



## INDEPENDENT AUDITOR'S REPORT

### Central Coast Local Health District

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of the Central Coast Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

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

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

### Basis for Opinion

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

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

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

I have fulfilled my other ethical responsibilities in accordance with 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 36. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

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

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

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

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

My objectives are to:

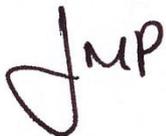
- obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Jan-Michael Perez  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

5 October 2022  
SYDNEY

# Central Coast Local Health District

## Statement by the Accountable Authority

for the year ended 30 June 2022



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

1. The financial statements of the Central Coast Local Health District for the year ended 30 June 2022 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 2018*; and
  - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Central Coast Local Health District's financial position as at 30 June 2022 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 'Scott McLachlan'.

Scott McLachlan

**Chief Executive**

30 September 2022

A handwritten signature in black ink, appearing to read 'Steve Carr'.

Steven Carr

**District Director Asset Management,  
Finance and Procurement**

30 September 2022

# Central Coast Local Health District

## Statement of Comprehensive Income for the year ended 30 June 2022

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget <sup>1</sup>	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	Notes	\$000	\$000	\$000	\$000	\$000
<b>Continuing operations</b>						
<b>Expenses excluding losses</b>						
Employee related expenses	2	679,075	672,523	658,222	-	-
Personnel services	3	-	-	-	681,142	656,383
Visiting medical officers	4	33,495	33,935	34,005	33,495	34,005
Other expenses	5	243,688	248,943	231,475	243,688	231,475
Depreciation and amortisation	6	43,101	41,365	38,992	43,101	38,992
Grants and subsidies	7	9,953	10,575	8,645	9,953	8,645
Finance costs	8	210	376	190	210	190
<b>Total expenses excluding losses</b>		<b>1,009,522</b>	<b>1,007,717</b>	<b>971,529</b>	<b>1,011,589</b>	<b>969,690</b>
<b>Revenue</b>						
Ministry of Health recurrent allocations	11	842,282	823,995	821,841	842,282	821,841
Ministry of Health capital allocations	11	29,793	28,960	128,503	29,793	128,503
Acceptance by the Crown <sup>2</sup> of employee benefits	15	(2,067)	(2,078)	1,839	-	-
Sale of goods and services from contracts with customers	12	84,208	89,573	92,113	84,208	92,113
Investment revenue	13	(89)	66	1,230	(89)	1,230
Grants and other contributions	14	38,174	37,339	12,863	38,174	12,863
Other income	16	1,185	6,609	2,262	1,185	2,262
<b>Total revenue</b>		<b>993,486</b>	<b>984,464</b>	<b>1,060,651</b>	<b>995,553</b>	<b>1,058,812</b>
<b>Operating result</b>		<b>(16,036)</b>	<b>(23,253)</b>	<b>89,122</b>	<b>(16,036)</b>	<b>89,122</b>
Gains / (losses) on disposal	17	16,766	17,570	694	16,766	694
Impairment losses on financial assets	21	(449)	(158)	(214)	(449)	(214)
Other gains / (losses)	18	(255)	(255)	-	(255)	-
<b>Net result from continuing operations</b>	<b>37</b>	<b>26</b>	<b>(6,096)</b>	<b>89,602</b>	<b>26</b>	<b>89,602</b>
<b>Net result</b>		<b>26</b>	<b>(6,096)</b>	<b>89,602</b>	<b>26</b>	<b>89,602</b>
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to net result in subsequent periods</i>						
Changes in revaluation surplus of property, plant and equipment	24	101,270	-	-	101,270	-
<b>Total other comprehensive income</b>		<b>101,270</b>	<b>-</b>	<b>-</b>	<b>101,270</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>101,296</b>	<b>(6,096)</b>	<b>89,602</b>	<b>101,296</b>	<b>89,602</b>

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

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

The accompanying notes form part of these financial statements.

**Central Coast Local Health District**  
**Statement of Financial Position as at 30 June 2022**

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget <sup>1</sup>	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	Notes	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	20	38,936	39,687	37,572	38,936	37,572
Receivables	21	19,721	19,316	16,038	19,721	16,038
Inventories	22	5,813	5,917	5,552	5,813	5,552
Financial assets at fair value	23	8,902	9,524	9,524	8,902	9,524
<b>Total current assets</b>		<b>73,372</b>	<b>74,444</b>	<b>68,686</b>	<b>73,372</b>	<b>68,686</b>
<b>Non-current assets</b>						
Property, plant & equipment	24					
- Land and buildings		995,515	879,983	949,142	995,515	949,142
- Plant and equipment		63,045	76,097	59,261	63,045	59,261
- Infrastructure systems		34,555	27,771	27,771	34,555	27,771
Total property, plant & equipment		1,093,115	983,851	1,036,174	1,093,115	1,036,174
Right-of-use assets	25	8,376	10,375	8,165	8,376	8,165
<b>Total non-current assets</b>		<b>1,101,491</b>	<b>994,226</b>	<b>1,044,339</b>	<b>1,101,491</b>	<b>1,044,339</b>
<b>Total assets</b>		<b>1,174,863</b>	<b>1,068,670</b>	<b>1,113,025</b>	<b>1,174,863</b>	<b>1,113,025</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	28	55,049	66,628	49,021	55,049	49,021
Contract liabilities	29	2,452	2,241	2,241	2,452	2,241
Borrowings	30	2,763	3,036	3,554	2,763	3,554
Provisions	31	127,468	127,837	106,733	127,468	106,733
Other current liabilities	32	481	(8,879)	66,081	481	66,081
<b>Total current liabilities</b>		<b>188,213</b>	<b>190,863</b>	<b>227,630</b>	<b>188,213</b>	<b>227,630</b>
<b>Non-current liabilities</b>						
Borrowings	30	5,991	9,194	6,432	5,991	6,432
Provisions	31	1,539	1,539	1,739	1,539	1,739
Other non-current liabilities	32	5,594	4,994	4,994	5,594	4,994
<b>Total non-current liabilities</b>		<b>13,124</b>	<b>15,727</b>	<b>13,165</b>	<b>13,124</b>	<b>13,165</b>
<b>Total liabilities</b>		<b>201,337</b>	<b>206,590</b>	<b>240,795</b>	<b>201,337</b>	<b>240,795</b>
<b>Net assets</b>		<b>973,526</b>	<b>862,080</b>	<b>872,230</b>	<b>973,526</b>	<b>872,230</b>
<b>EQUITY</b>						
Reserves		171,073	69,803	69,803	171,073	69,803
Accumulated funds		802,453	792,277	802,427	802,453	802,427
<b>Total Equity</b>		<b>973,526</b>	<b>862,080</b>	<b>872,230</b>	<b>973,526</b>	<b>872,230</b>

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

The accompanying notes form part of these financial statements.

# Central Coast Local Health District

## Statement of Changes in Equity for the year ended 30 June 2022

### PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2021</b>		<b>802,427</b>	<b>69,803</b>	<b>872,230</b>
<b>Net result for the year</b>		<b>26</b>	<b>-</b>	<b>26</b>
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	24	-	101,270	101,270
<b>Total other comprehensive income</b>		<b>-</b>	<b>101,270</b>	<b>101,270</b>
<b>Total comprehensive income for the year</b>		<b>26</b>	<b>101,270</b>	<b>101,296</b>
<b>Balance at 30 June 2022</b>		<b>802,453</b>	<b>171,073</b>	<b>973,526</b>

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2020</b>		<b>712,119</b>	<b>70,509</b>	<b>782,628</b>
<b>Net result for the year</b>		<b>89,602</b>	<b>-</b>	<b>89,602</b>
<b>Other comprehensive income:</b>				
Reclassification of revaluation increments / (decrements) to accumulated funds on disposal of assets		706	(706)	-
<b>Total other comprehensive income</b>		<b>706</b>	<b>(706)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>90,308</b>	<b>(706)</b>	<b>89,602</b>
<b>Balance at 30 June 2021</b>		<b>802,427</b>	<b>69,803</b>	<b>872,230</b>

The accompanying notes form part of these financial statements.

# Central Coast Local Health District

## Statement of Cash Flows for the year ended 30 June 2022

	Notes	Consolidated Actual 2022 \$000	Consolidated Budget <sup>1</sup> 2022 \$000	Consolidated Actual 2021 \$000	Parent Actual 2022 \$000	Parent Actual 2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related		(674,791)	(656,942)	(667,944)	-	-
Suppliers for goods and services		(283,696)	(294,340)	(271,251)	(283,696)	(271,251)
Grants and subsidies		(9,106)	(9,919)	(9,505)	(9,106)	(9,505)
Finance costs		(209)	(45)	(189)	(209)	(189)
Personnel services		-	-	-	(674,791)	(667,944)
<b>Total payments</b>		<b>(967,802)</b>	<b>(961,246)</b>	<b>(948,889)</b>	<b>(967,802)</b>	<b>(948,889)</b>
<b>Receipts</b>						
Ministry of Health recurrent allocations		842,282	823,995	821,841	842,282	821,841
Ministry of Health capital allocations		29,793	28,960	128,503	29,793	128,503
Reimbursements from the Crown <sup>2</sup>		11,830	11,830	8,927	11,830	8,927
Sale of goods and services		83,440	90,923	93,391	83,440	93,391
Interest received		1,147	66	1,230	1,147	1,230
Grants and other contributions		15,215	14,433	14,024	15,215	14,024
Other		16,659	11,707	23,559	16,659	23,559
<b>Total receipts</b>		<b>1,000,366</b>	<b>981,914</b>	<b>1,091,475</b>	<b>1,000,366</b>	<b>1,091,475</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	37	<b>32,564</b>	<b>20,668</b>	<b>142,586</b>	<b>32,564</b>	<b>142,586</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of property, plant and equipment		97	-	2,365	97	2,365
Purchases of property, plant and equipment		(25,879)	(16,957)	(137,336)	(25,879)	(137,336)
Purchases of financial assets		(614)	-	(1,081)	(614)	(1,081)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(26,396)</b>	<b>(16,957)</b>	<b>(136,052)</b>	<b>(26,396)</b>	<b>(136,052)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings and advances		-	-	1,879	-	1,879
Repayment of borrowings and advances		(1,797)	-	(82)	(1,797)	(82)
Payment of principal portion of lease liabilities		(3,007)	(1,596)	(3,225)	(3,007)	(3,225)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(4,804)</b>	<b>(1,596)</b>	<b>(1,428)</b>	<b>(4,804)</b>	<b>(1,428)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
Opening cash and cash equivalents	20	37,572	37,572	32,466	37,572	32,466
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	20	<b>38,936</b>	<b>39,687</b>	<b>37,572</b>	<b>38,936</b>	<b>37,572</b>

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

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

The accompanying notes form part of these financial statements.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

The Central Coast Local Health District (the District) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The District is a NSW Government entity and is controlled by the Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The District, as a reporting entity, comprises all the entities under its control, namely:

- \* The parent entity comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in Note 27), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- \* The Central Coast Local Health District Special Purpose Service Entity, which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

As a consequence, the values in the financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, 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 2022 have been authorised for issue by the Chief Executive on 30 September 2022.

#### b) Basis of preparation

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

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

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

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 1. Statement of Significant Accounting Policies

Following the Novel Coronavirus (COVID-19) outbreak in early 2020, the District has seen a decline in expected hospital activities. The Australian Government imposed restrictions on health systems, including a suspension of non-urgent elective surgeries at different times, to ensure increased public hospital capacity would be available. Ongoing critical resources have been reassigned to treat, test and manage surges of COVID-19 cases. A free COVID-19 vaccination program for all Australian citizens, permanent residents, and most visa-holders commenced during 2021.

The Commonwealth has entered a National Partnership Agreement (NPA), in response to the COVID-19 pandemic, with States and Territories, including NSW which has been extended through until 31 December 2022. The Agreement delivers funding to public hospitals and provides stability and certainty of funding while ensuring access to health services in public hospitals.

The 2022-23 Ministry of Health budget included over \$33.5 billion in expense and capital for the NSW Health Cluster. Appropriation revenue of \$18.7 billion was enshrined in legislation on 21 June 2022 in Part 2, Division 4 and Part 3 of the *Appropriation (Parliament) Bill 2022*.

The District has received an additional \$43.0 million (2021: \$44.2 million) through Ministry of Health allocations as financial support for COVID-19 activity, see Note 11.

Despite the impact of COVID-19, the going concern assumption remains appropriate. Reasons for this include:

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

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

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

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

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

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 1. Statement of Significant Accounting Policies

#### c) Statement of Compliance

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

#### d) Accounting for the Goods & Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- \* amount of GST incurred by the District as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- \* receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

#### e) Foreign currency translation

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in net result.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or net results are also recognised in other comprehensive income or net results, respectively).

#### f) 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.

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

##### (i) Effective for the first time in 2021-22

The accounting policies applied in 2021-22 are consistent with those of the previous financial year.

Several amendments and interpretations apply for the first time in 2021-22, but do not have an impact on the financial statements of the District.

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

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The District, has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the District.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 1. Statement of Significant Accounting Policies

#### h) Impact of COVID-19 on Financial Reporting for 2021-22

The COVID-19 pandemic has resulted in significant changes in the District activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2021-22 and increased disclosures are presented in the following notes:

- \* Note 1b) Basis of preparation
- \* Note 5 Operating expenses
- \* Note 7 Grants and subsidies
- \* Note 11 Ministry of Health allocations
- \* Note 12 Sale of goods and services from contracts with customers
- \* Note 14 Grants and other contributions
- \* Note 18 Other gains / (losses)
- \* Note 21 Receivables
- \* Note 22 Inventories
- \* Note 25 Leases
- \* Note 26 Fair value measurement of non-financial assets
- \* Note 31 Provisions
- \* Note 36 Adjusted budget review

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**2. Employee related expenses**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Salaries and wages (including annual leave and allocated days off)	610,793	586,531	-	-
Superannuation - defined benefit plans	1,899	1,941	-	-
Superannuation - defined contribution plans	58,089	52,670	-	-
Long service leave	(6,188)	3,674	-	-
Redundancies	265	70	-	-
Workers' compensation insurance	14,201	13,318	-	-
Fringe benefits tax	16	18	-	-
	<b>679,075</b>	<b>658,222</b>	<b>-</b>	<b>-</b>

Refer to Note 31 for further details on recognition and measurement of employee related expenses.

The long service leave in 2021 was impacted by significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

**3. Personnel services**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	610,793	586,531
Superannuation - defined contribution plans	-	-	58,089	52,670
Long service leave	-	-	(2,222)	3,776
Redundancies	-	-	265	70
Workers' compensation insurance	-	-	14,201	13,318
Fringe benefits tax	-	-	16	18
	<b>-</b>	<b>-</b>	<b>681,142</b>	<b>656,383</b>

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

**4. Visiting medical officers**

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing speciality input in a number of disciplines throughout the District's hospitals. VMO expenses of \$33.5 million (2021: \$34.01 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 5. Other expenses

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Advertising	397	182	397	182
Auditor's remuneration - audit of financial statements	199	184	199	184
Blood and blood products	7,372	6,367	7,372	6,367
Consultancies	1,270	562	1,270	562
Contractors	17	-	17	-
Domestic supplies and services	9,356	9,700	9,356	9,700
Drug supplies*	36,490	30,412	36,490	30,412
Food supplies	17,806	17,522	17,806	17,522
Fuel, light and power	6,350	6,159	6,350	6,159
Patient transport costs	7,978	8,723	7,978	8,723
Information management expenses	21,539	18,669	21,539	18,669
Insurance	1,332	1,103	1,332	1,103
Maintenance (see Note 5 (b))	19,395	20,679	19,395	20,679
Medical and surgical supplies	41,822	40,529	41,822	40,529
Motor vehicle expenses	979	1,032	979	1,032
Postal and telephone costs	1,403	1,404	1,403	1,404
Printing and stationery	1,295	1,371	1,295	1,371
Rates and charges	628	521	628	521
Hosted services purchased from entities controlled by the immediate parent	8,871	9,463	8,871	9,463
Specialised services (dental, radiology, pathology, allied health, dialysis, psychology, respite and cancer)	37,376	34,611	37,376	34,611
Staff related costs	1,898	2,711	1,898	2,711
Travel related costs	913	965	913	965
Other (see Note 5 (a))	19,002	18,606	19,002	18,606
	<b>243,688</b>	<b>231,475</b>	<b>243,688</b>	<b>231,475</b>

\* Drug supplies includes \$3.58 million (2021: \$Nil) of COVID-19 vaccinations administered by vaccination hubs within the District. Refer to Note 22 for further details on COVID-19 vaccines.

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

# Central Coast Local Health District

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022

## 5. Other expenses (continued)

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>(a) Other</b>				
Contract for patient services	7,050	6,781	7,050	6,781
Corporate support services	4,941	5,229	4,941	5,229
Courier and freight	332	338	332	338
Isolated patient travel and accommodation assistance scheme	198	247	198	247
Legal services	49	132	49	132
Membership/professional fees	1,164	620	1,164	620
Quality assurance / accreditation	9	-	9	-
Security services	1,399	596	1,399	596
Expenses relating to short-term leases	408	352	408	352
Expenses relating to leases of low-value assets	1,585	872	1,585	872
Other miscellaneous	1,867	3,439	1,867	3,439
	<b>19,002</b>	<b>18,606</b>	<b>19,002</b>	<b>18,606</b>
<b>(b) Reconciliation of total maintenance expense</b>				
Maintenance contracts	7,663	7,381	7,663	7,381
New / replacement equipment under \$10,000	8,150	7,868	8,150	7,868
Repairs maintenance / non contract	3,579	5,427	3,579	5,427
Other	3	3	3	3
Maintenance expense - contracted labour and other (non-employee related) in Note 5	<b>19,395</b>	<b>20,679</b>	<b>19,395</b>	<b>20,679</b>
Employee related/personnel services maintenance expense included in Notes 2 and 3.	2,780	2,486	2,780	2,486
	<b>22,175</b>	<b>23,165</b>	<b>22,175</b>	<b>23,165</b>

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 5. Other expenses (continued)

#### Recognition and Measurement

##### *Maintenance expense*

Day-to-day servicing costs or maintenance are charged as expenses as incurred except where they relate to the replacement or enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

##### *Operating expenses*

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 28.

##### *Insurance*

The District's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance for NSW, a controlled entity of the ultimate parent.

##### *Lease expense*

The District recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term, i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 6. Depreciation and amortisation

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Depreciation - buildings	30,933	27,952	30,933	27,952
Depreciation - plant and equipment	7,008	6,345	7,008	6,345
Depreciation - infrastructure systems	1,795	1,574	1,795	1,574
Depreciation - right-of-use buildings	1,686	1,754	1,686	1,754
Depreciation - right-of-use plant and equipment	1,679	1,367	1,679	1,367
	<b>43,101</b>	<b>38,992</b>	<b>43,101</b>	<b>38,992</b>

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

### 7. Grants and subsidies

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Non-government organisations	3,012	3,061	3,012	3,061
Grants to research organisations	20	-	20	-
Grants to entities controlled by the ultimate parent	9	-	9	-
Grants to entities controlled by the immediate parent*	1,473	346	1,473	346
Other grants*	5,439	5,238	5,439	5,238
	<b>9,953</b>	<b>8,645</b>	<b>9,953</b>	<b>8,645</b>

\* The District granted COVID-19 vaccines to other NSW Health entities and to third parties for nil consideration at current replacement cost. Refer to Note 22 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines provided to NSW Health entities under grants to entities controlled by the immediate parent was \$0.26 million (2021: \$Nil) and to external third parties under other grants was \$0.01 million (2021: \$Nil).

### Recognition and Measurement

Grants and subsidies expense generally comprise 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.

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**8. Finance costs**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Interest expense from lease liabilities	188	176	188	176
Interest expense from financial liabilities at amortised cost	22	14	22	14
	<b>210</b>	<b>190</b>	<b>210</b>	<b>190</b>

**Recognition and Measurement**

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 9. Revenue

#### Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of Not-for-Profit Entities (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15. Comments regarding the accounting policies for the recognition of income are discussed below.

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

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

### 10. Summary of compliance

The Appropriation Act 2021 (Appropriations Act) appropriates the sum of \$15,786,793,288 to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2021–22. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including the District.

The responsible Minister for each GSF agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the Government Sector Finance Act, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency. The spending authority of the responsible Minister(s) from deemed appropriation money has been delegated or sub-delegated to officers of the District for its own services.

A summary of compliance is disclosed in the financial statements of the Annual Report of NSW Health. It has been prepared on the basis of aggregating the spending authorities of both the Minister for Health for the services of the Ministry of Health and the responsible Ministers for the services of the entities the principal department is administratively responsible for that receives or recovers deemed appropriation money. It reflects the status at the point in time this disclosure statement is being made. The District's spending authority and expenditure is included in the summary of compliance.

The delegations and sub-delegations for FY21/22 and FY20/21, authorising officers of the District to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of the District. However, as it relates to expenditure in reliance on a sum appropriated through an annual Appropriations Act, the delegation/sub-delegations are referable to the overall authority to spend set out in the relevant Appropriations Act. The individual transaction limits have been properly observed. The information in relation to the limit from the Appropriations Act is disclosed in the summary of compliance table included in the financial statements of the Annual Report of NSW Health.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 11. Ministry of Health allocations

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

The District recognised additional Ministry of Health recurrent allocations of \$41.20 million (2021: \$41.80 million) and Ministry of Health capital allocations of \$1.80 million (2021: \$2.40 million) to cover costs incurred for the preparation, diagnosis, treatment and vaccination of COVID-19 patients.

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.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Sale and recovery of pharmaceutical supplies	17,014	17,214	17,014	17,214
Sale of prostheses	1,661	1,733	1,661	1,733
Other	81	134	81	134
	<b>18,756</b>	<b>19,081</b>	<b>18,756</b>	<b>19,081</b>

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

##### **Patients**

##### Patient Fees:

- Inpatient fees	36,248	36,350	36,248	36,350
- Nursing home fees	444	234	444	234
- Non inpatient fees	1,716	1,759	1,716	1,759
Department of Veterans' Affairs	7,890	11,659	7,890	11,659
Motor Accident Authority third party	2,372	2,705	2,372	2,705

##### **Staff**

Private use of motor vehicles	65	60	65	60
Salary packaging fee	5	4	5	4
Meals and accommodation	4	2	4	2

##### **General community**

Car parking	1,229	1,764	1,229	1,764
Clinical services (excluding clinical drug trials)	22	-	22	-
Commercial activities	8	7	8	7
Fees for conferences and training	311	324	311	324
Fees for medical records	97	70	97	70
Information retrieval	1	1	1	1

##### **Entities controlled by the immediate parent**

Hosted service revenues	1,293	1,348	1,293	1,348
Linen service revenues	13	12	13	12
Shared corporate service revenues	81	-	81	-

##### **Other**

Infrastructure fees - annual charge	3,573	4,465	3,573	4,465
Infrastructure fees - monthly facility charge	9,589	11,156	9,589	11,156
Other	491	1,112	491	1,112

	<b>65,452</b>	<b>73,032</b>	<b>65,452</b>	<b>73,032</b>
	<b>84,208</b>	<b>92,113</b>	<b>84,208</b>	<b>92,113</b>

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

#### Recognition and Measurement

##### Sale of goods

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

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

#### Recognition and Measurement (continued)

##### Rendering of services

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

<b>Type of service</b>	<b>Nature of timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition policies</b>
Patient services - Inpatient fees, Nursing home fees, Non inpatient fees, Department of Veterans' Affairs, Motor Accident Authority third party	The performance obligations in relation to patient services are typically satisfied as the health services are delivered to the chargeable inpatients and non-inpatients. Public patients are not charged for health services provided at public hospitals. Chargeable patients, including Medicare ineligible patients, privately insured patients, eligible veterans, compensable patients are billed for health services provided under various contractual arrangements. Billings are typically done upon patient discharge and is 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.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

#### Recognition and Measurement (continued)

#### Rendering of services (continued)

<b>Type of service</b>	<b>Nature of timing of satisfaction of performance obligations, including significant payment terms</b>	<b>Revenue recognition policies</b>
Infrastructure fees	Specialist doctors with rights of private practice are subject to an infrastructure charge, including service charges where applicable for the use of hospital facilities at rates determined by the Ministry of Health. The performance obligations for these services are typically satisfied when the hospital facilities are made available and used by the doctors and staff specialists. The payments are typically due when monies are collected from patient billings for services provided under the 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 29 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the District expects to recognise the unsatisfied portion as revenue.

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**13. Investment revenue**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Interest income from financial assets at amortised cost	361	314	361	314
Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss	(450)	916	(450)	916
	<b>(89)</b>	<b>1,230</b>	<b>(89)</b>	<b>1,230</b>

**Recognition and Measurement**

***Interest income***

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).

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 14. Grants and other contributions

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity</b>				
Grants to acquire / construct non-financial asset	20,000	-	20,000	-
<b>Other grants with sufficiently specific performance obligations</b>				
Cancer Institute grants received from an entity controlled by the immediate parent	1,070	1,222	1,070	1,222
Clinical trials and research grants	1,273	964	1,273	964
Commonwealth government grants received for community based services	3,754	2,745	3,754	2,745
Commonwealth government grants other	532	755	532	755
Grants from entities controlled by the ultimate parent	142	300	142	300
Other grants from entities controlled by the immediate parent	-	879	-	879
Other grants	5,633	4,111	5,633	4,111
<b>Grants without specific performance obligations</b>				
Commonwealth government grants other*	3,888	-	3,888	-
Other grants from entities controlled by the immediate parent*	679	440	679	440
Other grants*	58	110	58	110
Donations	1,145	1,337	1,145	1,337
	<b>38,174</b>	<b>12,863</b>	<b>38,174</b>	<b>12,863</b>

\* The District received the majority of COVID-19 vaccines directly from the Commonwealth government and the remainder were received from other NSW Health entities and external third parties. All COVID-19 vaccines were received for nil consideration and recorded at current replacement cost at the time of receipt. Refer to Note 22 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines received from the Commonwealth government under Commonwealth government grants other was \$3.89 million (2021: \$Nil), from NSW Health entities under other grants from entities controlled by the immediate parent was, \$Nil and (2021: \$Nil) and from external third parties under other grants was \$0.26 million (2021: \$Nil).

\*\* The above \$20.0M relates to the initial funding received from the Ministry of Health to construct the Central Coast Clinical School and Research Institute building. The funds were previously held in Note 32 Other Liability.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 14. Grants and other contributions

#### Recognition and Measurement

##### *Grants and other contributions*

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

Revenue from grants with sufficiently specific performance obligations are recognised when the District satisfies a performance obligation by transferring the promised goods or services. The District typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The District uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on agreed timetable or on achievement of different milestones set up 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 29 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

##### *Volunteer services*

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services recognised are measured at fair value. The District receives volunteer services for the below activities:

- Chaplaincies and Pastoral Care
- Pink Ladies / Hospital Auxiliaries
- Patient Support Groups
- Community Organisations
- Health Education
- Patient and Family Support
- Patient Services, Fund Raising
- Practical Support to Patients and Relatives
- Counselling, Transport, Home Help and Patient Activities
- COVID-19 Contact Tracing

Receipt of these services, while important, is not recognised because typically such services would not have been purchased if not donated.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Superannuation - defined benefit plans	1,899	1,941	-	-
Long service leave provision	(3,966)	(102)	-	-
	<b>(2,067)</b>	<b>1,839</b>	<b>-</b>	<b>-</b>

#### 16. Other income

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Other income comprises the following:				
Commissions	61	77	61	77
Discounts	56	11	56	11
Insurance refunds	27	110	27	110
Rental income				
- other rental income	813	941	813	941
Sponsorship	-	24	-	24
Other	228	1,099	228	1,099
	<b>1,185</b>	<b>2,262</b>	<b>1,185</b>	<b>2,262</b>

#### Recognition and Measurement

##### *Other Income*

Other income includes rental income arising from operating leases which is accounted for on a straight-line basis over the lease term under AASB 16 Leases. The rental income is incidental to the purpose for holding the property.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Gains / (losses) on disposals of:</b>				
<b>Property, plant and equipment</b>				
Written down value of assets disposed	38,297	22	38,297	22
Less: proceeds from disposal	97	193	97	193
Less: non-cash consideration for disposal	39,415	-	39,415	-
Less: cash received in advance of disposal	15,546	-	15,546	-
<b>Net gains / (losses) on disposal</b>	<b>16,761</b>	<b>171</b>	<b>16,761</b>	<b>171</b>
<b>Right-of-use assets</b>				
Written down value of assets disposed	263	66	263	66
Less: lease liabilities extinguished	268	78	268	78
<b>Net gains / (losses) on disposal*</b>	<b>5</b>	<b>12</b>	<b>5</b>	<b>12</b>
<b>Assets held for sale</b>				
Written down value of assets disposed	-	1,661	-	1,661
Less: proceeds from disposal	-	2,172	-	2,172
<b>Net gains / (losses) on disposal</b>	<b>-</b>	<b>511</b>	<b>-</b>	<b>511</b>
<b>Total gains / (losses) on disposal</b>	<b>16,766</b>	<b>694</b>	<b>16,766</b>	<b>694</b>

#### 18. Other gains / (losses)

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Inventory write down*	(254)	-	(254)	-
Foreign exchange gains / (losses)	(1)	-	(1)	-
	<b>(255)</b>	<b>-</b>	<b>(255)</b>	<b>-</b>

\* Inventory write down includes COVID-19 vaccine wastage of \$0.21 million (2021: \$Nil) and impairment of \$0.04 million (2021: \$Nil). Refer to Note 22 for further details on COVID-19 vaccines.

#### Recognition and Measurement

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

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

- Note 21 Receivables
- Note 22 Inventories
- Note 24 Property, plant and equipment
- Note 25 Leases

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

The District receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The District determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 27 Restricted assets.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 20. Cash and cash equivalents

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Cash at bank and on hand	38,936	37,572	38,936	37,572
	<b>38,936</b>	<b>37,572</b>	<b>38,936</b>	<b>37,572</b>

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)	38,936	37,572	38,936	37,572
	<b>38,936</b>	<b>37,572</b>	<b>38,936</b>	<b>37,572</b>

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

Most cash and cash equivalents held by the District are restricted assets and are not held for operating and capital expenditure.

HealthShare NSW, a controlled entity of the immediate parent makes all payments to employees and most payments to suppliers of goods and services and grants and subsidies on behalf of the District. These payments are reported as expenses and operating cash outflows in the financial statements of the District.

HealthShare NSW receives payments directly from the Ministry of Health on behalf of the District to fund these payments. These payments are reported as revenue (Ministry of Health recurrent allocations) and operating cash inflows in the financial statements of the District when HealthShare NSW makes these payments on behalf of the District.

Health Infrastructure, a controlled entity of the immediate parent makes most payments to purchase property, plant and equipment on behalf of the District. These payments are reported as additions to property, plant and equipment and investing cash outflows in the financial statements of the District.

Health Infrastructure receives payments directly from the Ministry of Health on behalf of the District to fund these payments. These payments are reported as revenue (Ministry of Health capital allocations) and operating cash inflows in the financial statements of the District.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 21. Receivables

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Trade receivables from contracts with customers	7,904	4,920	7,904	4,920
Intra health receivables	2,358	4,947	2,358	4,947
Goods and Services Tax	2,959	4,367	2,959	4,367
Other receivables	1,577	657	1,577	657
<b>Sub total</b>	<b>14,798</b>	<b>14,891</b>	<b>14,798</b>	<b>14,891</b>
<i>Less: Allowance for expected credit losses*</i>				
- Trade receivables from contracts with customers	(263)	(127)	(263)	(127)
- Other receivables	(61)	(50)	(61)	(50)
<b>Sub total</b>	<b>14,474</b>	<b>14,714</b>	<b>14,474</b>	<b>14,714</b>
Prepayments	5,247	1,324	5,247	1,324
	<b>19,721</b>	<b>16,038</b>	<b>19,721</b>	<b>16,038</b>

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

##### Trade receivables from contracts with customers

Balance at the beginning of the year	(127)	(124)	(127)	(124)
Amounts written off during the year	299	162	299	162
(Increase) / decrease in allowance recognised in the net result <sup>1</sup>	(435)	(164)	(435)	(164)
<b>Balance at the end of the year</b>	<b>(263)</b>	<b>(127)</b>	<b>(263)</b>	<b>(127)</b>

##### Other receivables

Balance at the beginning of the year	(50)	(2)	(50)	(2)
Amounts written off during the year	3	2	3	2
(Increase) / decrease in allowance recognised in the net result	(14)	(50)	(14)	(50)
<b>Balance at the end of the year</b>	<b>(61)</b>	<b>(50)</b>	<b>(61)</b>	<b>(50)</b>
	<b>(324)</b>	<b>(177)</b>	<b>(324)</b>	<b>(177)</b>

<sup>1</sup> Includes total impairment loss of \$0.43 million (2021: \$0.16 million) recognised on receivables from contracts with customers.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 21. Receivables (continued)

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

Current and non-current include:

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Patient fees - compensable	374	135	374	135
Patient fees - ineligible	806	394	806	394
Patient fees - inpatient & other	4,892	3,517	4,892	3,517
	<b>6,072</b>	<b>4,046</b>	<b>6,072</b>	<b>4,046</b>

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 40.

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Contract receivables (included in Note 21)	10,261	7,766	10,261	7,766
<b>Total contract receivables</b>	<b>10,261</b>	<b>7,766</b>	<b>10,261</b>	<b>7,766</b>

#### Recognition and Measurement

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

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

#### Subsequent measurement

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

#### Impairment

The District 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 the District expects to receive, discounted at the original effective interest rate.

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

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 22. Inventories

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
<b>Held-for-distribution</b>				
Drug supplies	2,553	2,140	2,553	2,140
Medical and surgical supplies	2,860	2,847	2,860	2,847
Other including goods in transit	439	565	439	565
<b>Sub total</b>	<b>5,852</b>	<b>5,552</b>	<b>5,852</b>	<b>5,552</b>
Less: Allowance for impairment				
- Drug supplies	(39)	-	(39)	-
	<b>5,813</b>	<b>5,552</b>	<b>5,813</b>	<b>5,552</b>

#### Recognition and Measurement

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

At the beginning of 2021, the rollout of the Commonwealth government's COVID-19 vaccine program began, with the aim of offering free vaccines to all Australians. The District played a key role in the rollout within NSW, including in relation to logistics, vaccination delivery, safety and reporting. The Commonwealth assumed the responsibility for procuring and distributing vaccines to all states and territories. COVID-19 vaccines were received for nil consideration and were provided to the public free of charge. On the basis that the District controls the inventory once it is received from the Commonwealth, the value of the inventory received, administered / granted and wasted were recognised by the District.

The value attributable to the vaccines received was measured at its fair value based on replacement cost. The District was unsuccessful in obtaining cost information from the Commonwealth because of non-disclosure agreements signed by the Commonwealth and the pharmaceutical companies supplying the COVID-19 vaccines. An internal valuation was undertaken based on publicly available information to estimate the replacement cost of the COVID-19 vaccines received by the District.

The value of the vaccines received and administered / granted during the financial year ended 30 June 2022 was \$4.14 million (2021: \$Nil) and \$3.85 million (2021: \$Nil), respectively. \$0.21 million (2021: \$Nil) of vaccines were written-off and another \$0.04 million (2021: \$Nil) impaired during the year. COVID-19 vaccine closing inventory balance as at 30 June 2022 was \$0.08 million (2021: \$Nil) which is included as part of the inventory drug supplies.

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

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

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**23. Financial assets at fair value**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
TCorpIM Funds Investment Facilities	8,902	9,524	8,902	9,524
	<b>8,902</b>	<b>9,524</b>	<b>8,902</b>	<b>9,524</b>

Refer to Note 40 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 financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Classification and measurement*

The District's financial assets at fair value are classified, at fair value through profit or loss. The classification was based on the purpose of acquiring such assets.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. TCorpIM Funds are managed and their performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at fair value through profit or loss.

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains / (losses), except for TCorpIM Funds that are presented in 'investment revenue' in the period in which it arises.

## Central Coast Local Health District

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022

### 24. Property, plant and equipment

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

##### PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2020 - fair value</b>				
Gross carrying amount	1,263,881	92,612	62,508	1,419,001
Less: accumulated depreciation and impairment	435,398	44,831	33,515	513,744
<b>Net carrying amount</b>	<b>828,483</b>	<b>47,781</b>	<b>28,993</b>	<b>905,257</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2021</b>				
Net carrying amount at beginning of year	828,483	47,781	28,993	905,257
Additions	148,583	17,338	10	165,931
Disposals	-	(22)	-	(22)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	879	-	879
Depreciation expense	(27,952)	(6,345)	(1,574)	(35,871)
Reclassifications	28	(370)	342	-
<b>Net carrying amount at end of year</b>	<b>949,142</b>	<b>59,261</b>	<b>27,771</b>	<b>1,036,174</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 26.

# Central Coast Local Health District

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022

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

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

#### PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2021 - fair value</b>				
Gross carrying amount	1,412,492	109,824	62,860	1,585,176
Less: accumulated depreciation and impairment	463,350	50,563	35,089	549,002
<b>Net carrying amount</b>	<b>949,142</b>	<b>59,261</b>	<b>27,771</b>	<b>1,036,174</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2022</b>				
Net carrying amount at beginning of year	949,142	59,261	27,771	1,036,174
Additions	21,946	12,867	-	34,813
Disposals	(37,359)	(938)	-	(38,297)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,109)	-	(1,109)
Net revaluation increments less revaluation decrements	97,050	-	4,220	101,270
Depreciation expense	(30,933)	(7,008)	(1,795)	(39,736)
Reclassifications	(4,331)	(28)	4,359	-
<b>Net carrying amount at end of year</b>	<b>995,515</b>	<b>63,045</b>	<b>34,555</b>	<b>1,093,115</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2022 - fair value</b>				
Gross carrying amount	1,550,276	109,952	75,989	1,736,217
Less: accumulated depreciation and impairment	554,761	46,907	41,434	643,102
<b>Net carrying amount</b>	<b>995,515</b>	<b>63,045</b>	<b>34,555</b>	<b>1,093,115</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 26.

The District does not hold significant property, plant and equipment where it is the lessor under operating leases. There is \$9.44 million in the current years net carrying amount (2021: \$8.97 million). Therefore majority of property, plant and equipment balances are for items held and used by the District.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

#### Recognition and Measurement

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

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

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

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

##### *Capitalisation thresholds*

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

##### *Major inspection costs*

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

##### *Restoration costs*

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

	<b>Useful lives</b>
Buildings	40 years
Buildings - leasehold improvements	3-10 years
Plant and equipment	4-20 years
Infrastructure Systems	40 years

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles and 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. The District has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 25.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 26 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The District conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure.

The last comprehensive revaluation was completed on 31 December 2019 and was based on an independent assessment.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. The District uses an independent professionally qualified valuer for such interim revaluations.

An interim management revaluation was completed on 30 June 2022 indicating a cumulative increase of 3.00% for land, 12.40% for buildings and 12.40% for infrastructure. The District used an external professionally qualified valuer to conduct the interim management revaluation. Indicators provided by CBRE PTY Limited were applied as they were deemed material.

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

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

#### ***Revaluation of property, plant and equipment (continued)***

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.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate.

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

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material.

The District assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the District estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The reversal is recognised in other comprehensive income and is treated as a revaluation increase, except to the extent that an impairment loss on the same class of asset was previously recognised in net result, where a reversal of that impairment loss is also recognised in net result.

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

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 25. Leases

#### (a) Entity as a lessee

The District leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 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. The District does not provide residual value guarantees in relation to leases.

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

Potential future cash outflows of \$1.29 million 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.

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

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

#### 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 2021	3,637	4,528	8,165
Additions	1,033	2,668	3,701
Reassessments	287	(149)	138
Disposals	(250)	(13)	(263)
Depreciation expense	(1,686)	(1,679)	(3,365)
<b>Balance at 30 June 2022</b>	<b>3,021</b>	<b>5,355</b>	<b>8,376</b>

#### PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2020	4,346	4,748	9,094
Additions	334	1,100	1,434
Reassessments	773	51	824
Disposals	(62)	(4)	(66)
Depreciation expense	(1,754)	(1,367)	(3,121)
<b>Balance at 30 June 2021</b>	<b>3,637</b>	<b>4,528</b>	<b>8,165</b>

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 25. Leases (continued)

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

###### Lease liabilities

The following table presents liabilities under leases.

###### PARENT AND CONSOLIDATION

	2022	2021
	\$000	\$000
Balance at 1 July	8,189	9,235
Additions	3,701	1,434
Interest expenses	188	176
Payments	(3,195)	(3,401)
Terminations / derecognition	(268)	(78)
Other adjustments	139	823
<b>Balance at 30 June</b>	<b>8,754</b>	<b>8,189</b>

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

###### PARENT AND CONSOLIDATION

	2022	2021
	\$000	\$000
Depreciation expense of right-of-use assets	3,365	3,121
Interest expense on lease liabilities	188	176
Expenses relating to short-term leases	408	352
Expenses relating to leases of low-value assets	1,585	872
(Gains) / losses on disposal	(6)	(12)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>5,540</b>	<b>4,509</b>

The District had total cash outflows for leases of \$5.19 million for the year ended 30 June 2022 (2021: \$4.62 million).

###### Recognition and Measurement

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

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 25. Leases (continued)

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

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

The District recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

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:

	<b>Useful lives</b>
Buildings	1 to 15 years
Plant and equipment	1 to 10 years
Motor vehicles and other equipment	1 to 5 years

If ownership of the leased asset transfers to the District at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The District assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the District estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

##### *ii. Lease liabilities*

At the commencement date of the lease, the District recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the District; and
- payments of penalties for terminating the lease, if the lease term reflects the District exercising the option to terminate.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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#### 25. Leases (continued)

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

###### ii. Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The District's lease liabilities are included in borrowings in Note 30.

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

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

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

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

##### (b) Entity as a lessor

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

The District also leases land and buildings to NGO's under operating leases arrangements. Generally there are no rental payments as the District provides market rental assistance grants to offset the rental payments.

Although the District is exposed to changes in the residual value at the end of the current lease, the District typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

##### Lessor for finance leases

Commencing July 2021 the University of Newcastle controls space within the Central Coast Clinical School and Research Institute building under a 40 year lease with the District. The substance of the transaction is that of a finance peppercorn lease, as no cash is exchanged.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 25. Leases (continued)

##### (b) Entity as a lessor (continued)

##### Recognition and Measurement

##### *Lessor for finance leases*

Leases that the District transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

##### *Lessor for operating leases*

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease as at 30 June 2022 are, as follows:

##### PARENT AND CONSOLIDATION

	2022 \$'000	2021 \$'000
Within one year	1,008	951
One to two years	979	668
Two to three years	957	504
Three to four years	983	473
Four to five years	619	489
Later than five years	2,828	134
<b>Total (excluding GST)</b>	<b>7,374</b>	<b>3,219</b>

##### Recognition and Measurement

##### *Lessor for operating leases*

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 26. Fair value measurement of non-financial assets

#### PARENT AND CONSOLIDATION

##### Fair value measurement and hierarchy

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

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

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

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

#### (a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2022	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	36,629	918,516	955,145
- Infrastructure systems	-	-	41,744	41,744
	-	36,629	960,260	996,889

There were no transfers between level 1 and 2 during the year ended 30 June 2022.

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

	Level 1	Level 2	Level 3	Total Fair Value
2021	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 24)				
- Land and buildings	-	35,863	685,880	721,743
- Infrastructure systems	-	-	27,072	27,072
	-	35,863	712,952	748,815

There were no transfers between level 1 and 2 during the year ended 30 June 2021.

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers at least every three years. The last comprehensive revaluation was performed by CBRE PTY Limited for the 2019-2020 financial year. CBRE PTY Limited is an independent entity and is not an associated entity of the District.

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

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

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

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

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

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

The property market is being impacted by the uncertainty that the COVID-19 outbreak has caused. Sales evidence have been utilised across the District to assess the land and non-specialised properties, in line with the valuation by the valuers made on a market approach.

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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

**(c) Reconciliation of recurring Level 3 fair value measurements**

**PARENT AND CONSOLIDATION**

<b>2022</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
<b>Fair value as at 1 July 2021</b>	685,880	27,072	712,952
Additions*	171,331	12,247	183,578
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	91,718	4,220	95,938
Depreciation expense	(30,413)	(1,795)	(32,208)
<b>Fair value as at 30 June 2022</b>	<b>918,516</b>	<b>41,744</b>	<b>960,260</b>

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

There were no transfers between level 2 or 3 during the year ended 30 June 2022.

<b>2021</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
<b>Fair value as at 1 July 2020</b>	713,082	28,629	741,711
Additions*	-	17	17
Depreciation expense	(27,202)	(1,574)	(28,776)
<b>Fair value as at 30 June 2021</b>	<b>685,880</b>	<b>27,072</b>	<b>712,952</b>

There were no transfers between level 2 or 3 during the year ended 30 June 2021.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 27. Restricted assets

##### PARENT AND CONSOLIDATION

The District's financial statements include the following assets which are 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 2022.

<b>Category</b>	<b>1 July 2021 Opening \$000</b>	<b>Revenue \$000</b>	<b>Expense \$000</b>	<b>2022 Closing \$000</b>
Community welfare	328	15	91	252
Facility improvements	7,567	1,050	435	8,182
Holds funds in perpetuity	1,795	-	-	1,795
Patient welfare	3,477	4,472	4,016	3,933
Private practice disbursements (No.2 Accounts)	23,617	3,751	1,428	25,940
Public contributions	245	20	24	241
Research	2,296	1,367	1,740	1,923
Staff welfare	7	-	-	7
Training and education including conferences	5,089	661	367	5,383
	<b>44,421</b>	<b>11,336</b>	<b>8,101</b>	<b>47,656</b>

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

<b>Category</b>	<b>Purpose</b>
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' privacy and dignity.
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.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.

##### **Unclaimed monies**

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

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

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**28. Payables**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Accrued salaries, wages and on-costs	11,000	11,394	-	-
Salaries and wages deductions	169	187	-	-
Payroll and fringe benefits tax	81	106	-	-
Accrued liability - purchase of personnel services	-	-	11,250	11,687
Creditors	15,601	12,770	15,601	12,770
Other creditors				
- Payables to entities controlled by the immediate parent	14,581	8,594	14,581	8,594
- Other	13,617	15,970	13,617	15,970
	<b>55,049</b>	<b>49,021</b>	<b>55,049</b>	<b>49,021</b>

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 40.

**Recognition and Measurement**

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

Payables are financial liabilities at amortised cost, 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.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 29. Contract liabilities

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Contract liabilities	2,452	2,241	2,452	2,241
	<b>2,452</b>	<b>2,241</b>	<b>2,452</b>	<b>2,241</b>

#### Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2022 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2022. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	2,241	1,952	2,241	1,952
Transaction price allocated to the remaining performance obligations from contracts with customers	10,884	10,211	10,884	10,211

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	2023 \$'000	2024 \$'000	2025 \$'000	≥ 2026 \$'000
Grants and other contributions	7,105	2,723	1,056	-
	<b>7,105</b>	<b>2,723</b>	<b>1,056</b>	<b>-</b>

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 30. Borrowings

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Other loans and deposits	-	170	-	170
Lease liabilities (see Note 25)	2,763	3,384	2,763	3,384
	<b>2,763</b>	<b>3,554</b>	<b>2,763</b>	<b>3,554</b>
<b>Non-current</b>				
Other loans and deposits	-	1,627	-	1,627
Lease liabilities (see Note 25)	5,991	4,805	5,991	4,805
	<b>5,991</b>	<b>6,432</b>	<b>5,991</b>	<b>6,432</b>

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

The District paid out the loan in June 2022, which was 9 years ahead of schedule (June 2031).

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 40.

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

#### *Financial liabilities at amortised cost*

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

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

#### *Financial liabilities at fair value through profit or loss*

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

#### *Financial guarantees*

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

### **Recognition and Measurement**

The District has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2022 and as at 30 June 2021.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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#### 30. Borrowings (continued)

##### Recognition and Measurement

##### Changes in liabilities arising from financing activities

##### PARENT AND CONSOLIDATION

	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
<b>1 July 2020</b>	-	<b>9,234</b>	<b>9,234</b>
Cash flows	1,797	(3,225)	(1,428)
New leases	-	1,434	1,434
Lease terminations	-	(78)	(78)
Lease reassessments	-	824	824
<b>30 June 2021</b>	<b>1,797</b>	<b>8,189</b>	<b>9,986</b>
<b>1 July 2021</b>	<b>1,797</b>	<b>8,189</b>	<b>9,986</b>
Cash flows	(1,797)	(3,007)	(4,804)
New leases	-	3,701	3,701
Lease terminations	-	(268)	(268)
Lease reassessments	-	139	139
<b>30 June 2022</b>	<b>-</b>	<b>8,754</b>	<b>8,754</b>

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**31. Provisions**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Annual leave - obligations expected to be settled within 12 months	66,364	63,082	-	-
Annual leave - obligations expected to be settled after 12 months	25,194	23,091	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	1,265	1,486	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	14,297	16,099	-	-
Provision for other employee benefits*	19,628	2,975	-	-
Provision for personnel services liability	-	-	126,748	106,733
	<b>126,748</b>	<b>106,733</b>	<b>126,748</b>	<b>106,733</b>
<b>Other Provisions</b>				
Other	720	-	720	-
	<b>720</b>	<b>-</b>	<b>720</b>	<b>-</b>
<b>Total current provisions</b>	<b>127,468</b>	<b>106,733</b>	<b>127,468</b>	<b>106,733</b>
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave consequential on-costs	1,539	1,739	-	-
Provision for personnel services liability	-	-	1,539	1,739
<b>Total non-current provisions</b>	<b>1,539</b>	<b>1,739</b>	<b>1,539</b>	<b>1,739</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	126,748	106,733	-	-
Provisions - non-current	1,539	1,739	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 28)	11,169	11,581	-	-
Liability - purchase of personnel services	-	-	139,456	120,053
	<b>139,456</b>	<b>120,053</b>	<b>139,456</b>	<b>120,053</b>

\* Provision for other employee benefits includes a one-off payment to employees of \$16.75 million (2021: \$Nil) for the recognition of service during the COVID-19 pandemic.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 31. 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 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Other</b>				
Carrying amount at beginning of period	-	-	-	-
- Additional provisions recognised*	720	-	720	-
<b>Carrying amount at end of period</b>	<b>720</b>	<b>-</b>	<b>720</b>	<b>-</b>

\* Additional provisions recognised, includes a one-off payment to visiting medical officers of \$720 thousand (2021: \$Nil) for the recognition of service during the COVID-19 pandemic.

The majority of the 'other' provision represent various contractual related obligations. The District 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, sick leave, allocated days off (ADO) 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 and ADO 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 2022 (comparable on-costs for 30 June 2021 were 20.98%). The District has assessed the actuarial advice based on the District's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the District does not expect to settle the liability within 12 months as the District does not have an unconditional right to defer settlement.

### **31. 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.

The majority of employee benefits and related on-cost balances have increased since the beginning of the COVID-19 pandemic. Management of the COVID-19 pandemic, along with state and international border closures at different times have adversely impacted the provision balance.

#### **Long service leave and superannuation**

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

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

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

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

#### **Consequential on-costs**

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

#### **Other provisions**

Other provisions are recognised when: the District has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the District expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

#### 32. Other liabilities

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Unearned revenue	481	66,081	481	66,081
	<b>481</b>	<b>66,081</b>	<b>481</b>	<b>66,081</b>
<b>Non-current</b>				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	5,594	4,994	5,594	4,994
	<b>5,594</b>	<b>4,994</b>	<b>5,594</b>	<b>4,994</b>

Unearned revenue was derived from the following:

During 2021-22 the total amount held in Unearned revenue (2021: \$66.01M) for the Central Coast Clinical School and Research Institute build was recognised as the building was capitalised. The corresponding entries resulted in a \$20.00M grant (refer to Note 14) and \$54.96M total adjustment of the cash and non-cash consideration for disposal of Property Plant and Equipment, refer to Note 17.

The non-current balance of \$5.59M was received in advance from the Australian Government, (Department of Health), under the terms of the grant agreement the funds are provided for the future purchases of radiation oncology equipment.

#### PARENT AND CONSOLIDATION

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

	2022 \$'000	2021 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	4,994	4,394
<i>Add:</i> receipt of cash during the financial year	600	600
<i>Deduct:</i> income recognised during the financial year	-	-
<b>Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity</b>	<b>5,594</b>	<b>4,994</b>

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

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

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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#### 33. Equity

##### ***Revaluation surplus***

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 24.

##### ***Accumulated funds***

The category 'accumulated funds' includes all current and prior period retained funds.

##### ***Reserves***

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 34. Commitments

#### (a) Capital commitments

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Within one year	2,161	7,624	2,161	7,624
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>2,161</b>	<b>7,624</b>	<b>2,161</b>	<b>7,624</b>

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

The total 'Capital expenditure commitments' of \$2.16 million as at 30 June 2022 includes input tax credits of \$0.20 million that are expected to be recoverable from the Australian Taxation Office (2021: \$0.69 million).

#### Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$8.11 million as at 30 June 2022 includes taxable sales of \$0.74 million that are expected to be payable to the Australian Taxation Office (2021: \$0.32 million).

### 35. Contingent liabilities and contingent assets

#### PARENT AND CONSOLIDATION

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 36. Adjusted budget review

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

### PARENT AND CONSOLIDATION

#### Net result

The actual Net Result was higher than adjusted budget by \$6.1 million, primarily due to:

- Wyong Redevelopment depreciation and higher than planned salary costs.
- Dampened revenue in patient services, Facility Fees and car parking due to the COVID-19 pandemic.
- Superannuation on leave loading being included in the budget but not in the actuals.

#### Assets and liabilities

Total Assets were \$106.2 million higher than budget due to the net result of land and building revaluations.

Total Liabilities were \$5.3 million less than budget due to the budget provision balance including superannuation on leave loading.

#### Cash flows

Net cash flows from operating activities were \$11.9 million more than budget primarily due to the Ministry of Health recurrent allocation (\$18.3 million) and suppliers for goods and services (\$10.6 million) higher than budget. These were partly offset by employee-related expenses being (\$17.9 million) lower than budget.

The net increase in cash and cash equivalents was \$0.8 million less than budget.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 23 July 2021 are as follows:

	<b>\$000</b>
Initial allocation, 23 July 2021	784,216
COVID-19 Response (plus special leave and termination costs)	44,943
Salaries and Superannuation Adjustments	(10,919)
Mental Health Safeguards program and COVID-19 Recovery Package	1,115
Ministerial Approved Grants - NGOs	759
Nurse & Midwifery Strategy Reserve	397
Wellbeing and Health In-Reach Nurse Coordinator	390
s100 High Cost Drugs Payment reimbursement	325
Voluntary Redundancy reimbursement	282
Access Performance initiatives	240
Other	2,247
<b>Balance as per Statement of Comprehensive Income</b>	<b>823,995</b>

## Central Coast Local Health District

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

	Consolidated 2022 \$000	Consolidated <sup>1</sup> 2021 \$000	Parent 2022 \$000	Parent <sup>1</sup> 2021 \$000
Net cash used on operating activities	32,564	142,586	32,564	142,586
Depreciation and amortisation expense	(43,101)	(38,992)	(43,101)	(38,992)
Allowance for impairment	(703)	(214)	(703)	(214)
(Increase) / decrease in other liabilities	18,974	(629)	18,974	(629)
Decrease / (increase) in provisions	(20,537)	(8,109)	(20,537)	(8,109)
Increase / (decrease) in inventory	261	298	261	298
Increase / (decrease) in prepayments and other assets	4,033	(969)	4,033	(969)
Decrease / (increase) in payables	(5,675)	(5,750)	(5,675)	(5,750)
Decrease / (increase) in contract liabilities	(211)	(192)	(211)	(192)
Net gain / (loss) on sale of property, plant and equipment	16,761	682	16,761	682
Net gain / (loss) on disposal of right-of-use assets	5	12	5	12
Increase / (decrease) in financial instruments at fair value	(1,236)	-	(1,236)	-
Assets donated or brought to account (Note 38)	(1,109)	879	(1,109)	879
<b>Net result</b>	<b>26</b>	<b>89,602</b>	<b>26</b>	<b>89,602</b>

<sup>1</sup> 'Increase / (decrease) in Inventory' and 'Increase / (decrease) in financial instruments at fair value' has been disaggregated from 'Increase / (decrease) in prepayments and other assets' in the current year. The prior period comparatives have been restated to reflect this change.

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Assets donated or brought to account	(1,109)	879	(1,109)	879
Property, plant and equipment acquired by a lease	3,701	1,434	3,701	1,434
Central Coast Clinical School & Research Institute	8,934	28,595	8,934	28,595
	<b>11,526</b>	<b>30,908</b>	<b>11,526</b>	<b>30,908</b>

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 39. Trust funds

#### PARENT AND CONSOLIDATION

The District holds trust funds of \$504 thousand (2021: \$505 thousand) which are held for the safe keeping for third parties.

These funds are excluded from the financial statements as the District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

Category	1 July 2021			30 June 2022
	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Private Patient Trust Funds	-	18,345	(18,345)	-
Third Party Funds	505	7,576	(7,577)	504
<b>Total trust funds</b>	<b>505</b>	<b>25,921</b>	<b>(25,922)</b>	<b>504</b>

Category	1 July 2020			30 June 2021
	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Private Patient Trust Funds	-	19,410	(19,410)	-
Third Party Funds	423	7,980	(7,898)	505
<b>Total trust funds</b>	<b>423</b>	<b>27,390</b>	<b>(27,308)</b>	<b>505</b>

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

Category	Purpose
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.

Any amounts drawn down from trust funds under the private practice arrangements are not included in the key management personnel compensation amounts or disclosed as a related party transaction in Note 41.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 40. Financial instruments

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

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

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

#### (a) Financial instrument categories

##### PARENT AND CONSOLIDATION

Class	Category	Carrying Amount	Carrying Amount
		2022	2021
		\$000	\$000
<b>Financial assets</b>			
Cash and cash equivalents (Note 20)	Amortised cost	38,936	37,572
Receivables (Note 21) <sup>1</sup>	Amortised cost	11,515	10,347
Financial assets at fair value (Note 23)	Fair value through profit or loss - mandatory classification	8,902	9,524
<b>Total financial assets</b>		<b>59,353</b>	<b>57,443</b>
<b>Financial liabilities</b>			
Borrowings (Note 30)	Financial liabilities measured at amortised cost	8,754	9,986
Payables (Note 28) <sup>2</sup>	Financial liabilities measured at amortised cost	54,968	48,915
<b>Total financial liabilities</b>		<b>63,722</b>	<b>58,901</b>

##### Notes

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

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

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

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

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

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 40. Financial instruments (continued)

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

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

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

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

#### (c) Financial risk

##### i. Credit risk

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

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

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

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

#### Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned daily on restricted financial asset cash on hand and bank balances only. The TCorpIM Cash Fund is discussed in market risk below.

#### Accounting policy for impairment of trade receivables and other financial assets

##### Receivables - trade receivables and other receivables

Collectability of trade receivables and other receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

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

**Central Coast Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**40. Financial instruments (continued)**

**(c) Financial risk (continued)**

**i. Credit risk (continued)**

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

**Receivables - trade receivables, other receivables and contract assets (continued)**

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

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

Trade receivables and other 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.

The loss allowance for trade receivables and other receivables as at 30 June 2022 and 30 June 2021 was determined as follows:

**PARENT AND CONSOLIDATION**

	<b>Current</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt;91 days</b>	<b>Total</b>
<b>30 June 2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected credit loss rate	0.45%	1.25%	8.13%	16.36%	39.38%	3.42%
Estimated total gross carrying amount <sup>1</sup>	6,487	1,436	996	110	452	9,481
Expected credit loss	29	18	81	18	178	324
<b>30 June 2021</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected credit loss rate	0.46%	1.09%	10.04%	36.25%	36.25%	3.17%
Estimated total gross carrying amount <sup>1</sup>	3,880	1,097	269	80	251	5,577
Expected credit loss	18	12	27	29	91	177

**Notes**

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2022 and 30 June 2021.

**Other Financial Assets - Authority Deposits**

The District has placed funds on deposit with TCorp, which has been rated 'AA+' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. These deposits are considered to be low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The District didn't recognise a provision for expected credit losses on its other financial assets as at 30 June 2022 (2021: \$Nil).

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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### 40. Financial instruments (continued)

#### (c) Financial risk (continued)

##### ii. Liquidity risk

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

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

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

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that has a correctly rendered invoice, that has 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.

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 40. Financial instruments (continued)

#### (c) Financial risk (continued)

#### ii. Liquidity risk (continued)

#### PARENT AND CONSOLIDATION

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

#### Maturity Analysis and interest rate exposure of financial liabilities

	EIR <sup>3</sup> %	Nominal Amount <sup>1</sup> \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
<b>2022</b>								
Payables:								
- Creditors <sup>2</sup>		54,968	-	-	54,968	54,968	-	-
Borrowings:								
- Lease liabilities	2.11	9,129	9,129	-	-	2,783	4,518	1,828
		<b>64,097</b>	<b>9,129</b>	<b>-</b>	<b>54,968</b>	<b>57,751</b>	<b>4,518</b>	<b>1,828</b>
<b>2021</b>								
Payables:								
- Creditors <sup>2</sup>		48,915	-	-	48,915	48,915	-	-
Borrowings:								
- Other loans and deposits	1.24	1,916	1,916	-	-	192	766	958
- Lease liabilities	2.02	8,736	8,736	-	-	3,055	4,419	1,262
		<b>59,567</b>	<b>10,652</b>	<b>-</b>	<b>48,915</b>	<b>52,162</b>	<b>5,185</b>	<b>2,220</b>

#### Notes:

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

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

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 40. Financial instruments (continued)

#### iii. Market risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2021. The analysis assumes that all other variables remain constant.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the District's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The District does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

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

#### **PARENT AND CONSOLIDATION**

	2022		2021	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(391)	391	(371)	371
Equity	(391)	391	(371)	371

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 40. Financial instruments (continued)

#### iii. Market risk (continued)

##### *Other price risk - TCorpIM Funds*

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM Funds, which are held for strategic rather than trading purposes. The District has no direct equity investments. The District holds units in the following TCorpIM Funds trusts:

<b>Facility</b>	<b>Investment Sectors</b>	<b>Investment Horizon</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
TCorpIM Medium Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	3 years to 7 years	5,246	5,591
TCorpIM Long Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	7 years and over	3,656	3,933

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

TCorp, as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM Funds facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds facilities limits the District's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

TCorp provides sensitivity analysis information for each of the investment facilities, which is used to demonstrate the impact on the funds' net assets as a result of changes in unit price. This impact is based on a sensitivity rate of 10%, multiplied by the redemption value as at the 30 June each year for each facility (balance from TCorpIM Funds statement). Actual movements in the price risk variables may differ to the sensitivity rates used due to a number of factors. TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results.

	<b>Change in unit price</b>		<b>Impact on net result</b>	
	<b>2022 %</b>	<b>2021 %</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
TCorpIM Medium Term Growth Fund	10%	10%	525	559
TCorpIM Long Term Growth Fund	10%	10%	366	393

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 40. Financial instruments (continued)

#### (d) Fair value measurement

##### i. Fair value compared to carrying amount

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

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

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

##### ii. Fair value recognised in the Statement of Financial Position

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2022 Total \$'000
<b>Financial assets at fair value</b>				
TCorpIM Funds	-	8,902	-	8,902
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2021 Total \$'000
<b>Financial assets at fair value</b>				
TCorpIM Funds	-	9,524	-	9,524

There were no transfers between level 1, 2 or 3 during the year ended 30 June 2022.

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

# Central Coast Local Health District

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

### 41. Related party disclosures

#### PARENT AND CONSOLIDATION

##### (a) Key management personnel compensation

Key management personnel compensation is as follows:

	2022	2021
	\$000	\$000
Short-term employee benefits	378	885
Post-employment benefits	33	69
	<b>411</b>	<b>954</b>

\*The movement in the Key Management Personnel compensation between years relates to fluctuations in the mix and number of Board Members that are visiting medical officers and employees of the District.

During the financial year, Central Coast Local Health District obtained key management personnel services from the immediate parent and incurred \$405 thousand (2021: \$397 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

There were no transactions with key management personnel during the year (2021: Nil). Transactions occurred during the current and prior years with key management personnel's close family members for services performed as employees of the District. The work performed and the remuneration paid is immaterial both qualitatively and quantitatively to the District for both 2022 and 2021 year's.

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

There were no transactions with the ultimate parent during the financial period (2021: \$Nil).

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

During the financial year and comparative year, the District entered into the various transactions with other entities consolidated as part of the Ministry of Health (the immediate 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, food supplies and pathology.
- Health Administration Corporation provides some specialised services which includes domestic supplies and services and corporate support services.
- Various grants and subsidies towards research and other projects

**41. Related party disclosures (continued)**

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

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

- Fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- 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

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

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

*Assets and liabilities as follows:*

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

**42. Events after the reporting period**

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

**END OF AUDITED FINANCIAL STATEMENTS**