109	11,277
Total contract receivables	14,109	11,277	14,109	11,277

Recognition and Measurement

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

Subsequent measurement

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

Impairment

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

22. Inventories

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Held-for-distribution				
Drug supplies	1,111	1,371	1,111	1,371
Engineering supplies	75	76	75	76
	1,186	1,447	1,186	1,447

Recognition and Measurement

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

23. 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	818,724	67,817	23,920	910,461
Less: accumulated depreciation and impairment	237,983	32,051	4,972	275,006
Net carrying amount	580,741	35,766	18,948	635,455

	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	580,741	35,766	18,948	635,455
Additions	36,115	10,428	-	46,543
Disposals	-	(219)	-	(219)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	507	-	507
Net revaluation increments less revaluation decrements	35,288	-	2,016	37,304
Depreciation expense	(17,912)	(3,740)	(774)	(22,426)
Net carrying amount at end of year	634,232	42,742	20,190	697,164

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 25.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

23. 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	909,921	76,301	26,380	1,012,602
Less: accumulated depreciation and impairment	275,689	33,559	6,190	315,438
Net carrying amount	634,232	42,742	20,190	697,164

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Period ended 30 June 2024				
Net carrying amount at beginning of period	634,232	42,742	20,190	697,164
Additions	29,857	8,228	-	38,085
Disposals	-	(61)	-	(61)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	15	-	15
Net revaluation increments less revaluation decrements	31,727	-	1,287	33,014
Depreciation expense	(21,052)	(4,665)	(932)	(26,649)
Reclassifications	930	(1,012)	82	-
Net carrying amount at end of period	675,694	45,247	20,627	741,568

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	985,367	82,887	28,052	1,096,306
Less: accumulated depreciation and impairment	309,673	37,640	7,425	354,738
Net carrying amount	675,694	45,247	20,627	741,568

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 District has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the District.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

23. Property, plant and equipment (continued)

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

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	818,724	67,817	23,920	910,461
Less: accumulated depreciation and impairment	237,983	32,051	4,972	275,006
Net carrying amount	580,741	35,766	18,948	635,455

	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	580,741	35,766	18,948	635,455
Additions	36,115	10,428	-	46,543
Disposals	-	(219)	-	(219)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	507	-	507
Net revaluation increment less revaluation decrements	35,288	-	2,016	37,304
Depreciation expense	(17,912)	(3,740)	(774)	(22,426)
Reclassifications	-	-	-	-
Net carrying amount at end of year	634,232	42,742	20,190	697,164

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 25.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

23. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the District (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	909,921	76,301	26,380	1,012,602
Less: accumulated depreciation and impairment	275,689	33,559	6,190	315,438
Net carrying amount	634,232	42,742	20,190	697,164

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Period ended 30 June 2024				
Net carrying amount at beginning of period	634,232	42,742	20,190	697,164
Additions	29,857	8,228	-	38,085
Disposals	-	(61)	-	(61)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	15	-	15
Net revaluation increments less revaluation decrements	31,727	-	1,287	33,014
Depreciation expense	(21,052)	(4,665)	(932)	(26,649)
Reclassifications	930	(1,012)	82	-
Net carrying amount at end of period	675,694	45,247	20,627	741,568

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	985,367	82,887	28,052	1,096,306
Less: accumulated depreciation and impairment	309,673	37,640	7,425	354,738
Net carrying amount	675,694	45,247	20,627	741,568

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 25.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

23. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

Capitalisation thresholds

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

Depreciation of property, plant and equipment

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

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

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

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

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

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

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

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

Right-of-use assets acquired by lessees

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

Further information on leases is contained in Note 24.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

23. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

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

The last comprehensive revaluation was completed on 31 December 2021 and was based on an independent assessment.

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated no material movements in the market prices for land or in the construction and labour costs for building and infrastructure from the last comprehensive revaluation date. Management have therefore not recognised any fair value adjustments from interim revaluations as they were not deemed material.

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

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

24. Leases

(a) Entity as a lessee

The District leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 5 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 District 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 District and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

24. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

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

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	783	1,273	2,056
Additions	107	1,715	1,822
Reassessments	432	136	568
Disposals	(424)	(16)	(440)
Depreciation expense	(732)	(1,194)	(1,926)
Balance at 30 June 2024	166	1,914	2,080

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	1,036	1,767	2,803
Additions	94	636	730
Reassessments	123	10	133
Disposals	-	(4)	(4)
Depreciation expense	(470)	(1,136)	(1,606)
Balance at 30 June 2023	783	1,273	2,056

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

24. 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	2,094	2,878
Additions	1,822	730
Interest expenses	109	70
Payments	(1,582)	(1,712)
Terminations / derecognition	(864)	(4)
Other adjustments	567	133
Balance at end of period	2,146	2,095

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

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	1,926	1,606
Interest expense on lease liabilities	109	69
Expenses relating to short-term leases	4,016	3,166
Expenses relating to leases of low-value assets	427	405
(Gains) / losses on disposal	(424)	-
Total amount recognised in the statement of comprehensive income	6,054	5,246

The District had total cash outflows for leases of \$6.03 million for the period ended 30 June 2024 (2023: \$5.28 million).

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

24. Leases (continued)

Recognition and Measurement

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

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

i. Right-of-use assets

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

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

ii. Lease liabilities

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

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

25. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

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

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

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2024	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 23)				
- Land and buildings	-	3,597	575,991	579,588
- Infrastructure systems	-	-	31,080	31,080
	-	3,597	607,071	610,668

There were no transfers between level 1 and 2 during the period 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 23.

	Level 1	Level 2	Level 3	Total Fair Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 23)				
- Land and buildings	-	3,502	565,280	568,782
- Infrastructure systems	-	-	30,715	30,715
	-	3,502	595,994	599,496

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 23.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Opteon Solutions for the FY21/22 financial year. Opteon Solutions is an independent entity and is not an associated entity of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 23).

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

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

2024	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2023	565,280	30,715	595,995
Additions*	15	-	15
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 23)	31,494	1,287	32,781
Depreciation expense	(20,798)	(922)	(21,720)
Fair value as at 30 June 2024	575,991	31,080	607,071

* 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 period ended 30 June 2024.

2023	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2022	400,978	21,917	422,894
Additions*	125,944	6,330	132,274
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 23)	55,399	3,205	58,603
Depreciation expense	(17,040)	(737)	(17,777)
Fair value as at 30 June 2023	565,280	30,715	595,995

* 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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

26. Restricted assets

PARENT AND CONSOLIDATION

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

Category	1 July 2023			30 June 2024
	Opening \$000	Revenue \$000	Expense \$000	Closing \$000
Community welfare	520	616	18	1,118
Facility improvements	2,501	(55)	259	2,187
Patient welfare	85	10	1	93
Public contributions	791	420	130	1,080
Research	54	1	-	55
Staff welfare	14	1	3	12
Training and education including conferences	459	45	93	411
	4,424	1,038	505	4,957

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

26. Restricted assets (continued)

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients'.
Public contributions	Donations or legacies received without any donor-specified conditions as to its use.
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 District by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of the District.

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

27. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	5,928	4,017	-	-
Salaries and wages deductions	60	100	-	-
Payroll and fringe benefits tax	(157)	(118)	-	-
Accrued liability - purchase of personnel services	-	-	5,831	3,999
Creditors	22,375	18,189	22,375	18,189
- Payables to entities controlled by the immediate parent	9,854	8,223	9,854	8,223
- Other	1	-	1	-
	38,061	30,411	38,061	30,411

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 38.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the District and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

28. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	707	832	707	832
	707	832	707	832

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

The contract liability balance has [increased / decreased] during the year because of the timing of payments received.

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the period	832	1,430	832	1,430
Revenue recognised from performance obligations satisfied in previous periods	-	26	-	26
Transaction price allocated to the remaining performance obligations from contracts with customers	-	832	-	832

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

29. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Lease liabilities (see Note 24)	1,028	1,407	1,028	1,407
	1,028	1,407	1,028	1,407
Non-current				
Lease liabilities (see Note 24)	1,118	688	1,118	688
	1,118	688	1,118	688

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

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 38.

Recognition and Measurement

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless the District has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 38 (b) for derecognition policy.

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

29. Recognition and Measurement (continued)

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

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

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

Financial guarantees

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

Recognition and Measurement

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

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

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Derivatives \$000	Service concession arrangements \$000	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	-	-	-	2,878	2,878
Cash flows	-	-	-	(1,642)	(1,642)
New leases	-	-	-	730	730
Lease terminations	-	-	-	(4)	(4)
Lease reassessments	-	-	-	133	133
30 June 2023	-	-	-	2,095	2,095
1 July 2023	-	-	-	2,095	2,095
Cash flows	-	-	-	(1,474)	(1,474)
New leases	-	-	-	1,822	1,822
Lease terminations	-	-	-	(864)	(864)
Lease reassessments	-	-	-	567	567
30 June 2024	-	-	-	2,146	2,146

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

30. 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	28,216	26,384	-	-
- Obligations expected to be settled after 12 months	7,264	6,826	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	907	790	-	-
- Obligations expected to be settled after 12 months	5,254	4,942	-	-
Parental leave				
- Obligations expected to be settled within 12 months	1,323	-	-	-
Provision for other employee benefits	1,317	1,216	-	-
Provision for personnel services liability	-	-	44,281	40,158
Total current provisions	44,281	40,158	44,281	40,158
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	679	563	-	-
Total non-current provisions	679	563	679	563
Aggregate employee benefits and related on-costs				
Provisions - current	44,281	40,158	-	-
Provisions - non-current	679	563	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 27)	5,988	4,117	-	-
Liability - purchase of personnel services	-	-	50,948	44,838
	50,948	44,838	50,948	44,838

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

30. Provisions (continued)

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 0.2158 are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 21.08%). The District has assessed the actuarial advice based on the District's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where the District does not expect to settle the liability within 12 months as the District does not have an unconditional right to defer settlement.

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

Long service leave and superannuation

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

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

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

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

Consequential on-costs

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

31. Other liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Unearned revenue	12	-	12	-
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	597	377	597	377
	609	377	609	377

Unearned revenue was derived from the following:

As June 2024 total of \$0.24 million was received in advance from the Ministry under the terms of a contract to upgrade and extend the garden in Braidwood, upgrade the garden and outdoor area in Bombala, paint internal surfaces, and provide blinds in Delegate. The jobs for Bombala and Delegate were completed in May 2024. A total of \$0.12 million has been recognised as a Capital Grant, and the remaining \$0.12 million is recorded in other liabilities.

In July 2023, \$0.30 million was received in advance from eHealth under the terms of contract for Virtual Care - Remote Patient Monitoring (VC-RPM) to implement a state-wide Remote Patient Monitoring (RPM) solution.

In June 2023, \$0.040 million was received in advance from the Ministry for the Elsa Dixon Aboriginal Program Grant to subsidise the creation of an employment position for an Aboriginal Health Practitioner in Moruya.

In the 2024 fiscal year, \$0.5 million was received from the Department of Health and Aged Care under the terms of a contract to provide the Indigenous Comprehensive Primary Health Care-Activity New Direction Grant. Total expenses during the year amounted to \$0.35 million, and the remaining \$0.15 million is recorded in other liabilities.

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	377	1,507
Add: receipt of cash during the financial year	2,797	7,283
Deduct: income recognised during the financial year	2,577	8,413
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	597	377

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

32. Commitments

(a) Capital commitments

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	15,859	18,004	15,859	18,004
Later than one year and not later than five years	2,221	3,909	2,221	3,909
Total (including GST)	18,080	21,913	18,080	21,913

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$18.08 million as at 30 June 2024 includes input tax credits of 1.644 million that are expected to be recoverable from the Australian Taxation Office (2023: \$2.0 million).

33. Contingent liabilities and contingent assets

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

34. Adjusted budget review

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

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The District received an additional \$44 million revenue from the Ministry of Health recurrent allocation compared to budget which funded an increase in expenses during the year including employee-related costs which surpassed the allocated budget by \$49.5 million. Challenges in recruiting and retaining staff in rural and regional areas is contributing to workforce instability which continues to drive the unfavourable financial result.

Were it not for the additional \$44 million, the District Net Result would have been unfavourable.

Net result

The actual Net Result was lower than adjusted budget by \$4 million, primarily due to:

An increased and ongoing reliance on premium nursing and medical agency staff to ensure continuity of service provision for patients in Southern NSW Local Health District

Assets and liabilities

Current assets is higher than budget by \$9 million due to more cash held \$4.8 million, and more receivables due \$2.9 million compared to budget.

Non current assets increased \$32.5 million higher than budget due to the indicies applied to land, buildings and infrastructure systems.

Liabilities were \$41 million higher than budget due to a higher payables due compared to budget \$38 million.

Cash flows

Employee related cash flow were \$46 million higher than budget, offset by a higher than budget Ministry of Health recurrent allocation \$44 million.

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:

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

34. Adjusted budget review (continued)

	\$000
Initial allocation, 1 July 2023	270,312
Special projects	
WORKERS COMPENSATION: TMF Agency Performance Adjustment (APA)	2,438
MH - Towards Zero Suicides	2,168
R&R - Rural Health Workforce Incentives Scheme	1,539
Federation Funding Agreement for Adult Dental Services	1,424
Extension of the Statewide 1112 FTE funding for Safe Staffing Levels	1,347
The Special Commission of Inquiry into the Drug 'Ice' Implementation	1,169
Disaster Recovery Clinicians	1,000
Implementation of the NSW Voluntary Assisted Dying Act 2022	886
Commonwealth Grant for John Flynn Prevocational Doctor Program	875
COVID-19 Antiviral Pharmaceutical Drug Allocation from the State Pharmaceutical Stockpile	793
NaMO Local Nursing & Midwifery Initiative s and Projects for FY24 only	682
Enhancement and Integration of Youth Mental Health Services Initiative	648
Expansion and incrementation of General Practitioner Visiting Medical Officer sessional contracts at Rural Doctors' Settlement Package sites FY2023/24	579
Rural Doctors' Association NSW Obstetric and Anaesthetic Incentive Grants FY2023/24	489
Tertiary Health Study Subsidy Program	360
Transitional Aged Care Places	216
Staff Experience Lead	204
Other (less than \$200,000 each)	3,085
Balance as per Statement of Comprehensive Income	290,214

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

35. 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	63,012	49,005	63,012	49,005
Depreciation and amortisation expense	(28,575)	(24,032)	(28,575)	(24,032)
Allowance for impairment	(1,083)	(502)	(1,083)	(502)
(Increase) / decrease in other liabilities	(232)	1,130	(232)	1,130
Decrease / (increase) in provisions	(4,239)	6,293	(4,239)	6,293
Increase / (decrease) in inventory	(245)	85	(245)	85
Increase / (decrease) in prepayments and other assets	3,939	1,014	3,939	1,014
Decrease / (increase) in payables	(7,611)	1,434	(7,611)	1,434
Decrease / (increase) in contract liabilities	125	598	125	598
Net gain / (loss) on sale of property, plant and equipment	(61)	(219)	(61)	(219)
Net gain / (loss) on disposal of right-of-use assets	424	-	424	-
Assets donated or brought to account (Note 36)	15	507	15	507
Other	(1)	-	(1)	-
Net result	25,468	35,313	25,468	35,313

36. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	15	507	15	507
Property, plant and equipment acquired by a lease	1,822	730	1,822	730
	1,837	1,237	1,837	1,237

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

37. Trust funds

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The District holds trust funds of \$571 thousand (2023: \$541 thousand) 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 District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

Category	1 July 2023	Revenue	Expense	30 June 2024
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	468	26	2	496
Refundable Deposits	2	0	(1)	1
Third Party Funds	71	3	0	75
Total trust funds	541	29	1	571

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening equity			Closing equity
	\$'000	\$000	\$000	\$'000
Patient Trust	450	17	-	468
Refundable Deposits	2	0	-	2
Third Party Funds	141	23	(93)	71
Total trust funds	593	41	(93)	541

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

38. Financial instruments

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

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

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

(a) Financial instrument categories

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Class	Category	Carrying Amount 2024 \$000	Carrying Amount 2023 \$000
Financial assets			
Cash and cash equivalents (Note 20)	Amortised cost	4,855	4,124
Receivables (Note 21) ¹	Amortised cost	14,102	11,329
Total financial assets		18,957	15,453
Financial liabilities			
Borrowings (Note 29)	Financial liabilities measured at amortised cost	2,146	2,095
Payables (Note 27) ²	Financial liabilities measured at amortised cost	38,218	30,529
Total financial liabilities		40,364	32,624

Notes

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

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

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

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

38. i. Credit risk (continued)

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

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

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

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	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.31%	1.77%	6.12%	7.81%	8.04%	1.80%
Estimated total gross carrying amount ¹	4,484	339	294	128	746	5,991
Expected credit loss	14	6	18	10	60	108

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.26%	0.78%	5.63%	7.14%	8.47%	3.53%
Estimated total gross carrying amount ¹	3,914	385	426	350	2,373	7,448
Expected credit loss	10	3	24	25	201	263

Notes

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

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

ii. Liquidity risk

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

38. ii. Liquidity risk (continued)

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

38. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Interest Rate Exposure			Maturity Dates			
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
2024								
Payables:								
- Creditors ²		38,218	-	-	38,218	38,218	-	-
Borrowings:								
- Lease liabilities	5.02	2,237	2,237	-	-	1,072	1,165	-
		40,455	2,237	-	38,218	39,290	1,165	-
2023								
Payables:								
- Creditors ²		30,529	-	-	30,529	30,529	-	-
Borrowings:								
- Lease liabilities	3.6	2,171	2,171	-	-	1,450	721	-
		32,700	2,171	-	30,529	31,979	721	-

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 District can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

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).

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

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

Interest Rate Risk

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

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

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

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

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

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	2024		2023	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(27)	27	(20)	20
Equity	(27)	27	(20)	20

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

38. Financial instruments (continued)

(e) Fair value measurement

i. Fair value compared to carrying amount

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

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

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

ii. Fair value recognised in the Statement of Financial Position

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

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

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

39. 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	705	851
Post-employment benefits	37	37
	742	888

During the financial year, Southern NSW Local Health District obtained key management personnel services from the immediate parent and incurred \$0.39 million (2023: \$0.39 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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 District had with government related entities during the financial year

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

The following operating expenses were incurred with entities controlled by the [immediate/senior] parent:

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements

for the period ended 30 June 2024

39. Related party disclosures (continued)

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

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

- Payroll and fringe benefits taxes
- 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
- Hosted information technology services to Murrumbidgee Local Health District
- Rental income from NSW Pathology and Ambulance NSW

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

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

Assets and liabilities as follows:

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

40. 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 UNAUDITED FINANCIAL STATEMENTS