



INDEPENDENT AUDITOR'S REPORT

Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

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

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Presentation of Budget Information

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

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

16 September 2024
SYDNEY

Sydney Local Health District

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



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

1. The financial statements of Sydney Local Health District for the year ended 30 June 2024 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024*; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly Sydney Local Health District's financial position as at 30 June 2024 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Graeme Loy'.

Graeme Loy PSM
Chief Executive
11 September 2024

A handwritten signature in black ink, appearing to read 'Puneet Datta'.

Puneet Datta
A/Executive Director of Finance
11 September 2024

Sydney Local Health District

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	1,511,545	1,468,257	1,393,912	-	-
Personnel services	3	-	-	-	1,462,119	1,361,621
Visiting medical officers	4	84,279	65,624	71,607	84,279	71,607
Operating expenses	5	705,684	686,784	736,827	705,684	736,827
Depreciation and amortisation	6	100,375	92,760	91,683	100,375	91,683
Grants and subsidies	7	34,882	28,329	27,667	34,882	27,667
Finance costs	8	2,124	494	1,287	2,124	1,287
Payments to Affiliated Health Organisations	9	15,295	15,280	14,332	15,295	14,332
Total expenses excluding losses		2,454,184	2,357,528	2,337,315	2,404,758	2,305,024
Revenue						
Ministry of Health recurrent allocations	12	1,243,862	1,135,891	2,007,786	1,243,862	2,007,786
Ministry of Health capital allocations	12	165,442	163,554	70,585	165,442	70,585
Acceptance by the Crown ² of employee benefits	16	49,426	50,261	32,291	-	-
Sale of goods and services from contracts with customers	13	227,957	257,740	229,228	227,957	229,228
Investment revenue	14	14,077	9,270	10,724	14,077	10,724
Grants and other contributions	15	818,783	787,970	71,718	818,783	89,597
Other income	17	12,075	13,106	14,754	12,075	38,034
Total revenue		2,531,622	2,417,792	2,437,086	2,482,196	2,445,954
Operating result		77,438	60,264	99,771	77,438	140,930
Gains / (losses) on disposal	18	(440)	-	(279)	(440)	(279)
Impairment losses on financial assets	22	(6,546)	(770)	(13,708)	(6,546)	(13,708)
Other gains / (losses)	19	(47)	(44)	31	(47)	31
Net result from continuing operations	38	70,405	59,450	85,815	70,405	126,974
Net result from discontinued operations		-	-	-	-	-
Net result		70,405	59,450	85,815	70,405	126,974
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	25	75,426	-	104,533	75,426	104,533
Total other comprehensive income		75,426	-	104,533	75,426	104,533
TOTAL COMPREHENSIVE INCOME		145,831	59,450	190,348	145,831	231,507

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

Sydney Local Health District

Statement of Financial Position as at 30 June 2024

		Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
	Notes					
ASSETS						
Current assets						
Cash and cash equivalents	21	236,345	216,093	243,115	236,345	243,115
Receivables	22	88,047	83,640	77,084	88,047	77,084
Inventories	23	13,810	13,238	13,118	13,810	13,118
Total current assets		338,202	312,971	333,317	338,202	333,317
Non-current assets						
Receivables	22	59,869	59,869	-	59,869	-
Other financial assets	24	79,777	79,778	77,872	79,777	77,872
Property, plant & equipment	25					
- Land and buildings		2,245,838	2,157,643	2,135,423	2,245,838	2,135,423
- Plant and equipment		107,697	121,004	100,284	107,697	100,284
- Infrastructure systems		28,837	28,516	28,515	28,837	28,515
Total property, plant & equipment		2,382,372	2,307,163	2,264,222	2,382,372	2,264,222
Right-of-use assets	26	51,953	59,579	53,580	51,953	53,580
Intangible assets	27	5,394	5,773	5,773	5,394	5,773
Total non-current assets		2,579,365	2,512,162	2,401,447	2,579,365	2,401,447
Total assets		2,917,567	2,825,133	2,734,764	2,917,567	2,734,764
LIABILITIES						
Current liabilities						
Payables	30	123,135	109,830	102,189	123,135	102,189
Contract liabilities	31	1,102	1,045	1,045	1,102	1,045
Borrowings	32	11,814	10,309	11,480	11,814	11,480
Provisions	33	329,596	331,833	314,685	329,596	314,685
Other current liabilities	34	1,248	145	146	1,248	146
Total current liabilities		466,895	453,162	429,545	466,895	429,545
Non-current liabilities						
Borrowings	32	45,114	52,797	46,471	45,114	46,471
Provisions	33	4,956	4,956	3,977	4,956	3,977
Total non-current liabilities		50,070	57,753	50,448	50,070	50,448
Total liabilities		516,965	510,915	479,993	516,965	479,993
Net assets		2,400,602	2,314,218	2,254,771	2,400,602	2,254,771
EQUITY						
Reserves		1,203,556	1,128,130	1,128,130	1,203,556	1,128,130
Accumulated funds		1,197,046	1,186,088	1,126,641	1,197,046	1,126,641
Total Equity		2,400,602	2,314,218	2,254,771	2,400,602	2,254,771

¹ Unaudited adjusted budget, see Note 37.

The accompanying notes form part of these financial statements.

Sydney Local Health District

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

CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023		1,126,641	1,128,130	2,254,771
Correction of error - long service leave calculations		-	-	-
Balance at 1 July 2023		1,126,641	1,128,130	2,254,771
Net result for the year		70,405	-	70,405
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	75,426	75,426
Total other comprehensive income		-	75,426	75,426
Total comprehensive income for the year		70,405	75,426	145,831
Balance at 30 June 2024		1,197,046	1,203,556	2,400,602

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		1,042,107	1,023,597	2,065,704
Correction of error - long service leave calculations		(1,281)	-	(1,281)
Balance at 1 July 2022		1,040,826	1,023,597	2,064,423
Net result for the year		85,815	-	85,815
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	104,533	104,533
Total other comprehensive income		-	104,533	104,533
Total comprehensive income for the year		85,815	104,533	190,348
Balance at 30 June 2023		1,126,641	1,128,130	2,254,771

The accompanying notes form part of these financial statements.

Sydney Local Health District

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

PARENT

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023		1,126,641	1,128,130	2,254,771
Correction of error - long service leave calculations		-	-	-
Balance at 1 July 2023		1,126,641	1,128,130	2,254,771
Net result for the year		70,405	-	70,405
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	75,426	75,426
Total other comprehensive income		-	75,426	75,426
Total comprehensive income for the year		70,405	75,426	145,831
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		-	-	-
Balance at 30 June 2024		1,197,046	1,203,556	2,400,602

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		1,013,180	1,011,365	2,024,545
Correction of error - long service leave calculations		(1,281)	-	(1,281)
Balance at 1 July 2022		1,011,899	1,011,365	2,023,264
Net result for the year		126,974	-	126,974
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	104,533	104,533
Total other comprehensive income		-	104,533	104,533
Total comprehensive income for the year		126,974	104,533	231,507
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		(12,232)	12,232	-
Balance at 30 June 2023		1,126,641	1,128,130	2,254,771

The accompanying notes form part of these financial statements.

Sydney Local Health District

Statement of Cash Flows for the year ended 30 June 2024

	Consolidated	Consolidated	Consolidated	Parent	Parent
	Actual	Budget ¹	Actual	Actual	Actual
	2024	2024	2023	2024	2023
Notes	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee related	(1,460,863)	(1,416,732)	(1,408,373)	-	-
Suppliers for goods and services	(828,291)	(810,913)	(913,042)	(828,291)	(913,159)
Grants and subsidies	(52,844)	(46,583)	(46,090)	(52,844)	(46,090)
Finance costs	(2,124)	(494)	(1,288)	(2,124)	(1,288)
Personnel services	-	-	-	(1,460,863)	(1,408,373)
Total payments	(2,344,122)	(2,274,722)	(2,368,793)	(2,344,122)	(2,368,910)
Receipts					
Ministry of Health recurrent allocations	1,243,862	1,135,891	2,007,786	1,243,862	2,007,786
Ministry of Health capital allocations	165,442	163,554	70,585	165,442	70,585
Reimbursements from the Crown ²	22,000	22,000	23,161	-	-
Sale of goods and services	231,505	260,637	235,683	231,505	235,987
Interest received	12,064	7,202	8,847	12,064	8,847
Grants and other contributions	801,359	790,886	71,073	801,359	70,880
Other	63,443	63,364	69,030	85,443	115,367
Total receipts	2,539,675	2,443,534	2,486,165	2,539,675	2,509,452
NET CASH FLOWS FROM OPERATING ACTIVITIES	195,553	168,812	117,372	195,553	140,542
38					
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment					
	12	-	-	12	-
Purchases of property, plant and equipment and intangibles					
	(189,006)	(188,840)	(90,070)	(189,006)	(90,070)
Other					
	-	163	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(188,994)	(188,677)	(90,070)	(188,994)	(90,070)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings and advances					
	(897)	(897)	(919)	(897)	(919)
Payment of principal portion of lease liabilities					
	(12,432)	(6,260)	(10,409)	(12,432)	(10,409)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(13,329)	(7,157)	(11,328)	(13,329)	(11,328)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(6,770)	(27,022)	15,974	(6,770)	39,144
Opening cash and cash equivalents	243,115	243,115	227,141	243,115	203,971
CLOSING CASH AND CASH EQUIVALENTS	236,345	216,093	243,115	236,345	243,115
21					
21					

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

Sydney Local Health District

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

1. Statement of Material Accounting Policy Information

a) Reporting entity

Sydney Local Health District (SLHD), 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.

SLHD 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.

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

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

These consolidated financial statements for the year ended 30 June 2024 have been authorised for issue by the Chief Executive on 11 September 2024.

b) Basis of preparation

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

The Secretary of NSW Health, the Chair of Sydney Local Health District Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under SLHD'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 SLHD 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.

Sydney Local Health District

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

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

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.
- * SLHD 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.
- * SLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by SLHD 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.

SLHD 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 SLHD's presentation and functional currency.

c) Statement of Compliance

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

d) Comparative Information

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

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

- * Note 5 Operating expenses: Details of operating expenses were previously split into two tables but have now been combined into one table for a more streamlined presentation in the current year. A number of new expense lines have also been added to provide additional information, these expenses previously formed part of different expense lines. There has been no change in the total operating expense amount.
- * Note 29 Restricted assets: A new category, Clinical trials, has been added from 1 July 2023. The balance of Clinical trials was previously included in the Research category which has now been reclassified out of Research category into Clinical trials.

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

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

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

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

(ii) Issued but not yet effective

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

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

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

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

2. Employee related expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	1,306,128	1,225,454	-	-
Superannuation - defined benefit plans	3,615	4,977	-	-
Superannuation - defined contribution plans	136,635	121,026	-	-
Long service leave	51,182	27,873	-	-
Workers' compensation insurance	13,859	14,522	-	-
Fringe benefits tax	126	60	-	-
	1,511,545	1,393,912	-	-

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

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

Employee related costs of \$1.59 million (2023: \$Nil) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above amounts.

3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	1,306,128	1,225,454
Superannuation - defined benefit plans	-	-	-	-
Superannuation - defined contribution plans	-	-	136,635	121,026
Long service leave	-	-	5,371	559
Workers' compensation insurance	-	-	13,859	14,522
Fringe benefits tax	-	-	126	60
	-	-	1,462,119	1,361,621

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

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

Personnel services of \$1.59 million (2023: \$Nil) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above amounts.

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout SLHD's hospitals. VMO expenses of \$84.28 million (2023: \$71.61 million) represent part of the day-to-day running costs incurred in the normal operations of SLHD. These costs are expensed as incurred.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Operating expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Advertising	489	476	489	476
Agency expenses	10,249	15,829	10,249	15,829
Aircraft expenses	833	615	833	615
Auditor's remuneration - audit of financial	289	276	289	276
Blood and blood products	25,286	23,334	25,286	23,334
Consultants	-	60	-	60
Contractors	3,098	3,343	3,098	3,343
Corporate support services	11,638	8,884	11,638	8,884
Courier and freight	1,479	1,460	1,479	1,460
Disability equipment support expenses	1,272	1,230	1,272	1,230
Domestic supplies and services	22,575	25,184	22,575	25,184
Drug supplies	110,454	134,733	110,454	134,733
Expenses relating to short-term leases	2,501	2,812	2,501	2,812
Expenses relating to leases of low-value assets	2,152	1,855	2,152	1,855
Food supplies	37,674	35,509	37,674	35,509
Fuel, light, power and water	20,974	21,225	20,974	21,225
Information management expenses	53,828	52,718	53,828	52,718
Insurance	2,651	2,553	2,651	2,553
Legal services	2,475	1,650	2,475	1,650
Maintenance (see Note 5 (a))	57,457	59,906	57,457	59,906
Medical and surgical supplies (including	122,164	114,731	122,164	114,731
Membership / professional fees	834	767	834	767
Motor vehicle expenses	2,620	2,325	2,620	2,325
Outsourced patient services	61,118	76,450	61,118	76,450
Patient transport costs	16,787	14,113	16,787	14,113
Postal and telephone costs	2,981	3,919	2,981	3,919
Printing and stationery	3,630	4,270	3,630	4,270
Professional services (excluding consultants)	1,807	2,025	1,807	2,025
Quality assurance / accreditation	338	216	338	216
Rates and charges	605	633	605	633
Security services	7,792	11,005	7,792	11,005
Specialised services (dental, radiology, pathology and allied health)	97,021	95,374	97,021	95,374
Staff related costs	3,189	3,345	3,189	3,345
Travel related costs	7,221	6,100	7,221	6,100
Other miscellaneous	10,203	7,902	10,203	7,902
	705,684	736,827	705,684	736,827

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

Other miscellaneous of \$10.20 million (2023: \$7.90 million) includes audiovisual expenses, capital project expenses, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services, patient support services and translator services amongst others.

Sydney Local Health District

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

5. Operating expenses (continued)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Reconciliation of total maintenance expense				
Corrective maintenance	20,321	24,621	20,321	24,621
Planned maintenance	24,171	22,295	24,171	22,295
New / replacement equipment under \$10,000	12,964	12,984	12,964	12,984
Other	1	6	1	6
Maintenance expense - contracted labour and other (non-employee related) in Note 5	57,457	59,906	57,457	59,906
Employee related / personnel services maintenance expense included in Notes 2 and 3*.	7,323	7,453	7,323	7,453
	64,780	67,359	64,780	67,359

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

Sydney Local Health District

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

6. Depreciation and amortisation

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Depreciation - buildings	66,334	61,797	66,334	61,797
Depreciation - plant and equipment	18,292	17,504	18,292	17,504
Depreciation - infrastructure systems	1,037	978	1,037	978
Depreciation - right-of-use buildings	10,903	7,664	10,903	7,664
Depreciation - right-of-use plant and equipment	3,025	2,858	3,025	2,858
Amortisation - intangible assets	784	882	784	882
	100,375	91,683	100,375	91,683

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

7. Grants and subsidies

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-government organisations	24,916	22,468	24,916	22,468
Grants to research organisations	1,076	2,163	1,076	2,163
Grants to entities controlled by the immediate parent	4,115	703	4,115	703
Other grants	4,775	2,333	4,775	2,333
	34,882	27,667	34,882	27,667

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.

Sydney Local Health District

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

8. Finance costs

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest expense from lease liabilities	2,027	1,167	2,027	1,167
Interest expense from financial liabilities at amortised cost*	97	122	97	122
Other interest charges	-	(2)	-	(2)
	2,124	1,287	2,124	1,287

* Of the interest expense from financial liabilities at amortised cost, \$Nil (2023: \$Nil) related to financial liabilities relating to service concession arrangements. Refer to Note 25 for further details on service concession arrangements.

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

9. Payments to Affiliated Health Organisations

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Recurrent sourced				
Tresillian Family Care Centres at Belmore, Willoughby and Wollstonecraft	14,610	13,675	14,610	13,675
The Benevolent Society	685	657	685	657
	15,295	14,332	15,295	14,332

Recognition and Measurement

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

10. Revenue

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

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

11. Summary of compliance

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

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

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

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

12. Ministry of Health allocations

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

Refer to Note 15 Grants and other contributions for changes in activity-based funding and block funding in scope of the Commonwealth National Health Reform Agreement (NHRA) occur in current financial year.

Sydney Local Health District

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

13 Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Sale of inventories				
Sale and recovery of pharmaceutical supplies	56,950	79,464	56,950	79,464
Sale of prostheses	8,646	8,581	8,646	8,581
Other	163	353	163	353
	65,759	88,398	65,759	88,398

(b) Rendering of services comprise the following:

Patients				
Patient Fees:				
- Inpatient fees	89,570	83,728	89,570	83,728
- Nursing home fees	845	602	845	602
- Non inpatient fees	7,477	5,897	7,477	5,897
Department of Veterans' Affairs	7,170	6,131	7,170	6,131
Motor Accident Authority third party	6,019	4,048	6,019	4,048
Staff				
Private use of motor vehicles	49	45	49	45
Salary packaging fee	337	10	337	10
Meals and accommodation	659	282	659	282
Child care fees	1,433	1,402	1,433	1,402
General community				
Car parking	3,535	925	3,535	925
Clinical services (excluding clinical drug trials)	316	268	316	268
Commercial activities	199	329	199	329
Fees for conferences and training	1,786	1,718	1,786	1,718
Fees for medical records	261	254	261	254
Information retrieval	8	14	8	14
Non-NSW Health entities				
Services to other organisations	8,805	7,248	8,805	7,248
Entities controlled by the immediate				
Hosted service revenues	2,318	2,413	2,318	2,413
Other				
Infrastructure fees - annual charge	8,357	6,240	8,357	6,240
Infrastructure fees - monthly facility charge	18,893	16,989	18,893	16,989
Quarantined Hotel Passengers	1	(537)	1	(537)
Other	4,160	2,824	4,160	2,824
	162,198	140,830	162,198	140,830
	227,957	229,228	227,957	229,228

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement

Sale of goods

Revenue from the sale of goods is recognised when SLHD 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.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services

Revenue from rendering of services is recognised when SLHD 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.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Investment revenue

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interest income from financial assets at amortised	12,165	8,847	12,165	8,847
Finance income on the net investment in the lease	1,906	1,860	1,906	1,860
Royalties	6	17	6	17
	14,077	10,724	14,077	10,724

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).

Finance income on the net investment in the lease

Finance income on the net investment in the lease relates to finance income recognised from the accounting of finance leases as a lessor. Finance income arising from finance leases recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	659,769	-	659,769	-
Cancer Institute grants received from an entity controlled by the immediate parent	4,433	4,345	4,433	4,345
Clinical trials and research grants	14,241	11,388	14,241	11,388
Commonwealth government grants received for community based services	12,258	11,700	12,258	11,700
Commonwealth government grants other	1,000	-	1,000	-
Grants from entities controlled by the ultimate parent	950	988	950	988
Other grants from entities controlled by the immediate parent	151	474	151	18,353
Other grants	7,672	7,318	7,672	7,318
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	83,673	-	83,673	-
Clinical trial and research grants	5,175	4,895	5,175	4,895
Commonwealth government grants other	1,113	133	1,113	133
Grants from entities controlled by the ultimate parent	(2,202)	6,954	(2,202)	6,954
Other grants from entities controlled by the immediate parent	2,151	2,406	2,151	2,406
Other grants	2,409	3,336	2,409	3,336
Donations				
Donations	25,990	17,781	25,990	17,781
	818,783	71,718	818,783	89,597

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15 Grants and other contributions (continued)

Recognition and Measurement

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

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

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

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

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

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	3,615	4,977	-	-
Long service leave provision	45,810	27,314	-	-
	49,425	32,291	-	-

Sydney Local Health District

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

17. Other income

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other income comprises the following:				
Commissions	120	96	120	96
Discounts	123	160	123	160
Insurance refunds *	(425)	1,532	(425)	1,532
Rental income				
- Other rental income	7,132	7,106	7,132	7,106
Sponsorship	591	867	591	867
Other	4,534	4,993	4,534	28,273
	12,075	14,754	12,075	38,034

* Insurance refunds in 2024 is negative, reflecting adjustment of prior year estimated amount.

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.

Sydney Local Health District

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

18. Gains / (losses) on disposal

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	448	280	448	280
Less: proceeds from disposal	12	-	12	-
Net gains / (losses) on disposal	(436)	(280)	(436)	(280)
Right-of-use assets				
Written down value of assets disposed	11	39	11	39
Less: lease liabilities extinguished	7	40	7	40
Net gains / (losses) on disposal	(4)	1	(4)	1
Total gains / (losses) on disposal	(440)	(279)	(440)	(279)

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

19. Other gains / (losses)

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Inventory write up / (down)	(44)	38	(44)	38
Foreign exchange gains / (losses)	(3)	(7)	(3)	(7)
	(47)	31	(47)	31

Recognition and Measurement

Impairment losses on non-financial assets

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

- Note 22 Receivables
- Note 23 Inventories
- Note 25 Property, plant and equipment
- Note 26 Leases
- Note 27 Intangible assets.

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

SLHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. SLHD determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 29 Restricted assets.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. Cash and cash equivalents

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Cash at bank and on hand	1,278	243,115	1,278	243,115
Cash at bank - held by HealthShare NSW*	235,067	-	235,067	-
	236,345	243,115	236,345	243,115

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

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

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

Cash and cash equivalents (per Statement of Financial Position)	236,345	243,115	236,345	243,115
	236,345	243,115	236,345	243,115

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

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

HealthShare NSW, a controlled entity of the immediate parent manages accounts payable and employee related payments on behalf of SLHD for payments to suppliers and employees. HealthShare NSW makes payments after SLHD has reviewed and approved the invoices and employee rosters. SLHD'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 SLHD.

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	67,502	108,237	67,502	108,237
Intra health receivables	25,635	4,188	25,635	4,188
Goods and Services Tax	3,597	4,215	3,597	4,215
Other receivables	3,284	5,184	3,284	5,184
Sub total	100,018	121,824	100,018	121,824
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(17,555)	(52,021)	(17,555)	(52,021)
- Other receivables	(6)	(26)	(6)	(26)
Sub total	82,457	69,777	82,457	69,777
Prepayments	5,590	7,307	5,590	7,307
	88,047	77,084	88,047	77,084

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(52,021)	(44,376)	(52,021)	(44,376)
Amounts written off during the year	39,067	6,021	39,067	6,021
(Increase) / decrease in allowance recognised in the net result ¹	(4,601)	(13,665)	(4,601)	(13,665)
Balance at the end of the year	(17,555)	(52,021)	(17,555)	(52,021)
Other receivables				
Balance at the beginning of the year	(26)	(7)	(26)	(7)
Amounts written off during the year	1,965	23	1,965	23
(Increase) / decrease in allowance recognised in the net result	(1,945)	(42)	(1,945)	(42)
Balance at the end of the year	(6)	(26)	(6)	(26)
	(17,561)	(52,047)	(17,561)	(52,047)
Non-current				
Prepayments	59,869	-	59,869	-
	59,869	-	59,869	-

¹ Includes total impairment loss of \$4.6 million (2023: \$13.67 million) recognised on receivables from contracts with customers.

Sydney Local Health District

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

22. Receivables (continued)

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

Current and non-current include:

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Patient fees - compensable	4,387	4,136	4,387	4,136
Patient fees - Medicare ineligible	22,105	22,095	22,105	22,095
Patient fees - inpatient & other	14,466	16,853	14,466	16,853
	40,958	43,084	40,958	43,084

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 22)	93,137	112,422	93,137	112,422
Total contract receivables	93,137	112,422	93,137	112,422

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

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

23 Inventories

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Held-for-distribution				
Drug supplies	4,619	4,718	4,619	4,718
Medical and surgical supplies	9,191	8,400	9,191	8,400
	13,810	13,118	13,810	13,118

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 SLHD 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.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

24. Other financial assets

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Non-current				
Receivables on finance leases as lessor (Note 26)	79,777	77,872	79,777	77,872
	79,777	77,872	79,777	77,872

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

Recognition and Measurement

All 'regular way' purchases or sales of other financial assets are recognised and derecognised on a trade date basis. Regular way purchases, or sales are purchases or sales of other financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Other financial assets are initially measured at fair value plus any transaction costs. Other financial assets include intra health loans and deposits with a maturity of three months or more.

Subsequent measurement

Financial assets at amortised cost

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as a separate line item in the Statement of Comprehensive Income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains / (losses) together with foreign exchange gains and losses.

Impairment

SLHD recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that SLHD expects to receive, discounted at the original effective interest rate.

ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e. a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. a lifetime ECL). In addition, SLHD considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

SLHD term deposits are issued by financial institutions that have strong credit ratings and therefore considered to be low credit risk investments. Hence, SLHD measures the loss allowance for term deposits at an amount equal to a 12-month ECL. However, when there is a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

SLHD uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the deposits and to estimate ECLs. These estimates are performed at every reporting date.

For lease receivables, the entity applies the simplified approach permitted by AASB 9, where the loss allowance is based on lifetime ECLs.

Sydney Local Health District

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

25. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	2,895,185	264,842	38,100	3,198,127
Less: accumulated depreciation and impairment	877,632	157,858	11,255	1,046,745
Net carrying amount	2,017,553	106,984	26,845	2,151,382

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	2,017,553	106,984	26,845	2,151,382
Additions	80,906	9,147	-	90,053
Reclassification to intangibles	-	(1,661)	-	(1,661)
Disposals	-	(280)	-	(280)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	474	-	474
Net revaluation increments less revaluation decrements	102,910	-	1,623	104,533
Depreciation expense	(61,797)	(17,504)	(978)	(80,279)
Reclassifications	(4,149)	3,124	1,025	-
Net carrying amount at end of year	2,135,423	100,284	28,515	2,264,222

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

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

Sydney Local Health District

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

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	3,130,802	267,133	41,479	3,439,414
Less: accumulated depreciation and impairment	995,379	166,849	12,964	1,175,192
Net carrying amount	2,135,423	100,284	28,515	2,264,222

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	2,135,423	100,284	28,515	2,264,222
Additions	104,624	24,368	-	128,992
Reclassification to intangibles	-	(259)	-	(259)
Disposals	-	(448)	-	(448)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	102	-	102
Net revaluation increments less revaluation decrements	74,067	-	1,359	75,426
Depreciation expense	(66,334)	(18,292)	(1,037)	(85,663)
Reclassifications	(1,942)	1,942	-	-
Net carrying amount at end of year	2,245,838	107,697	28,837	2,382,372

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	3,359,033	275,450	43,520	3,678,003
Less: accumulated depreciation and impairment	1,113,195	167,753	14,683	1,295,631
Net carrying amount	2,245,838	107,697	28,837	2,382,372

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

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

Sydney Local Health District

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

25. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by SLHD

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	2,843,368	264,841	38,100	3,146,309
Less: accumulated depreciation and impairment	853,566	157,859	11,255	1,022,680
Net carrying amount	1,989,802	106,982	26,845	2,123,629

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	1,989,802	106,982	26,845	2,123,629
Additions	80,908	9,149	-	90,057
Reclassification to intangibles	-	(1,661)	-	(1,661)
Disposals	-	(280)	-	(280)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	474	-	474
Net revaluation increment less revaluation decrements	102,794	-	1,623	104,417
Depreciation expense	(60,340)	(17,504)	(978)	(78,822)
Reclassifications	(4,149)	3,124	1,025	-
Net carrying amount at end of year	2,109,015	100,284	28,515	2,237,814

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

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

Sydney Local Health District

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

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	3,078,687	267,133	41,479	3,387,299
Less: accumulated depreciation and impairment	969,672	166,849	12,964	1,149,485
Net carrying amount	2,109,015	100,284	28,515	2,237,814

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	2,109,015	100,284	28,515	2,237,814
Additions	104,624	24,368	-	128,992
Reclassification to intangibles	-	(259)	-	(259)
Disposals	-	(448)	-	(448)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	102	-	102
Net revaluation increments less revaluation decrements	76,227	-	1,359	77,586
Depreciation expense	(67,038)	(18,292)	(1,037)	(86,367)
Reclassifications	(1,942)	1,942	-	-
Net carrying amount at end of year	2,220,886	107,697	28,837	2,357,420

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	3,306,918	275,450	43,520	3,625,888
Less: accumulated depreciation and impairment	1,086,032	167,753	14,683	1,268,468
Net carrying amount	2,220,886	107,697	28,837	2,357,420

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

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

Sydney Local Health District

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

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	51,816	-	-	51,816
Less: accumulated depreciation and impairment	24,067	-	-	24,067
Net carrying amount	27,749	-	-	27,749

	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	27,749	-	-	27,749
Net revaluation increment less revaluation decrements	116	-	-	116
Depreciation expense	(1,457)	-	-	(1,457)
Net carrying amount at end of year	26,408	-	-	26,408

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

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

Sydney Local Health District

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

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	52,115	-	-	52,115
Less: accumulated depreciation and impairment	25,707	-	-	25,707
Net carrying amount	26,408	-	-	26,408

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	26,408	-	-	26,408
Net revaluation increments less revaluation decrements	(2,160)	-	-	(2,160)
Depreciation expense	704	-	-	704
Net carrying amount at end of year	24,952	-	-	24,952

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2024 - fair value				
Gross carrying amount	52,115	-	-	52,115
Less: accumulated depreciation and impairment	27,163	-	-	27,163
Net carrying amount	24,952	-	-	24,952

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

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

Sydney Local Health District

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

25. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Depreciation of property, plant and equipment

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

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

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

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

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

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

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

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

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

Further information on leases is contained in Note 26.

Sydney Local Health District

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

25. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. SLHD 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. SLHD 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 a cumulative increase of 9.56% in market prices for land and material increases in construction and labour costs of 23.60% for buildings and 23.60% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2023 and 2024.

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases

(a) Entity as a lessee

SLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. SLHD 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 SLHD and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$Nil (2023: \$Nil) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$Nil (2023: \$Nil).

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

SLHD 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.

Sydney Local Health District

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

26. Leases (continued)

(a) Entity as a lessee (continued)

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	45,964	7,616	53,580
Additions	8,132	2,763	10,895
Reassessments	1,417	-	1,417
Disposals	-	(11)	(11)
Depreciation expense	(10,903)	(3,025)	(13,928)
Balance at 30 June 2024	44,610	7,343	51,953

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	17,864	5,657	23,521
Additions	34,951	4,848	39,799
Reassessments	813	8	821
Disposals	-	(39)	(39)
Depreciation expense	(7,664)	(2,858)	(10,522)
Balance at 30 June 2023	45,964	7,616	53,580

Sydney Local Health District

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

26. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Balance at 1 July	54,113	23,942
Additions	10,895	39,799
Interest expenses	2,027	1,167
Payments	(14,459)	(11,576)
Terminations / derecognition	(7)	(40)
Other adjustments	1,418	821
Balance at 30 June	53,987	54,113

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

PARENT AND CONSOLIDATION

	2024	2023
	\$000	\$000
Depreciation expense of right-of-use assets	13,928	10,522
Interest expense on lease liabilities	2,027	1,167
Expenses relating to short-term leases	2,501	2,812
Expenses relating to leases of low-value assets	2,152	1,855
(Gains) / losses on disposal	4	(2)
Total amount recognised in the statement of comprehensive income	20,612	16,354

SLHD had total cash outflows for leases of \$19.11 million for the year ended 30 June 2024 (2023: \$16.24 million).

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

26. Leases (continued)

(a) Entity as a lessee (continued)

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

SLHD entered into a number of leases, with lease terms ranging from 1 to 5 with various local councils for the use of community health buildings. The contract specifies lease payments of \$Nil (2023: Nil) per annum. The leased premise is be used by SLHD to provide different community health services. The community health buildings account for a small portion of the similar assets SLHD is using for the purpose of providing community services. Therefore it does not have a significant impact on SLHD's operations.

Recognition and Measurement

SLHD 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.

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

i. Right-of-use assets

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

	Useful lives
Buildings	1 to 10 years
Plant and equipment	1 to 7 years
Motor vehicles and other equipment	1 to 5 years

ii. Lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. SLHD 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, SLHD 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

SLHD 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

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

Sydney Local Health District

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

26. Leases (continued)

(b) Entity as a lessor (continued)

Reconciliation of net investment in leases

PARENT AND CONSOLIDATION

	2024	2023
	\$'000	\$'000
Future undiscounted rentals receivable	-	-
Unguaranteed residual amounts - undiscounted	162,456	162,456
Less: unearned finance income	(82,679)	(84,584)
Net investment in finance lease *	79,777	77,872

* The net investment in finance lease is for Chris O'Brien Lifehouse.

Lessor for operating leases

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

PARENT AND CONSOLIDATION

	2024	2023
	\$'000	\$'000
Within one year	1,389	1,943
One to two years	485	539
Two to three years	381	536
Three to four years	376	463
Four to five years	375	374
Later than five years	2,939	3,272
Total (excluding GST)	5,945	7,127

Sydney Local Health District

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

27. Intangible assets

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	6,836	6,836
Less: accumulated amortisation and impairment	1,859	1,859
Net carrying amount	4,977	4,977

	Software \$000	Total \$000
Year ended 30 June 2023		
Net carrying amount at beginning of year	4,977	4,977
Additions - acquired separately	17	17
Reclassifications from plant and equipment	1,661	1,661
Amortisation (recognised in depreciation and amortisation)	(882)	(882)
Net carrying amount at end of year	5,773	5,773

	Software \$000	Total \$000
At 1 July 2023		
Cost (gross carrying amount)	8,514	8,514
Less: accumulated amortisation and impairment	2,741	2,741
Net carrying amount	5,773	5,773

	Software \$000	Total \$000
Year ended 30 June 2024		
Net carrying amount at beginning of year	5,773	5,773
Additions - acquired separately	146	146
Reclassifications from plant and equipment	259	259
Amortisation (recognised in depreciation and amortisation)	(784)	(784)
Net carrying amount at end of year	5,394	5,394

	Software \$000	Total \$000
At 30 June 2024		
Cost (gross carrying amount)	8,919	8,919
Less: accumulated amortisation and impairment	3,525	3,525
Net carrying amount	5,394	5,394

Recognition and Measurement

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

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

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

Sydney Local Health District

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

28. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, SLHD 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
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2024	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 25)				
- Land and buildings	-	34,830	2,013,955	2,048,785
- Infrastructure systems	-	-	28,838	28,838
	-	34,830	2,042,793	2,077,623

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

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 25.

	Level 1	Level 2	Level 3	Total Fair Value
2023	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 25)				
- Land and buildings	-	34,228	1,969,243	2,003,471
- Infrastructure systems	-	-	28,516	28,516
	-	34,228	1,997,759	2,031,987

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

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 25.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems SLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE Valuations Pty Limited (CBRE) for the 2021-22 financial year. CBRE Valuations Pty Limited (CBRE) is an independent entity and is not an associated entity of SLHD.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 25).

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

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

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

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

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

Sydney Local Health District

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

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

2024	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2023	1,969,243	28,516	1,997,759
Additions*	37,277	-	37,277
Revaluation increments/(decrements) recognised in other comprehensive income - included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	73,377	1,359	74,736
Depreciation expense	(65,942)	(1,037)	(66,979)
Fair value as at 30 June 2024	2,013,955	28,838	2,042,793

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

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

2023	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2022	1,911,177	26,845	1,938,022
Additions*	15,144	1,025	16,169
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	104,220	1,624	105,844
Depreciation expense	(61,298)	(978)	(62,276)
Fair value as at 30 June 2023	1,969,243	28,516	1,997,759

* 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.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

29. Restricted assets

PARENT AND CONSOLIDATION

SLHD'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	1,179	1,631	484	2,326
Facility improvements	83,881	25,825	19,942	89,764
Holds funds in perpetuity	457	8	7	458
Patient welfare	3,888	721	609	4,000
Private practice disbursements (No.2 Accounts)	49,372	10,701	10,542	49,531
Public contributions	13,724	2,744	5,041	11,427
Clinical trials	8,039	5,803	2,894	10,948
Research	68,703	21,241	22,464	67,480
Staff welfare	137	20	40	117
Training and education including conferences	12,974	2,038	2,349	12,663
	242,354	70,732	64,372	248,714

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

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

Unclaimed monies

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

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.

Sydney Local Health District

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

30. Payables

	Consolidated		Parent	
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Current				
Accrued salaries, wages and on-costs	36,282	26,386	-	-
Salaries and wages deductions	191	207	-	-
Payroll and fringe benefits tax	-	(78)	-	-
Accrued liability - purchase of personnel services	-	-	36,473	26,515
Creditors	54,745	51,723	54,745	51,723
Other creditors				
- Payables to entities controlled by the immediate parent	31,868	23,277	31,868	23,277
- Other	49	674	49	674
	123,135	102,189	123,135	102,189

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

Recognition and Measurement

Payables represent liabilities for goods and services provided to SLHD 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.

Sydney Local Health District

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

31. Contract liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Contract liabilities	1,102	1,045	1,102	1,045
	1,102	1,045	1,102	1,045

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,045	643	1,045	555

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

Specific revenue class	2025 \$000	2026 \$000	2027 \$000	≥ 2028 \$000	Total \$000
Sales of goods and services from contracts with customers	-	-	-	-	-
Grants and other contributions	-	-	-	-	-
	-	-	-	-	-

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

32. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Other loans and deposits	874	897	874	897
Lease liabilities (see Note 26)	10,940	10,583	10,940	10,583
	11,814	11,480	11,814	11,480
Non-current				
Other loans and deposits	2,067	2,941	2,067	2,941
Lease liabilities (see Note 26)	43,047	43,530	43,047	43,530
	45,114	46,471	45,114	46,471

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

Final repayment of the Energy Efficient Government Program (EEGP) loans is scheduled for 31 December 2029.

Other loans still to be extinguished represent monies to be repaid to the NSW Treasury, which is controlled by the State of New South Wales, ultimate parent.

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

Sydney Local Health District

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

32. Borrowings (continued)

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 SLHD has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 41 (b) for derecognition policy.

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.

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
- 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.

SLHD 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.

Sydney Local Health District

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

32. Borrowings (continued)

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, SLHD's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation, and an expected credit loss provision.

SLHD 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

	Other loans and deposits \$000	Leases \$000	Total liabilities from \$000
1 July 2022	4,757	23,943	28,700
Cash flows	(919)	(10,409)	(11,328)
New leases	-	39,798	39,798
Lease terminations	-	(40)	(40)
Lease reassessments	-	821	821
30 June 2023	3,838	54,113	57,951
1 July 2023	3,838	54,113	57,951
Cash flows	(897)	(12,432)	(13,329)
New leases	-	10,895	10,895
Lease terminations	-	(7)	(7)
Lease reassessments	-	1,418	1,418
30 June 2024	2,941	53,987	56,928

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.

Sydney Local Health District

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

33. Provisions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
- Obligations expected to be settled within 12 months	148,604	128,611	-	-
- Obligations expected to be settled after 12 months	117,663	134,868	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	3,608	2,849	-	-
- Obligations expected to be settled after 12 months	41,105	37,471	-	-
Parental leave				
- Obligations expected to be settled within 12 months	8,836	-	-	-
Provision for other employee benefits	9,100	10,206	-	-
Provision for personnel services liability	-	-	328,916	314,005
	328,916	314,005	328,916	314,005
Other Provisions				
Restoration costs	680	680	680	680
	680	680	680	680
Total current provisions	329,596	314,685	329,596	314,685
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	4,956	3,977	-	-
Provision for personnel services liability	-	-	4,956	3,977
Total non-current provisions	4,956	3,977	4,956	3,977
Aggregate employee benefits and related on-costs				
Provisions - current	328,916	314,005	-	-
Provisions - non-current	4,956	3,977	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 30)	36,473	26,593	-	-
Liability - purchase of personnel services	-	-	370,345	344,575
	370,345	344,575	370,345	344,575

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Provisions (continued)

Movements in provisions (other than employee benefits)

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Restoration costs				
Carrying amount at beginning of period	680	1,431	680	1,431
- Amounts used	-	(751)	-	(751)
Carrying amount at end of period	680	680	680	680

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other				
Carrying amount at beginning of period	-	2,616	-	2,616
- Amounts used	-	(2,616)	-	(2,616)
Carrying amount at end of period	-	-	-	-

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

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 21.58% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 20.88%). SLHD has assessed the actuarial advice based on the SLHD'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 SLHD does not expect to settle the liability within 12 months as SLHD does not have an unconditional right to defer settlement.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

33. Provisions (continued)

Recognition and Measurement (continued)

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

Long service leave and superannuation

SLHD'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. SLHD 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 SLHD.

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.

Sydney Local Health District

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

34. Other liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Unearned revenue	1,237	13	1,237	13
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	11	133	11	133
	1,248	146	1,248	146

PARENT AND CONSOLIDATION

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

	2024 \$'000	2023 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	133	233
Add: receipt of cash during the financial year	(122)	(100)
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	11	133

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

SLHD 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.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

35. Commitments

(a) Capital commitments

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Within one year	287,481	57,283	287,481	57,283
Later than one year and not later than five years	433,124	14,921	433,124	14,921
Later than five years	-	420	-	420
Total (including GST)	720,605	72,624	720,605	72,624

The significant increase in capital commitments is mainly related to Royal Prince Alfred Hospital Redevelopment in next five years.

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$720.61 million as at 30 June 2024 includes input tax credits of \$65.510 million that are expected to be recoverable from the Australian Taxation Office (2023: \$6.602 million).

Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$6.539 million as at 30 June 2024 includes taxable sales of \$0.594 million that are expected to be payable to the Australian Taxation Office (2023: \$0.713 million).

36. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

(a) Contingent liabilities

SLHD does not have any known contingent liabilities in FY2024 (2023: Nil).

(b) Contingent assets

Except as detailed in Note 36(b), SLHD does not have any known contingent assets in FY2024 (2023: Nil).

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. Adjusted budget review

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was higher than adjusted budget by \$11 million, primarily due to:

This result is related to unfavourable variances in Total Expenses excluding losses (\$96.656M), Doubtful Debts (\$5.776M), and Losses on Disposal of Asset (\$0.443M), and offset by favourable variances in Total Revenue (\$113.830M)

There were increases in major expense lines including Employee Related Expenses, Visiting Medical Officer Payments, Operating expenses, Right of Use of Assets and Grants and subsidies.

The favourability of \$113.830M in Total Revenue was primarily due to recurrent and capital allocations amounting to \$101.971M and \$1.888M respectively. This was offset predominantly by unfavourabilities in Patient fees and Facility fees.

Assets and liabilities

Total Assets were higher by \$92.434M compared to Budget. This comprised both a \$25.231M increase in current assets and in non current assets amounting to \$67.203M. The increase in current assets related to cash and cash equivalents (\$20.252M), receivables (\$4.407M) and inventory (\$0.572M). The major reason for the increase in receivables was attributed to non operating debtors (\$8.715M) and intrahealth receivables (\$1.028M) mitigated by decrease in capital prepayment (\$6.417M). The increase of \$67.203M in non current assets was mainly due to increase in property, plant and equipment of \$75.209M mitigated by decrease in right of use of assets (\$7.626M) as a result of the adoption of current revaluation for land and buildings.

Total Liabilities were higher by \$6.050M compared to Budget. Majority of the difference was a result of the increase in payables amounting to \$13.305M and offset by decrease in provisions amounting to \$2.237M. The increase in provisions was due to the impact actuarial valuations of annual leave and long service leave.

Cash flows

The net increase in cash and cash equivalents was \$20.252M as compared to the Budget. This was represented by net cash flows increase in cash operating, and decrease in investing and financing activities amounting to \$26.741M, \$0.341M and \$6.172M respectively. Total payments net effect in cash operating activities increased by \$69.401M primarily in Goods and Services. Total receipts in cash operating activities increased by \$96.142M was majority from recurrent allocations. Net cash flows decrease from investing was majority due to the increase in purchases of plant, property, and equipment of which are projects of the capital programs by the District. Net cash flows decrease from financing activities was majority due to increase in payments of principal portion of lease liabilities by \$6.172M.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

37. Adjusted budget review (continued)

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

	\$000
Initial allocation, 1 July 2023	1,683,719
Award increases	54,864
Special projects:	
Cell and Gene Therapies	19,928
RPA Virtual Hospital budget	15,860
Funding for Safe Staffing Levels	12,252
Goods and services escalation	11,770
Service Demand and Volume Growth	10,940
Revenue budget reduction	10,200
One off item expenditure support	9,560
Recovery and Resilience	9,048
Highly Specialised Services	4,713
Leap Year Funding	4,214
IntraHealth - HealthShare Adjustment	4,007
The Special Commission of Inquiry into the Drug 'Ice' Implementation	3,789
High Cost Patient Pool	3,164
Better salary packaging for healthcare workers	2,966
IntraHealth - Pathology Adjustment	2,848
Concord Hospital - Employer Superannuation Contributions	2,484
COVID-19 Antiviral Pharmaceutical Drug Allocation	2,399
IntraHealth - eHealth Adjustment	2,370
Support for Deferred Care Elective Surgery	1,654
Gas Price Increase Budget Relief	1,552
Full Stop Australia	1,398
Waived Car Parking Fees for Staff	1,323
Towards Zero Suicides	1,237
Enhancing End of Life Care	1,196
Lower Cost IVF	1,008
Implementation of the NSW Voluntary Assisted Dying Act 2022	400
ABF Commonwealth Revenue	(660,860)
Block Commonwealth Revenue	(83,673)
Other	(439)
Balance as per Statement of Comprehensive Income	1,135,891

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

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

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

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Net cash used on operating activities	195,553	117,372	195,553	140,542
Depreciation and amortisation expense	(100,375)	(91,683)	(100,375)	(91,683)
Allowance for impairment	(6,590)	(13,670)	(6,590)	(13,670)
(Increase) / decrease in other liabilities	(1,103)	88	(1,103)	88
Decrease / (increase) in provisions	(15,890)	28,364	(15,890)	28,363
Increase / (decrease) in inventory	736	(196)	736	(196)
Increase / (decrease) in prepayments and other	18,540	7,116	18,540	7,455
Decrease / (increase) in payables	(20,072)	38,631	(20,072)	38,489
Decrease / (increase) in contract liabilities	(57)	(402)	(57)	(490)
Net gain / (loss) on sale of property, plant and equipment	(436)	(280)	(436)	(280)
Net gain / (loss) on disposal of right-of-use assets	(4)	1	(4)	1
Assets donated or brought to account (Note 39)	103	474	103	18,355
Net result	70,405	85,815	70,405	126,974

39. Non-cash financing and investing activities

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Assets donated or brought to account	103	474	103	18,355
Property, plant and equipment acquired by a lease	10,895	39,799	10,895	39,799
	10,998	40,273	10,998	58,154

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

40. Trust funds

PARENT AND CONSOLIDATION

SLHD holds trust funds of \$12.1 million (2023: \$12.4 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

These funds are excluded from the financial statements as SLHD 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	149	14	(12)	151
Refundable Deposits	233	30	(16)	247
Private Patient Trust Funds	-	36,725	(36,725)	-
Third Party Funds	11,986	5,958	(6,231)	11,713
Total trust funds	12,368	42,727	(42,984)	12,111

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening equity			Closing equity
	\$'000	\$'000	\$'000	\$'000
Patient Trust	149	7	(7)	149
Refundable Deposits	215	26	(8)	233
Private Patient Trust Funds	-	35,868	(35,868)	-
Third Party Funds	9,787	8,670	(6,471)	11,986
Total trust funds	10,151	44,571	(42,354)	12,368

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.

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments

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

SLHD's main risks arising from financial instruments are outlined below, together with SLHD'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 SLHD, 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	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 22)	Amortised cost	236,345	243,115
Receivables (Note 22) ¹	Amortised cost	78,860	65,562
Other financial assets (Note 24)	Amortised cost	79,777	77,872
Total financial assets		394,982	386,549
Financial liabilities			
Borrowings (Note 32)	Financial liabilities measured at amortised cost	56,928	57,951
Payables (Note 30) ²	Financial liabilities measured at amortised cost	123,135	102,267
Total financial liabilities		180,063	160,218

Notes

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

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

SLHD 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:

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

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

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

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

Credit risk associated with SLHD'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.

Sydney Local Health District

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

41. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

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

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

Sydney Local Health District

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

41. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

Receivables - trade receivables, other receivables contract assets and lease receivables

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

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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	1.85%	22.15%	39.12%	29.15%	62.84%	11.66%
Estimated total gross carrying amount ¹	119,295	6,252	3,717	2,580	18,719	150,563
Expected credit loss	2,207	1,385	1,454	752	11,763	17,561

	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	0.93%	6.47%	15.55%	31.97%	72.10%	27.21%
Estimated total gross carrying amount ¹	110,973	7,034	2,804	1,717	68,765	191,293
Expected credit loss	1,028	455	436	549	49,579	52,047

Notes

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

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

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

Sydney Local Health District

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

41. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

SLHD 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 SLHD fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

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

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

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

Sydney Local Health District

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

41. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			
	EIR ³ %	Nominal Amount ¹ \$000	Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2024								
Payables:								
- Creditors ²		123,135	-	-	123,135	123,135	-	-
Borrowings:								
- Other loans and deposits	2.77%	3,092	3,092	-	-	946	2,092	54
- Lease liabilities	3.68%	61,409	61,409	-	-	13,238	33,840	14,331
		187,636	64,501	-	123,135	137,319	35,932	14,385
2023								
Payables:								
- Creditors ²		102,267	-	-	102,267	102,267	-	-
Borrowings:								
- Other loans and deposits	2.77%	4,086	4,086	-	-	994	2,928	164
- Lease liabilities	3.28%	61,469	61,469	-	-	13,191	34,965	13,313
		167,822	65,555	-	102,267	116,452	37,893	13,477

Notes:

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

³ Weighted Average Effective Interest Rate (EIR).

Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

41. Financial instruments (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. SLHD's exposures to market risk are primarily through interest rate risk on SLHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. SLHD 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 SLHD 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.

SLHD 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, SLHD 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	(2,592)	2,592	(2,630)	2,630
Equity	(2,592)	2,592	(2,630)	2,630

Foreign exchange risk

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

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

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

Sydney Local Health District

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

42. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2024	2023
	\$000	\$000
Short-term employee benefits	676	772
Post-employment benefits	117	114
	793	886

During the financial year, Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$0.521 million (2023: \$0.510 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

SLHD's key management personnel comprise its board members and 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 SLHD had with government related entities during the financial year

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

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

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

Sydney Local Health District

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

42. Related party disclosures (continued)

(d) Transactions SLHD 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
- 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
- Rental income from NSW Health Pathology

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

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

Assets and liabilities as follows:

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

43. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS