



INDEPENDENT AUDITOR'S REPORT

South Western Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of South Western Sydney Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 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 39. 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 information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole [are / 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. 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.



Karen Taylor
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

5 October 2022
SYDNEY

South Western Sydney 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 South Western Sydney 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 South Western Sydney 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 'A. Larkin'.

Amanda Larkin
Chief Executive
30 September 2022

A handwritten signature in black ink, appearing to read 'D. Palamidis'.

Dimi Palamidis
Director Finance & Corporate Services
30 September 2022

South Western Sydney Local Health District

Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	Consolidated Actual 2022 \$000	Consolidated Budget ¹ 2022 \$000	Consolidated Actual 2021 \$000	Parent Actual 2022 \$000	Parent Actual 2021 \$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	1,452,217	1,464,800	1,368,288	-	-
Personnel services	3	-	-	-	1,462,659	1,369,372
Visiting medical officers	4	104,232	104,822	106,518	104,232	106,518
Other expenses	5	681,644	686,890	624,124	681,644	624,124
Depreciation and amortisation	6	79,060	78,932	73,835	79,060	73,835
Grants and subsidies	7	15,867	14,916	12,114	15,867	12,114
Finance costs	8	1,929	2,631	2,293	1,929	2,293
Payments to Affiliated Health Organisations	9	37,026	37,089	34,781	37,026	34,781
Total expenses excluding losses		2,371,975	2,390,080	2,221,953	2,382,417	2,223,037
Revenue						
Ministry of Health recurrent allocations	12	2,063,138	2,032,219	1,919,010	2,063,138	1,919,010
Ministry of Health capital allocations	12	126,798	128,885	327,041	126,798	327,041
Acceptance by the Crown ² of employee benefits	16	(10,442)	(10,392)	(1,084)	-	-
Sale of goods and services from contracts with customers	13	156,229	188,809	184,190	156,229	184,190
Investment revenue	14	(2,626)	1,173	570	(2,626)	570
Grants and other contributions	15	183,097	176,422	110,355	183,097	110,355
Other income	17	5,754	10,896	3,203	5,754	3,203
Total revenue		2,521,948	2,528,012	2,543,285	2,532,390	2,544,369
Operating result		149,973	137,932	321,332	149,973	321,332
Gains / (losses) on disposal	18	(2,639)	-	(546)	(2,639)	(546)
Impairment losses on financial assets	22	(2,750)	(770)	(3,587)	(2,750)	(3,587)
Other gains / (losses)	19	(642)	(642)	-	(642)	-
Net result from continuing operations	40	143,942	136,520	317,199	143,942	317,199
Net result from discontinued operations		-	-	-	-	-
Net result		143,942	136,520	317,199	143,942	317,199
Other comprehensive income						
<i>Items that will not be reclassified to net result in subsequent periods</i>						
Changes in revaluation surplus of property, plant and equipment	26	94,119	-	-	94,119	-
Total other comprehensive income		94,119	-	-	94,119	-
TOTAL COMPREHENSIVE INCOME		238,061	136,520	317,199	238,061	317,199

¹ Unaudited adjusted budget, see Note 39.

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

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District

Statement of Financial Position as at 30 June 2022

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	Notes	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	21	86,812	87,571	100,744	86,812	100,744
Receivables	22	65,492	53,475	48,152	65,492	48,152
Inventories	23	6,399	5,935	5,106	6,399	5,106
Financial assets at fair value	24	38,054	44,560	-	38,054	-
Other financial assets	25	77	73	73	77	73
Total current assets		196,834	191,614	154,075	196,834	154,075
Non-current assets						
Receivables	22	6,234	1,331	23,911	6,234	23,911
Other financial assets	25	46	123	123	46	123
Property, plant & equipment	26					
- Land and buildings		2,346,132	2,251,246	2,080,400	2,346,132	2,080,400
- Plant and equipment		97,540	99,391	74,787	97,540	74,787
- Infrastructure systems		32,376	35,922	36,305	32,376	36,305
Total property, plant & equipment		2,476,048	2,386,559	2,191,492	2,476,048	2,191,492
Right-of-use assets	27	57,570	57,564	63,397	57,570	63,397
Intangible assets	28	3,339	3,251	3,693	3,339	3,693
Total non-current assets		2,543,237	2,448,828	2,282,616	2,543,237	2,282,616
Total assets		2,740,071	2,640,442	2,436,691	2,740,071	2,436,691
LIABILITIES						
Current liabilities						
Payables	31	127,997	147,114	110,440	127,997	110,440
Contract liabilities	32	2,904	1,858	1,858	2,904	1,858
Borrowings	33	14,026	12,486	14,198	14,026	14,198
Provisions	34	334,230	323,633	278,520	334,230	278,520
Other current liabilities	35	634	690	690	634	690
Total current liabilities		479,791	485,781	405,706	479,791	405,706
Non-current liabilities						
Borrowings	33	55,698	62,226	65,305	55,698	65,305
Provisions	34	3,760	3,760	4,222	3,760	4,222
Other non-current liabilities	35	29,902	28,599	28,599	29,902	28,599
Total non-current liabilities		89,360	94,585	98,126	89,360	98,126
Total liabilities		569,151	580,366	503,832	569,151	503,832
Net assets		2,170,920	2,060,076	1,932,859	2,170,920	1,932,859
EQUITY						
Reserves		710,839	613,458	613,457	710,839	613,457
Accumulated funds		1,460,081	1,446,618	1,319,402	1,460,081	1,319,402
Total Equity		2,170,920	2,060,076	1,932,859	2,170,920	1,932,859

¹ Unaudited adjusted budget, see Note 39.

The accompanying notes form part of these financial statements.

South Western Sydney 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
Balance at 1 July 2021		1,319,402	613,457	1,932,859
Net result for the year		143,942	-	143,942
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	26	-	94,119	94,119
Reclassification of revaluation increments / (decrements) to accumulated funds on disposal of assets		(3,263)	3,263	-
Total other comprehensive income		(3,263)	97,382	94,119
Total comprehensive income for the year		140,679	97,382	238,061
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	-	-	-
Balance at 30 June 2022		1,460,081	710,839	2,170,920

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2020		1,001,797	613,833	1,615,630
Net result for the year		317,199	-	317,199
Other comprehensive income:				
Reclassification of revaluation increments / (decrements) to accumulated funds on disposal of assets		376	(376)	-
Total other comprehensive income		376	(376)	-
Total comprehensive income for the year		317,575	(376)	317,199
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	30	-	30
Balance at 30 June 2021		1,319,402	613,457	1,932,859

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District

Statement of Cash Flows for the year ended 30 June 2022

	Notes	Consolidated Actual 2022 \$000	Consolidated Budget ¹ 2022 \$000	Consolidated Actual 2021 \$000	Parent Actual 2022 \$000	Parent Actual 2021 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(1,434,514)	(1,438,135)	(1,372,083)	-	-
Suppliers for goods and services		(782,235)	(791,759)	(745,582)	(782,235)	(745,582)
Grants and subsidies		(53,084)	(52,195)	(50,874)	(53,084)	(50,874)
Finance costs		(1,928)	(2,631)	(2,293)	(1,928)	(2,293)
Personnel services		-	-	-	(1,434,514)	(1,372,083)
Total payments		(2,271,761)	(2,284,720)	(2,170,832)	(2,271,761)	(2,170,832)
Receipts						
Ministry of Health recurrent allocations		2,063,138	2,032,219	1,919,010	2,063,138	1,919,010
Ministry of Health capital allocations		126,798	128,885	327,041	126,798	327,041
Reimbursements from the Crown ²		21,614	21,614	15,381	21,614	15,381
Sale of goods and services		153,522	189,145	172,613	153,522	172,613
Interest received		607	1,173	503	607	503
Grants and other contributions		163,099	156,787	117,544	163,099	117,544
Other		44,677	57,512	61,133	44,677	61,133
Total receipts		2,573,455	2,587,335	2,613,225	2,573,455	2,613,225
NET CASH FLOWS FROM OPERATING ACTIVITIES	40	301,694	302,615	442,393	301,694	442,393
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment						
		31	-	748	31	748
Purchases of property, plant and equipment and intangibles						
		(260,692)	(262,592)	(415,438)	(260,692)	(415,438)
Purchases of financial assets						
		(41,297)	(44,560)	56	(41,297)	56
Other						
		75	-	18	75	18
NET CASH FLOWS FROM INVESTING ACTIVITIES		(301,883)	(307,152)	(414,616)	(301,883)	(414,616)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances						
		(4,405)	595	(4,092)	(4,405)	(4,092)
Payment of principal portion of lease liabilities						
		(9,338)	(9,231)	(9,213)	(9,338)	(9,213)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(13,743)	(8,636)	(13,305)	(13,743)	(13,305)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
		(13,932)	(13,173)	14,472	(13,932)	14,472
Opening cash and cash equivalents	21	100,744	100,744	86,272	100,744	86,272
CLOSING CASH AND CASH EQUIVALENTS	21	86,812	87,571	100,744	86,812	100,744

¹ Unaudited adjusted budget, see Note 39.

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

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

1. Statement of Significant Accounting Policies

a) Reporting entity

South Western Sydney Local Health District (SWSLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

SWSLHD 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.

SWSLHD, 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 30), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * South Western Sydney Local Health District Special Purpose Service Entity, which was established as a Division of the SWSLHD on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable SWSLHD 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

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

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

Following the Novel Coronavirus (COVID-19) outbreak in early 2020, SWSLHD 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.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

1. Statement of Significant Accounting Policies

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.

SWSLHD has received an additional \$216.37 million (2021: \$152.50 million) through Ministry of Health allocations as financial support for COVID-19 activity, see Note 12.

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

SWSLHD 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 SWSLHD's presentation and functional currency.

c) Statement of Compliance

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

d) 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 SWSLHD 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.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

1. Statement of Significant Accounting Policies

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 SWSLHD.

(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. SWSLHD, 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 SWSLHD.

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

The COVID-19 pandemic has resulted in significant changes in SWSLHD 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 Other expenses
- * Note 7 Grants and subsidies
- * Note 12 Ministry of Health allocations
- * Note 13 Sale of goods and services from contracts with customers
- * Note 15 Grants and other contributions
- * Note 19 Other gains / (losses)
- * Note 22 Receivables
- * Note 23 Inventories
- * Note 29 Fair value measurement of non-financial assets
- * Note 34 Provisions
- * Note 39 Adjusted budget review

South Western Sydney 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)	1,324,691	1,232,563	-	-
Superannuation - defined benefit plans	4,099	3,864	-	-
Superannuation - defined contribution plans	122,428	108,337	-	-
Long service leave	(19,670)	4,396	-	-
Redundancies	702	132	-	-
Workers' compensation insurance	19,854	18,904	-	-
Fringe benefits tax	113	92	-	-
	1,452,217	1,368,288	-	-

Refer to Note 34 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$Nil (2021: \$Nil) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

The long service leave in 2022 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)	-	-	1,324,691	1,232,563
Superannuation - defined contribution plans	-	-	122,428	108,337
Long service leave	-	-	(5,129)	9,344
Redundancies	-	-	702	132
Workers' compensation insurance	-	-	19,854	18,904
Fringe benefits tax	-	-	113	92
	-	-	1,462,659	1,369,372

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

Personnel services of \$Nil (2021: \$Nil) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing speciality input in a number of disciplines throughout SWSLHD's hospitals. VMO expenses of \$104.23 million (2021: \$106.52 million) represent part of the day-to-day running costs incurred in the normal operations of SWSLHD. These costs are expensed as incurred.

South Western Sydney 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	82	59	82	59
Auditor's remuneration - audit of financial statements	256	250	256	250
Blood and blood products	16,199	14,807	16,199	14,807
Consultancies	1,755	1,230	1,755	1,230
Contractors	6,523	3,696	6,523	3,696
Domestic supplies and services	23,615	20,892	23,615	20,892
Drug supplies*	98,436	72,560	98,436	72,560
Food supplies	41,163	39,132	41,163	39,132
Fuel, light and power	12,760	12,585	12,760	12,585
Patient transport costs	18,416	16,065	18,416	16,065
Information management expenses	30,836	28,207	30,836	28,207
Insurance	2,171	1,917	2,171	1,917
Maintenance (see Note 5 (b))	62,385	66,057	62,385	66,057
Medical and surgical supplies	129,578	118,631	129,578	118,631
Motor vehicle expenses	1,613	1,720	1,613	1,720
Postal and telephone costs	4,411	3,709	4,411	3,709
Printing and stationery	3,811	4,179	3,811	4,179
Rates and charges	2,097	2,063	2,097	2,063
Hosted services purchased from entities controlled by the immediate parent	2,382	2,095	2,382	2,095
Specialised services (dental, radiology, pathology and allied health)	115,740	104,446	115,740	104,446
Staff related costs	18,781	14,407	18,781	14,407
Travel related costs	1,088	519	1,088	519
Other (see Note 5 (a))	87,546	94,898	87,546	94,898
	681,644	624,124	681,644	624,124

* Drug supplies includes \$18.13 million (2021: \$Nil) of COVID-19 vaccinations administered by vaccination hubs within SWSLHD. Refer to Note 23 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 SWSLHD.

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
(a) Other				
Contract for patient services	41,766	53,524	41,766	53,524
Corporate support services	12,544	12,651	12,544	12,651
Courier and freight	587	672	587	672
Isolated patient travel and accommodation assistance scheme	115	82	115	82
Legal services	919	295	919	295
Membership/professional fees	881	1,005	881	1,005

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

5. Other expenses

Quality assurance / accreditation	19	29	19	29
Security services	9,827	8,342	9,827	8,342
Expenses relating to short-term leases	2,853	1,804	2,853	1,804
Expenses relating to leases of low-value assets	4,420	2,557	4,420	2,557
Other miscellaneous	13,615	13,937	13,615	13,937
	87,546	94,898	87,546	94,898

(b) Reconciliation of total maintenance expense

Maintenance contracts	21,448	21,473	21,448	21,473
New / replacement equipment under \$10,000	28,001	29,153	28,001	29,153
Repairs maintenance / non contract	12,873	15,351	12,873	15,351
Other	63	80	63	80
Maintenance expense - contracted labour and other (non-employee related) in Note 5	62,385	66,057	62,385	66,057
Employee related/personnel services maintenance expense included in Notes 2 and 3.	4,466	4,353	4,466	4,353
	66,851	70,410	66,851	70,410

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 SWSLHD. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 31.

Insurance

SWSLHD'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

SWSLHD 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.

South Western Sydney 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	53,660	47,996	53,660	47,996
Depreciation - plant and equipment	14,065	14,530	14,065	14,530
Depreciation - infrastructure systems	1,095	1,007	1,095	1,007
Depreciation - right-of-use buildings	3,257	3,302	3,257	3,302
Depreciation - right-of-use plant and equipment	6,549	6,567	6,549	6,567
Amortisation - intangible assets	434	433	434	433
	79,060	73,835	79,060	73,835

Refer to Note 26 Property, plant and equipment, Note 27 Leases, and Note 28 Intangible assets for recognition and measurement policies on depreciation and amortisation.

7. Grants and subsidies

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Non-government organisations	9,921	9,760	9,921	9,760
Grants to research organisations	444	944	444	944
Grants to entities controlled by the immediate parent*	4,405	596	4,405	596
Other grants*	1,097	814	1,097	814
	15,867	12,114	15,867	12,114

* SWSLHD granted COVID-19 vaccines to other NSW Health entities and to third parties for nil consideration at current replacement cost. Refer to Note 23 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 \$3.79 million (2021: \$Nil) and to external third parties (under 'Other grants') was \$0.03 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.

South Western Sydney Local Health District

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

8. Finance costs

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Interest expense from lease liabilities	1,073	1,124	1,073	1,124
Interest expense from financial liabilities at amortised cost	856	1,169	856	1,169
	1,929	2,293	1,929	2,293

Recognition and Measurement

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

9. Payments to Affiliated Health Organisations

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Recurrent sourced				
HammondCare Health (Braeside Hospital)	20,450	19,717	20,450	19,717
Karitane	8,691	7,515	8,691	7,515
The Benevolent Society (South Western Sydney Scarba Service)	614	588	614	588
NSW Service for the Treatment and Rehabilitation of Torture and Trauma Survivors - STARTTS	7,271	6,961	7,271	6,961
	37,026	34,781	37,026	34,781

Recognition and Measurement

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

General operating expenses / revenues of \$37m (net expense), for the Affiliated Health Organisations listed (Braeside Hospital, Karitane, SWS Scarba Service and STARTTS), have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the health organisations concerned. SWSLHD is not deemed to own or control the various assets / liabilities of the aforementioned health organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

10. 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, SWSLHD'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 SWSLHD which forms part of the consolidated fund and is not appropriated to SWSLHD by an Act.

11. Summary of compliance

The Appropriation Act 2021 (Appropriations Act) appropriates the sum of \$15.79 billion 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 SWSLHD.

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 SWSLHD 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. SWSLHD'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 SWSLHD to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of SWSLHD. 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.

12. Ministry of Health allocations

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

SWSLHD recognised additional Ministry of Health recurrent allocations of \$213.52 million (2021: \$147.00 million) and Ministry of Health capital allocations of \$2.85 million (2021: \$5.50 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.

South Western Sydney Local Health District

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

13. 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	37,031	37,625	37,031	37,625
Sale of prostheses	4,835	4,157	4,835	4,157
Other	605	332	605	332
	42,471	42,114	42,471	42,114

(b) Rendering of services comprise the following:

<i>Patients</i>				
Patient Fees:				
- Inpatient fees	58,025	64,618	58,025	64,618
- Nursing home fees	431	321	431	321
- Non inpatient fees	4,477	4,040	4,477	4,040
Department of Veterans' Affairs	8,055	11,807	8,055	11,807
Motor Accident Authority third party	9,800	16,889	9,800	16,889
<i>Staff</i>				
Private use of motor vehicles	88	98	88	98
Salary packaging fee	12	(9)	12	(9)
Meals and accommodation	4	13	4	13
Child care fees	1,910	2,067	1,910	2,067
<i>General community</i>				
Car parking	4,602	5,563	4,602	5,563
Clinical services (excluding clinical drug trials)	1,475	1,567	1,475	1,567
Commercial activities	1,334	754	1,334	754
Fees for conferences and training	1,369	2,663	1,369	2,663
Fees for medical records	299	281	299	281
Information retrieval	10	15	10	15
<i>Non-NSW Health entities</i>				
Services to other organisations	342	707	342	707
<i>Entities controlled by the immediate parent</i>				
Hosted service revenues	125	-	125	-
Shared corporate service revenues	1	-	1	-
<i>Other</i>				
Infrastructure fees - annual charge	7,932	10,859	7,932	10,859
Infrastructure fees - monthly facility charge	11,819	18,206	11,819	18,206
Other	1,648	1,617	1,648	1,617
	113,758	142,076	113,758	142,076
	156,229	184,190	156,229	184,190

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

Recognition and Measurement

Sale of goods

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

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

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

Recognition and Measurement (continued)

Rendering of services

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

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Patient services - Inpatient fees, Nursing home fees, Non inpatient fees, Department of Veterans' Affairs, Motor Accident Authority third party	The performance obligations in relation to patient services are typically satisfied as the health services are delivered to the chargeable inpatients and non-inpatients. Public patients are not charged for health services provided at public hospitals. Chargeable patients, including Medicare ineligible patients, privately insured patients, eligible veterans, 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.
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 32 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 SWSLHD expects to recognise the unsatisfied portion as revenue.

South Western Sydney Local Health District

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

14. Investment revenue

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Interest income from financial assets at amortised cost	543	428	543	428
Finance income on the net investment in the lease	2	1	2	1
Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss	(3,179)	132	(3,179)	132
Royalties	8	9	8	9
	(2,626)	570	(2,626)	570

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).

Royalties

Royalties are usually recognised when the underlying performance obligation is satisfied. It is recognised at the estimated amount if the consideration is variable.

South Western Sydney Local Health District

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

15. Grants and other contributions

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	80	-	80	-
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	6,820	6,662	6,820	6,662
Clinical trials and research grants	7,510	5,981	7,510	5,981
Commonwealth government grants received for community based services	5,573	6,407	5,573	6,407
Commonwealth government grants other	2,146	1,118	2,146	1,118
Grants from entities controlled by the ultimate parent	1,658	1,563	1,658	1,563
Other grants from entities controlled by the immediate parent	1,286	592	1,286	592
Other grants	7,810	6,318	7,810	6,318
Grants without specific performance obligations				
Commonwealth government grants other*	22,336	-	22,336	-
Grants from entities controlled by the ultimate parent	117,511	75,395	117,511	75,395
Other grants from entities controlled by the immediate parent*	520	4,954	520	4,954
Other grants*	2	-	2	-
Donations	9,845	1,365	9,845	1,365
	183,097	110,355	183,097	110,355

* SWSLHD 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 23 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 \$22.34 million (2021: \$Nil), from NSW Health entities (under 'Other grants from entities controlled by the immediate parent') was \$0.28 million (2021: \$Nil) and from external third parties (under 'Other grants') was \$657 (2021: \$Nil).

15. 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 SWSLHD are recognised when SWSLHD satisfies its obligations under the transfer. SWSLHD 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 SWSLHD satisfies a performance obligation by transferring the promised goods or services. SWSLHD typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. SWSLHD 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 32 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 SWSLHD 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. SWSLHD receives volunteer services for the below activities:

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

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

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

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Superannuation - defined benefit plans	4,099	3,864	-	-
Long service leave provision	(14,541)	(4,948)	-	-
	(10,442)	(1,084)	-	-

17. Other income

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Other income comprises the following:				
Commissions	220	212	220	212
Discounts	401	32	401	32
Insurance refunds	39	32	39	32
Rental income				
- other rental income	4,409	2,573	4,409	2,573
Sponsorship	59	133	59	133
Unclaimed deposits	7	1	7	1
Other	619	220	619	220
	5,754	3,203	5,754	3,203

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.

Forgiveness of liabilities

The gross amount of a liability forgiven by a credit provider is recognised by the borrower as other income.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

18. Gains / (losses) on disposal

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	2,686	1,266	2,686	1,266
Less: proceeds from disposal	31	748	31	748
Net gains / (losses) on disposal	(2,655)	(518)	(2,655)	(518)
Right-of-use assets				
Written down value of assets disposed	(134)	678	(134)	678
Less: lease liabilities extinguished	(118)	436	(118)	436
Less: finance lease receivable	-	214	-	214
Net gains / (losses) on disposal*	16	(28)	16	(28)
Total gains / (losses) on disposal	(2,639)	(546)	(2,639)	(546)

* \$0.03 million of the net gains / (losses) on disposal is a result of the derecognition of the right-of-use asset of \$0.11 million and the lease liability of \$0.14 million with Property NSW, an entity of the ultimate parent as at 30 June 2022. Please refer to Note 27 for further details on the derecognition.

19. Other gains / (losses)

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Inventory write down*	(641)	-	(641)	-
Foreign exchange gains / (losses)	(1)	-	(1)	-
	(642)	-	(642)	-

* Inventory write down includes COVID-19 vaccine wastage of \$0.34 million (2021: \$Nil) and impairment of \$0.30 million (2021: \$Nil). Refer to Note 23 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 22 Receivables
- Note 23 Inventories
- Note 26 Property, plant and equipment
- Note 27 Leases
- Note 28 Intangible assets

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

SWSLHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. SWSLHD 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 30 Restricted assets.

South Western Sydney Local Health District

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

21. Cash and cash equivalents

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Cash at bank and on hand	86,812	59,511	86,812	59,511
Short-term deposits	-	41,233	-	41,233
	86,812	100,744	86,812	100,744

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)	86,812	100,744	86,812	100,744
	86,812	100,744	86,812	100,744

Refer to Note 43 for details regarding credit risk and market risk arising from financial instruments.

Most cash and cash equivalents held by SWSLHD 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 SWSLHD. These payments are reported as expenses and operating cash outflows in the financial statements of SWSLHD.

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

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

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

South Western Sydney Local Health District

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

22. Receivables

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
Trade receivables from contracts with customers	33,787	29,884	33,787	29,884
Intra health receivables	8,373	8,930	8,373	8,930
Goods and Services Tax	4,538	5,940	4,538	5,940
Other receivables	13,878	6,682	13,878	6,682
Sub total	60,576	51,436	60,576	51,436
<i>Less: Allowance for expected credit losses*</i>				
- Trade receivables from contracts with customers	(5,379)	(5,345)	(5,379)	(5,345)
- Other receivables	(4)	(8)	(4)	(8)
Sub total	55,193	46,083	55,193	46,083
Prepayments	10,299	2,069	10,299	2,069
	65,492	48,152	65,492	48,152

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(5,345)	(4,056)	(5,345)	(4,056)
Amounts written off during the year	2,696	2,274	2,696	2,274
(Increase) / decrease in allowance recognised in the net result ¹	(2,729)	(3,563)	(2,729)	(3,563)
Balance at the end of the year	(5,379)	(5,345)	(5,379)	(5,345)
Other receivables				
Balance at the beginning of the year	(8)	(9)	(8)	(9)
Amounts written off during the year	25	25	25	25
(Increase) / decrease in allowance recognised in the net result	(21)	(24)	(21)	(24)
Balance at the end of the year	(4)	(8)	(4)	(8)
	(5,383)	(5,353)	(5,383)	(5,353)

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Non-current				
Prepayments	6,234	23,911	6,234	23,911
	6,234	23,911	6,234	23,911

¹ Includes total impairment loss of \$2.73 million (2021: \$3.56 million) recognised on receivables from contracts with customers.

South Western Sydney Local Health District

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

22. Receivables (continued)

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

Current and non-current include:

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Patient fees - compensable	4,353	4,051	4,353	4,051
Patient fees - ineligible	13,877	13,869	13,877	13,869
Patient fees - inpatient & other	8,940	8,741	8,940	8,741
	27,170	26,661	27,170	26,661

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 43.

	Consolidated 2022 \$000	Consolidated ¹ 2021 \$000	Parent 2022 \$000	Parent ¹ 2021 \$000
Contract receivables (included in Note 22)	41,565	38,167	41,565	38,167
Total contract receivables	41,565	38,167	41,565	38,167

¹ Prior year figures have been restated lower by \$0.353 million as a result of items previously classified under contract receivables in error.

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

SWSLHD 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

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

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

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

23. Inventories

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Drug supplies	6,363	4,818	6,363	4,818
Medical and surgical supplies	259	213	259	213
Engineering supplies	75	75	75	75
Sub total	6,697	5,106	6,697	5,106
<i>Less: Allowance for impairment</i>				
- Drug supplies	(298)	-	(298)	-
	6,399	5,106	6,399	5,106

The increase in medical and surgical supplies is a result of SWSLHD's increased purchases to protect, test and treat suspected and confirmed COVID-19 patients. Inventories held for distribution for COVID-19 are also consumed as part of the normal services provided by SWSLHD.

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.

Market demand has increased the weighted average cost of inventories in medical and surgical supplies since the outbreak of COVID-19. Market demand for these items is expected to continue and as a result the carrying amount and current replacement cost are aligned. At the 30 June 2022, SWSLHD has determined that it plans to use the remaining medical and surgical supplies inventory in a relatively short time period, well before expiry, and there is no available alternative that is more efficient or effective nor a likelihood of an alternative being on the market in the foreseeable future.

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. SWSLHD 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 SWSLHD controls the inventory once it is received from the Commonwealth, the value of the inventory received, administered / granted and wasted were recognised by SWSLHD.

The value attributable to the vaccines received was measured at its fair value based on replacement cost. SWSLHD 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 SWSLHD.

The value of the vaccines received and administered / granted during the financial year ended 30 June 2022 was \$22.61 million (2021: \$Nil) and \$21.96 million (2021: \$Nil), respectively. \$0.34 million (2021: \$Nil) of vaccines were written-off and another \$0.3 million (2021: \$Nil) impaired during the year. COVID-19 vaccine closing inventory balance as at 30 June 2022 was \$0.31 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 SWSLHD 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.

South Western Sydney Local Health District

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

24. Financial assets at fair value

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
TCorpIM Funds Investment Facilities	38,054	-	38,054	-
	38,054	-	38,054	-

Refer to Note 43 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

SWSLHD'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 are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives are economic hedges classified as fair value through profit or loss unless they are designated as effective hedging instruments.

Derivative contracts are carried as financial assets when their fair value at the reporting date is positive. Derivative contracts maturing less than 12 months are classified as current and all other contracts as non-current.

SWSLHD has elected not to apply hedge accounting to the economic hedges.

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.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

25. Other financial assets

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
Receivables on finance leases as lessor (Note 27)	77	73	77	73
	77	73	77	73
Non-current				
Receivables on finance leases as lessor (Note 27)	46	123	46	123
	46	123	46	123

Refer to Note 43 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

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

Subsequent measurement

Financial assets at amortised cost

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

Impairment

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

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

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

South Western Sydney Local Health District

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

26. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2020 - fair value				
Gross carrying amount	2,378,046	199,596	38,039	2,615,681
Less: accumulated depreciation and impairment	646,090	121,072	4,939	772,101
Net carrying amount	1,731,956	78,524	33,100	1,843,580

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2021				
Net carrying amount at beginning of year	1,731,956	78,524	33,100	1,843,580
Additions	384,225	31,235	-	415,460
Reclassification to intangibles	-	(3,341)	-	(3,341)
Disposals	(628)	(638)	-	(1,266)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	592	-	592
Depreciation expense	(47,996)	(14,530)	(1,007)	(63,533)
Reclassifications	12,843	(17,055)	4,212	-
Net carrying amount at end of year	2,080,400	74,787	36,305	2,191,492

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 29.

South Western Sydney Local Health District

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

26. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2021 - fair value				
Gross carrying amount	2,774,455	205,214	42,251	3,021,920
<i>Less: accumulated depreciation and impairment</i>	694,055	130,427	5,946	830,428
Net carrying amount	2,080,400	74,787	36,305	2,191,492

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2022				
Net carrying amount at beginning of year	2,080,400	74,787	36,305	2,191,492
Additions	224,623	36,034	-	260,657
Disposals	(2,524)	(162)	-	(2,686)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	1,286	-	1,286
Net revaluation increments less revaluation decrements	97,278	-	(3,159)	94,119
Depreciation expense	(53,660)	(14,065)	(1,095)	(68,820)
Reclassifications	15	(340)	325	-
Net carrying amount at end of year	2,346,132	97,540	32,376	2,476,048

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2022 - fair value				
Gross carrying amount	3,318,659	234,153	46,526	3,599,338
<i>Less: accumulated depreciation and impairment</i>	972,527	136,613	14,150	1,123,290
Net carrying amount	2,346,132	97,540	32,376	2,476,048

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 29.

South Western Sydney Local Health District

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

26. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2020 - fair value				
Gross carrying amount	2,356,093	199,596	38,039	2,593,728
Less: accumulated depreciation and impairment	644,016	121,072	4,939	770,027
Net carrying amount	1,712,077	78,524	33,100	1,823,701

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2021				
Net carrying amount at beginning of year	1,712,077	78,524	33,100	1,823,701
Additions	384,225	31,235	-	415,460
Reclassification to intangibles	-	(3,341)	-	(3,341)
Disposals	(628)	(638)	-	(1,266)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	592	-	592
Depreciation expense	(47,502)	(14,530)	(1,007)	(63,039)
Reclassifications	12,843	(17,055)	4,212	-
Net carrying amount at end of year	2,061,015	74,787	36,305	2,172,107

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 29.

South Western Sydney Local Health District

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

26. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2021 - fair value				
Gross carrying amount	2,752,502	205,214	42,251	2,999,967
<i>Less: accumulated depreciation and impairment</i>	691,487	130,427	5,946	827,860
Net carrying amount	2,061,015	74,787	36,305	2,172,107

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2022				
Net carrying amount at beginning of year	2,061,015	74,787	36,305	2,172,107
Additions	224,623	36,034	-	260,657
Disposals	(2,524)	(162)	-	(2,686)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	1,286	-	1,286
Net revaluation increments less revaluation decrements	96,266	-	(3,159)	93,107
Depreciation expense	(53,170)	(14,065)	(1,095)	(68,330)
Reclassifications	15	(340)	325	-
Net carrying amount at end of year	2,326,225	97,540	32,376	2,456,141

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2022 - fair value				
Gross carrying amount	3,296,789	234,153	46,526	3,577,468
<i>Less: accumulated depreciation and impairment</i>	970,564	136,613	14,150	1,121,327
Net carrying amount	2,326,225	97,540	32,376	2,456,141

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 29.

South Western Sydney Local Health District

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

26. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2020 - fair value				
Gross carrying amount	21,953	-	-	21,953
Less: accumulated depreciation and impairment	2,074	-	-	2,074
Net carrying amount	19,879	-	-	19,879

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2021				
Net carrying amount at beginning of year	19,879	-	-	19,879
Depreciation expense	(494)	-	-	(494)
Net carrying amount at end of year	19,385	-	-	19,385

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2021 - fair value				
Gross carrying amount	21,953	-	-	21,953
Less: accumulated depreciation and impairment	2,568	-	-	2,568
Net carrying amount	19,385	-	-	19,385

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2022				
Net carrying amount at beginning of year	19,385	-	-	19,385
Net revaluation increments less revaluation decrements	1,012	-	-	1,012
Depreciation expense	(490)	-	-	(490)
Net carrying amount at end of year	19,907	-	-	19,907

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2022 - fair value				
Gross carrying amount	21,870	-	-	21,870
Less: accumulated depreciation and impairment	1,963	-	-	1,963
Net carrying amount	19,907	-	-	19,907

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 29.

26. 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 SWSLHD and makes payments to contractors and suppliers. Health Infrastructure initially records all costs incurred as work in progress or expenses and subsequently transfers to SWSLHD. The costs are then accordingly reflected in SWSLHD's financial statements. SWSLHD 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 (see also assets transferred as a result of an equity transfer - Note 36).

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

Capitalisation thresholds

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

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.

26. 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 SWSLHD.

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

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

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

	Useful lives
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, furniture and fittings and PODS (a detachable or self-contained unit on ambulances used for patient treatment).

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

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

Right-of-use assets acquired by lessees

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

Further information on leases is contained in Note 27.

26. 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 29 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. SWSLHD conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure. Interim desktop revaluations are conducted between comprehensive revaluations for those assets, where cumulative changes to indicators suggest fair value may differ materially from carrying value. SWSLHD uses an independent professionally qualified valuer for market indices.

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

Indices were subsequently obtained from CBRE Valuation & Advisory Services as at 30 June 2022, which suggested a cumulative increase in market price of 0% for land and an increase in construction costs of 3% for building and infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment of \$40.09 million for building and infrastructure.

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

26. 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.

SWSLHD 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, SWSLHD 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.

27. Leases

(a) Entity as a lessee

SWSLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 3 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. SWSLHD 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 SWSLHD 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 \$2.08 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.

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

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

SWSLHD 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.

During financial year ended 30 June 2022, SWSLHD has accepted the changes in the office accommodation arrangements with Property NSW (PNSW), an entity of the ultimate parent. The main change is the introduction of the 'substitution right' clause for PNSW to relocate the SWSLHD during the term of the agreement. The clause provides PNSW with a substantive substitution right. Therefore, these agreements are no longer accounted for as a lease within the scope of AASB 16. The office accommodation agreement with PNSW is no longer accounted for as a lease from 30 June 2022. This change involves judgment that the 'substitution right' clause in the agreement provides PNSW with a substantive substitution right. Management has made a judgment that PNSW can obtain benefits from exercising the substitution right when it achieves office accommodation efficiency at the whole-of-government level and/or its other service objectives. It is also considered practical for PNSW to exercise the substitution right due to the general nature of the relevant office accommodation.

The corresponding right-of-use assets and lease liabilities have been derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition is recognised in 'Gains/(Losses) on disposal' (refer to Note 18). From 1 July 2022, the accommodation charges will be recognised as expenses when incurred over the agreement duration.

SWSLHD continues to carry the responsibility to make good, and to control the fit-out during the remaining occupancy period as SWSLHD receives the economic benefits via using the fit-out or expected compensation from PNSW upon relocation. Therefore, SWSLHD's accounting treatment for make-good provision and fit-out costs in relation to the relevant accommodation remains unchanged.

South Western Sydney Local Health District

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

27. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

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

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2021	39,890	23,507	63,397
Additions	145	2,294	2,439
Reassessments	1,044	362	1,406
Disposals*	165	(31)	134
Depreciation expense	(3,257)	(6,549)	(9,806)
Balance at 30 June 2022	37,987	19,583	57,570

* Disposal includes derecognition of the right-of-use assets of net \$0.11 million with Property NSW as at the 30 June 2022.

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2020	38,918	25,978	64,896
Additions	2,169	3,836	6,005
Reassessments	2,773	330	3,103
Disposals	(668)	(10)	(678)
Depreciation expense	(3,302)	(6,567)	(9,869)
Equity transfers - transfers In / (out)	-	(60)	(60)
Balance at 30 June 2021	39,890	23,507	63,397

South Western Sydney Local Health District

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

27. 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	65,239	65,871
Additions	2,439	6,005
Interest expenses	1,072	1,124
Payments	(10,410)	(10,337)
Terminations / derecognition*	118	(436)
Equity transfers - transfers In / (out)	-	(90)
Other adjustments	1,406	3,102
Balance at 30 June	59,864	65,239

* Terminations / derecognition includes derecognition of lease liabilities of \$0.14 million with Property NSW as at 30 June 2022.

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

PARENT AND CONSOLIDATION

	2022	2021
	\$000	\$000
Depreciation expense of right-of-use assets	9,806	9,869
Interest expense on lease liabilities	1,072	1,124
Expenses relating to short-term leases	2,853	1,804
Expenses relating to leases of low-value assets	4,420	2,557
Variable lease payments, not included in the measurement of lease liabilities	-	1
(Gains) / losses on disposal*	(16)	28
Total amount recognised in the statement of comprehensive income	18,135	15,383

* (Gains) / losses on disposal includes \$0.03 million of net gains on disposal as a result of the derecognition of leases with Property NSW as at 30 June 2022.

SWSLHD had total cash outflows for leases of \$17.68 million for the year ended 30 June 2022 (2021: \$14.70 million).

27. Leases (continued)

(a) Entity as a lessee (continued)

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

SWSLHD entered into a number of leases, with lease terms ranging from 5 to 10 years with various organisations (Lendlease Real Estate Investment Limited & GPT Funds Management Limited, State Rail Authority of NSW and Wingecarribee Shire Council), for the use of providing Community Health Services. The contract specifies lease payments of \$0.26k per annum. The leased premise is to be used by SWSLHD to provide different community health services. The providing Community Health Services account for a small portion of the similar assets SWSLHD is using for the purpose of providing community services. Therefore it does not have a significant impact on SWSLHD's operations.

Recognition and Measurement

SWSLHD 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.

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

i. Right-of-use assets

SWSLHD 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:

	Useful lives
Buildings	4 years
Plant and equipment	5 years
Motor vehicles and other equipment	3 years

If ownership of the leased asset transfers to SWSLHD 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. SWSLHD 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, SWSLHD 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, SWSLHD 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 SWSLHD; and
- payments of penalties for terminating the lease, if the lease term reflects SWSLHD exercising the option to terminate.

27. 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. SWSLHD 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, SWSLHD 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.

SWSLHD's lease liabilities are included in borrowings in Note 33.

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

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

South Western Sydney Local Health District

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

27. Leases (continued)

(b) Entity as a lessor

South Western Sydney Local Health District leases 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.

South Western Sydney Local Health District also leases premises (103 Hoddle Avenue, Bradbury and 19 Flowerdale Road, Liverpool) to NGO's under operating leases arrangements. Generally there are no rental payments as SWSLHD provides market rental assistance grants to offset the rental payments.

Lessor for finance leases

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

PARENT AND CONSOLIDATION

	2022 \$000	2021 \$000
Within one year	78	75
One to two years	47	78
Two to three years	-	47
Total (excluding GST)	125	200

Reconciliation of net investment in leases

PARENT AND CONSOLIDATION

	2022 \$000	2021 \$000
Future undiscounted rentals receivable	125	200
Less: unearned finance income	(2)	(4)
Net investment in finance lease	123	196

The net investment in finance lease is due to the subleasing arrangements with MyHealth Medical Group Pty Ltd (\$109k) and Clinical Laboratories Pty Ltd (\$14k) for the premises at Oran Park Podium.

South Western Sydney Local Health District

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

27. Leases (continued)

(b) Entity as a lessor (continued)

Recognition and Measurement

Lessor for finance leases

Leases that SWSLHD 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.

At the lease commencement date, SWSLHD recognises a receivable for assets held under a finance lease in its Statement of Financial Position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease.

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

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	2021
	\$'000	\$'000
Within one year	1,331	1,331
One to two years	1,331	1,331
Two to three years	1,296	1,331
Three to four years	1,289	1,296
Four to five years	1,289	1,289
Later than five years	37,468	38,757
Total (excluding GST)	44,004	45,335

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.

South Western Sydney Local Health District

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

28. Intangible assets

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 1 July 2020		
Cost (gross carrying amount)	1,473	1,473
Less: accumulated amortisation and impairment	688	688
Net carrying amount	785	785

	Software \$000	Total \$000
Year ended 30 June 2021		
Net carrying amount at beginning of year	785	785
Reclassifications from plant and equipment	3,341	3,341
Amortisation (recognised in depreciation and amortisation)	(433)	(433)
Net carrying amount at end of year	3,693	3,693

	Software \$000	Total \$000
At 1 July 2021		
Cost (gross carrying amount)	4,814	4,814
Less: accumulated amortisation and impairment	1,121	1,121
Net carrying amount	3,693	3,693

	Software \$000	Total \$000
Year ended 30 June 2022		
Net carrying amount at beginning of year	3,693	3,693
Additions - acquired separately	80	80
Amortisation (recognised in depreciation and amortisation)	(434)	(434)
Net carrying amount at end of year	3,339	3,339

South Western Sydney Local Health District

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

28. Intangible assets (continued)

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 30 June 2022		
Cost (gross carrying amount)	4,894	4,894
Less: accumulated amortisation and impairment	1,555	1,555
Net carrying amount	3,339	3,339

Recognition and Measurement

SWSLHD recognises intangible assets only if it is probable that future economic benefits will flow to SWSLHD and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for SWSLHD's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

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

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements
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29. 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, SWSLHD 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).

SWSLHD 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 26)				
- Land and buildings	-	80,303	1,501,303	1,581,606
- Infrastructure systems	-	-	32,376	32,376
	-	80,303	1,533,679	1,613,982

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 26.

	Level 1	Level 2	Level 3	Total Fair Value
2021	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 26)				
- Land and buildings	-	88,657	1,417,375	1,506,032
- Infrastructure systems	-	-	36,305	36,305
	-	88,657	1,453,680	1,542,337

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 26.

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems SWSLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE Valuation & Advisory Services for the 2021-22 financial year. CBRE Valuation & Advisory Services is an independent entity and is not an associated entity of SWSLHD.

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 26 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 SWSLHD to assess the land and non-specialised properties, in line with the valuation by the valuers made on a market approach.

South Western Sydney Local Health District

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

(c) Reconciliation of recurring Level 3 fair value measurements

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2022	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2021	1,417,375	36,305	1,453,680
Additions*	32,633	325	32,958
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 26)	87,570	(3,159)	84,411
Transfers from Level 2	18,291	-	18,291
Disposals	(2,524)	-	(2,524)
Depreciation expense	(52,042)	(1,095)	(53,137)
Fair value as at 30 June 2022	1,501,303	32,376	1,533,679

* 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 1 or 2 during the year ended 30 June 2022.

2021	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2020	1,342,735	33,400	1,376,135
Additions	121,481	3,912	125,393
Depreciation expense	(46,841)	(1,007)	(47,848)
Fair value as at 30 June 2021	1,417,375	36,305	1,453,680

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

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

30. Restricted assets

PARENT AND CONSOLIDATION

SWSLHD'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.

Category	1 July 2021	Revenue	Expense	2022
	Opening			Closing
	\$000	\$000	\$000	\$000
Community welfare	4,339	1,145	1,150	4,334
Facility improvements	24,948	47,396	6,278	66,065
Patient welfare	2,175	272	309	2,138
Private practice disbursements (No.2 Accounts)	37,895	7,217	6,759	38,353
Public contributions	3,635	380	-	4,015
Research	14,395	8,266	6,365	16,296
Staff welfare	709	303	73	939
Training and education including conferences	7,188	328	434	7,083
	95,283	65,307	21,367	139,223

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

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
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 SWSLHD 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 SWSLHD.

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

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements
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31. Payables

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
Accrued salaries, wages and on-costs	24,684	25,111	-	-
Salaries and wages deductions	515	487	-	-
Payroll and fringe benefits tax	135	108	-	-
Accrued liability - purchase of personnel services	-	-	25,334	25,706
Creditors	40,149	31,630	40,149	31,630
- Payables to entities controlled by the immediate parent	25,293	23,773	25,293	23,773
- Other	37,221	29,331	37,221	29,331
	127,997	110,440	127,997	110,440

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 43.

Recognition and Measurement

Payables represent liabilities for goods and services provided to SWSLHD 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.

South Western Sydney Local Health District

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

32. Contract liabilities

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
Contract liabilities	2,904	1,858	2,904	1,858
	2,904	1,858	2,904	1,858

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.

	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	1,858	1,532	1,858	1,532

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

33. Borrowings

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
Other loans and deposits	5,232	5,228	5,232	5,228
Lease liabilities (see Note 27)	8,794	8,970	8,794	8,970
	14,026	14,198	14,026	14,198
Non-current				
Other loans and deposits	4,628	9,036	4,628	9,036
Lease liabilities (see Note 27)	51,070	56,269	51,070	56,269
	55,698	65,305	55,698	65,305

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

Final repayment of Liverpool Carpark loan is scheduled for 25 June 2024, and final repayment of Fairfield EEGP loan is scheduled for 31 December 2029.

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 43.

Recognition and Measurement

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.

Changes in liabilities arising from financing activities

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	Derivatives \$000	Service concession arrangements \$000	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2020	-	-	18,355	65,871	84,226
Cash flows	-	-	(4,091)	(9,213)	(13,304)
New leases	-	-	-	6,006	6,006
Lease terminations	-	-	-	(437)	(437)
Lease reassessments	-	-	-	3,102	3,102
Non-cash changes other	-	-	-	(90)	(90)
30 June 2021	-	-	14,264	65,239	79,503
1 July 2021	-	-	14,264	65,239	79,503
Cash flows	-	-	(4,404)	(9,337)	(13,741)
New leases	-	-	-	2,438	2,438
Lease terminations*	-	-	-	118	118
Lease reassessments	-	-	-	1,406	1,406
30 June 2022	-	-	9,860	59,864	69,724

* Lease terminations include the derecognition of lease liabilities of \$0.14 million with Property NSW as at the 30 June 2022. Please refer to Note 27 for further details on the derecognition.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

34. Provisions

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	130,053	125,452	-	-
Annual leave - obligations expected to be settled after 12 months	120,830	103,062	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	2,308	2,608	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	35,710	40,077	-	-
Provision for other employee benefits*	42,671	7,321	-	-
Provision for personnel services liability	-	-	331,572	278,520
	331,572	278,520	331,572	278,520
Other Provisions				
Other	2,658	-	2,658	-
	2,658	-	2,658	-
Total current provisions	334,230	278,520	334,230	278,520
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	3,760	4,222	-	-
Provision for personnel services liability	-	-	3,760	4,222
Total non-current provisions	3,760	4,222	3,760	4,222
Aggregate employee benefits and related on-costs				
Provisions - current	331,572	278,520	-	-
Provisions - non-current	3,760	4,222	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 31)	25,199	25,598	-	-
Liability - purchase of personnel services	-	-	360,531	308,340
	360,531	308,340	360,531	308,340

* Provision for other employee benefits includes a one-off payment to employees of \$34.50 million (2021: \$Nil) for the recognition of service during the COVID-19 pandemic.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

34. 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
Other				
- Additional provisions recognised*	2,658	-	2,658	-
Carrying amount at end of period	2,658	-	2,658	-

* Additional provisions recognised of \$2.66 million in 2022, includes a one-off payment to visiting medical officers of \$1.70 million (2021: \$Nil) and affiliated health organisations of \$0.96 million (2021: \$Nil) for the recognition of service during the COVID-19 pandemic.

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 20.78% are applied to the value of leave payable at 30 June 2022 (comparable on-costs for 30 June 2021 were 20.28%). SWSLHD has assessed the actuarial advice based on the SWSLHD'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 SWSLHD does not expect to settle the liability within 12 months as SWSLHD does not have an unconditional right to defer settlement.

34. 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

SWSLHD'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. SWSLHD 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 SWSLHD.

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: SWSLHD 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 SWSLHD 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.

Any provisions for restructuring are recognised only when SWSLHD has a detailed formal plan, and SWSLHD has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

35. Other liabilities

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Current				
Unearned revenue	634	690	634	690
	634	690	634	690
Non-current				
Unearned revenue	18,297	18,840	18,297	18,840
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	11,605	9,759	11,605	9,759
	29,902	28,599	29,902	28,599

Unearned revenue was derived from the following:

Current unearned revenue \$634k relate to prepaid rental from the University of Wollongong at Bowral Hospital (\$92k) and prepaid rental from Western Sydney University for the Macarthur Clinical School at Campbelltown Hospital (\$542k).

Non-current unearned revenue \$18,297k relate to the Macarthur Clinical School Capital funding received from Western Sydney University treated as prepaid rental ("right of use"), over the 40 year life of the land lease at Campbelltown Hospital; Non-current liabilities \$11,605k relate to the ROHPG grants received in advance.

PARENT AND CONSOLIDATION

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

	2022 \$'000	2021 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	9,759	8,197
<i>Add:</i> receipt of cash during the financial year	1,926	1,562
<i>Deduct:</i> income recognised during the financial year	80	-
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	11,605	9,759

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

SWSLHD 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.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

36. Equity

Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with SWSLHD's policy on the revaluation of property, plant and equipment as discussed in Note 26.

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).

Increase / (decrease) in net assets from equity transfers

Equity transfers effected in the 2021/22 year were:

Nil

Equity transfers effected in the 2020/21 year were:

As at the 30 June 2021, a number of fleet leases were transferred to Ambulance Service of NSW (NBV \$16k) and Sydney Local Health District (NBV \$14k) at \$Nil consideration, an entity of the immediate parent. All corresponding asset and liability balances were transferred across at the carrying amounts from the transferee to the transferor.

Equity transfers effected comprised:	2022 \$000	2021 \$000
Transfer of motor vehicle fleet leases	-	(30)
	-	(30)

Assets and Liabilities transferred are as follows:	2022 \$000	2021 \$000
Assets		
Right-of-use assets	-	(60)
Liabilities		
Lease liabilities	-	90
Increase / (Decrease) in Net Assets From Equity Transfers	-	30

Recognition and Measurement

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between entities controlled by the ultimate parent are recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at amortised cost by the transferor because there is no active market, SWSLHD recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, SWSLHD does not recognise that asset.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

37. Commitments

(a) Capital commitments

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Within one year	91,937	156,579	91,937	156,579
Later than one year and not later than five years	328,067	33,927	328,067	33,927
Later than five years	82,575	2,056	82,575	2,056
Total (including GST)	502,579	192,562	502,579	192,562

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$502.58 million as at 30 June 2022 includes input tax credits of \$3.50 million that are expected to be recoverable from the Australian Taxation Office (2021: \$2.01 million).

Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$48.40 million as at 30 June 2022 includes taxable sales of \$2.52 million that are expected to be payable to the Australian Taxation Office (2021: \$2.60 million).

38. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

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

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Net result

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

Favourability in expenses of \$16.6M being offset by unfavourability in revenue \$6.1M and other items of \$4.6M.

The operational and financial impacts of COVID-19 were again significant in 2021/22. The expense favourability was driven by the favourability in Employee Related Expenditure of \$11.8M. This reflected the lower activity that occurred through the financial year and the ongoing re-allocation of resources to manage the COVID-19 pandemic for which additional budget was provided. The lower activity enabled the District to absorb the higher overtime as result of staff being furloughed with COVID and the increase in the annual leave provision expense as a result of the 3% award increase (2.53% Salary & Wages and 0.47% Superannuation). Additionally there was a \$5.3M favourability in Other Expenses, specifically in medical & surgical and drug supplies due to lower planned elective surgery activity.

Revenue un-favourability of \$6.1M was primarily driven by lower Own Source Revenue, specifically un-favourability in Patients Fees and Facility Fees. The impacts of COVID-19 significantly impacted the number of patients who entered SWSLHD's facilities and elected to use their private health insurance, as well as the level of activity in Non-admitted settings where staff specialists could exercise their 'Rights of Private Practice' for privately referred patients. This in turn resulted in lower facility fees that flowed to the District. Outside of COVID-19 there has been the ongoing impact of the lower than 'gazetted' amount paid by private health insurers for private patient single room accommodation.

Assets and liabilities

The Net Assets were \$100M favourable to budget. This was driven by the unbudgeted uplift in land & buildings fair value as a result of the physical revaluation of property conducted in 2021/22 and the further application of 'indices' in the final 6 months of the financial year to reflect changing market conditions, specially around gross construction costs for buildings. Excluding the revaluation impact the Net Assets actuals were approximately \$3M favourable to budget, with total liabilities being on budget and favourability in current receivables and prepayments, offset by the current 'global' market impacts on the NSW Treasury Corporation (TCORP) medium term investment.

Cash flows

Overall Cash Flows were unfavourable to budget by \$0.8M. While net cash flows from Operating Activities were \$1M unfavourable to budget, there was an offset between higher than expected outflows in Financing Activities and lower cash outflows in Investment Activities.

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

39. Adjusted budget review

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July, 2021 are as follows:

	\$000
Initial allocation, 1 July 2021	1,713,435
Growth & Escalation	73,514
Special projects	
Coronavirus COVID-19 Incremental	220,798
Coronavirus COVID-19 Carpark Revenue Reduction	(7,283)
Coronavirus COVID-19 Mental Health Recovery Package	3,261
Coronavirus COVID-19 Termination Costs	1,887
Coronavirus COVID-19 Dental Waiting List Recovery	300
National Partnership Dental	6,809
Community Care initiatives	2,392
Nursing and Midwifery Strategy Reserves and Enhancements	2,153
TMF Budget Adjustment	1,393
Nurse Wellbeing initiatives	1,300
Youth Mental Health Response team	1,260
Virtual Mental Health	1,212
O & G Academic Chair	1,000
Police Ambulance Early response	1,000
Aboriginal programs	925
End Of Life Palliative Care	589
Workplace Culture & Safety	327
Other Initiatives	5,947
Balance as per Statement of Comprehensive Income	2,032,219

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

40. 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 ¹ 2021 \$000	Parent 2022 \$000	Parent ¹ 2021 \$000
Net cash used on operating activities	301,694	442,393	301,694	442,393
Depreciation and amortisation expense	(79,060)	(73,835)	(79,060)	(73,835)
Allowance for impairment	(3,391)	(3,587)	(3,391)	(3,587)
(Increase) / decrease in other liabilities	(1,249)	(987)	(1,249)	(987)
Decrease / (increase) in provisions	(55,247)	(31,217)	(55,247)	(31,217)
Increase / (decrease) in inventory	1,293	(198)	1,293	(198)
Increase / (decrease) in prepayments and other assets	2,127	(9,756)	2,127	(9,756)
Decrease / (increase) in payables	(16,628)	(5,412)	(16,628)	(5,412)
Decrease / (increase) in contract liabilities	(1,046)	(326)	(1,046)	(326)
Net gain / (loss) on sale of property, plant and equipment	(2,655)	(518)	(2,655)	(518)
Net gain / (loss) on disposal of right-of-use assets	16	(28)	16	(28)
Increase / (decrease) in financial instruments at fair value	(3,243)	56	(3,243)	56
Assets donated or brought to account (Note 41)	1,331	614	1,331	614
Net result	143,942	317,199	143,942	317,199

¹ '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.

41. Non-cash financing and investing activities

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Assets donated or brought to account	1,331	613	1,331	613
Property, plant and equipment acquired by a lease	2,439	6,006	2,439	6,006
	3,770	6,619	3,770	6,619

South Western Sydney Local Health District

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for the year ended 30 June 2022

42. Trust funds

PARENT AND CONSOLIDATION

SWSLHD holds trust funds of \$1.4 million (2021: \$1.4 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

These funds are excluded from the financial statements as SWSLHD 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
Patient Trust	213	3	(10)	206
Refundable Deposits	564	(1)	(1)	562
Private Patient Trust Funds	-	39,871	(39,871)	-
Third Party Funds	620	1,061	(1,035)	646
Total trust funds	1,397	40,934	(40,917)	1,414

Category	1 July 2020			30 June 2021
	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Patient Trust	230	13	(30)	213
Refundable Deposits	538	27	(1)	564
Private Patient Trust Funds	(13)	44,738	(44,725)	-
Third Party Funds	542	1,187	(1,109)	620
Total trust funds	1,297	45,965	(45,865)	1,397

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

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

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 44.

South Western Sydney Local Health District

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43. Financial instruments

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

SWSLHD's main risks arising from financial instruments are outlined below, together with SWSLHD'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 SWSLHD, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

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Class	Category	Carrying Amount	Carrying Amount
		2022 \$000	2021 \$000
Financial assets			
Cash and cash equivalents (Note 21)	Amortised cost	86,812	100,744
Receivables (Note 22) ¹	Amortised cost	50,655	40,143
Financial assets at fair value (Note 24)	Fair value through profit or loss - mandatory classification	38,054	-
Other financial assets (Note 25)	Amortised cost	123	196
Total financial assets		175,644	141,083
Financial liabilities			
Borrowings (Note 33)	Financial liabilities measured at amortised cost	69,724	79,503
Payables (Note 31) ²	Financial liabilities measured at amortised cost	127,862	110,332
Total financial liabilities		197,586	189,835

Notes

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

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

SWSLHD 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:

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

43. Financial instruments (continued)

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

When SWSLHD 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 SWSLHD has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of SWSLHD's continuing involvement in the asset. In that case, SWSLHD also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that SWSLHD 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 SWSLHD could be required to repay.

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to SWSLHD. 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 SWSLHD, including cash, receivables and authority deposits. No collateral is held by SWSLHD. SWSLHD has not granted any financial guarantees.

Credit risk associated with SWSLHD'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.

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

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, other receivables, contract assets and lease receivables

Collectability of trade receivables, other receivables, contract assets and lease 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.

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

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

43. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

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

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

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

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	2.23%	5.97%	16.21%	25.02%	32.04%	11.26%
Estimated total gross carrying amount ¹	30,087	2,703	1,199	931	12,868	47,788
Expected credit loss	672	161	194	233	4,123	5,383
30 June 2021	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	3.58%	10.70%	21.86%	29.38%	34.74%	14.56%
Estimated total gross carrying amount ¹	21,433	2,010	1,688	725	10,906	36,762
Expected credit loss	767	215	369	213	3,789	5,353

Notes

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

SWSLHD 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

SWSLHD 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. SWSLHD didn't recognise a provision for expected credit losses on its other financial assets as at 30 June 2022 (2021: \$Nil).

43. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that SWSLHD will be unable to meet its payment obligations when they fall due. SWSLHD 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.

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

SWSLHD 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 SWSLHD 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.

South Western Sydney Local Health District

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

43. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Nominal Amount ¹ \$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
2022								
Payables:								
- Creditors ²		127,862	-	-	127,862	127,862	-	-
Borrowings:								
- Other loans and deposits	6.61	10,639	10,639	-	-	5,261	4,727	651
- Lease liabilities	1.71	70,608	70,608	-	-	9,343	23,326	37,939
		209,109	81,247	-	127,862	142,466	28,053	38,590
2021								
Payables:								
- Creditors ²		110,332	-	-	110,332	110,332	-	-
Borrowings:								
- Other loans and deposits	6.86	15,900	15,900	-	-	5,261	9,727	912
- Lease liabilities	1.68	76,974	76,974	-	-	9,665	24,948	42,361
		203,206	92,874	-	110,332	125,258	34,675	43,273

Notes:

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

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

³ Weighted Average Effective Interest Rate (EIR).

South Western Sydney Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

43. 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. SWSLHD's exposures to market risk are primarily through interest rate risk on SWSLHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. SWSLHD 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 SWSLHD 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 SWSLHD's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. SWSLHD 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, SWSLHD is not permitted to borrow external to the Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and the Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

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

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	2022		2021	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(553)	553	(214)	214
Equity	(553)	553	(214)	214

Foreign exchange risk

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

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

South Western Sydney Local Health District

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

43. 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. SWSLHD has no direct equity investments. SWSLHD holds units in the following TCorpIM Funds trusts:

Facility	Investment Sectors	Investment Horizon	2022 \$000	2021 \$000
TCorpIM Cash Fund	Cash and fixed income	Up to 1.5 years	-	41,233
TCorpIM Medium Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	3 years to 7 years	38,054	-

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 SWSLHD'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.

	Change in unit price		Impact on net result	
	2022 %	2021 %	2022 \$000	2021 \$000
TCorpIM Cash Fund	10%	10%	-	4,123
TCorpIM Medium Term Growth Fund	10%	10%	3,805	-

South Western Sydney Local Health District

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

43. Financial instruments (continued)

(e) Fair value measurement

i. Fair value compared to carrying amount

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

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

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

ii. Fair value recognised in the Statement of Financial Position

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

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, SWSLHD 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).

SWSLHD 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
Financial assets at fair value				
TCorpIM Funds	-	38,054	-	38,054
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2021 Total \$'000
Financial assets at fair value				
TCorpIM Funds	-	41,233	-	41,233

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 SWSLHD'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.

South Western Sydney Local Health District

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

44. 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	971	913
Post-employment benefits	69	68
	1,040	981

During the financial year, South Western Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$0.485 million (2021: \$0.519 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

There were no transactions with key management personnel and their close family members (2021: \$Nil).

(c) Transactions with the ultimate parent

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

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

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

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

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

44. Related party disclosures (continued)

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

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

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

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

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

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

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

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- TCorpIM Funds Investment Facilities
- Energy Efficient Government Program loans are held with the Crown
- Intra-health loans
- 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.

45. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS