



INDEPENDENT AUDITOR'S REPORT

Illawarra Shoalhaven Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Illawarra Shoalhaven Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information and other explanatory information.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the District carried out its activities effectively, efficiently and economically
- on 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.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 September 2025
SYDNEY

Illawarra Shoalhaven Local Health District
Statement by the Accountable Authority
for the year ended 30 June 2025



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

1. The financial statements of Illawarra Shoalhaven Local Health District for the year ended 30 June 2025 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024*; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly Illawarra Shoalhaven Local Health District's financial position as at 30 June 2025 and the financial performance and cash flows for the year then ended.

A handwritten signature in black ink that reads 'Margot K Mains'.

Margot Mains
Chief Executive
5 September 2025

A handwritten signature in black ink that reads 'Ketan Thakkar'.

Ketan Thakkar
Executive Director Finance and Corporate Services
5 September 2025

Illawarra Shoalhaven Local Health District
Statement of Comprehensive Income for the year ended 30 June 2025

		Consolidated Actual 2025 \$000	Consolidated Budget ¹ 2025 \$000	Consolidated Actual 2024 \$000	Parent Actual 2025 \$000	Parent Actual 2024 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	888,327	868,950	847,492	-	-
Personnel services	3	-	-	-	864,135	821,134
Visiting medical officers	4	77,693	58,681	68,637	77,693	68,637
Operating expenses	5	353,321	336,410	334,567	353,321	334,567
Depreciation and amortisation	6	48,385	48,385	48,062	48,385	48,062
Grants and subsidies	7	7,650	7,765	7,608	7,650	7,608
Finance costs		751	699	646	751	646
Total expenses excluding losses		1,376,127	1,320,890	1,307,012	1,351,935	1,280,654
Revenue						
Ministry of Health recurrent allocations	10	696,230	647,319	666,106	696,230	666,106
Ministry of Health capital allocations	10	223,483	224,773	124,473	223,483	124,473
Acceptance by the Crown ² of employee benefits	13	24,192	24,493	26,358	-	-
Sale of goods and services from contracts with customers	11	130,712	130,454	121,891	130,712	121,891
Investment revenue		2,164	1,068	2,288	2,164	2,288
Grants and other contributions	12	478,015	475,592	449,090	478,015	449,090
Other income		2,269	1,352	2,127	2,269	2,127
Total revenue		1,557,065	1,505,051	1,392,333	1,532,873	1,365,975
Operating result		180,938	184,161	85,321	180,938	85,321
Gains / (losses) on disposal		(1,242)	-	(297)	(1,242)	(297)
Impairment losses on financial assets	16	(887)	(412)	(223)	(887)	(223)
Other gains / (losses)		(28)	(28)	(5)	(28)	(5)
Net result from continuing operations	31	178,781	183,721	84,796	178,781	84,796
Net result		178,781	183,721	84,796	178,781	84,796
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	19	26,086	-	21,572	26,086	21,572
Total other comprehensive income		26,086	-	21,572	26,086	21,572
TOTAL COMPREHENSIVE INCOME		204,867	183,721	106,368	204,867	106,368

¹ Unaudited adjusted budget, see Note 30.

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

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District

Statement of Financial Position as at 30 June 2025

	Notes	Consolidated Actual 2025 \$000	Consolidated Budget ¹ 2025 \$000	Consolidated Actual 2024 \$000	Parent Actual 2025 \$000	Parent Actual 2024 \$000
ASSETS						
Current assets						
Cash and cash equivalents	15	39,676	35,874	35,759	39,676	35,759
Receivables	16	67,682	69,916	70,320	67,682	70,320
Inventories	17	8,996	9,594	9,612	8,996	9,612
Total current assets		116,354	115,384	115,691	116,354	115,691
Non-current assets						
Other financial assets	18	2,632	2,555	2,555	2,632	2,555
Property, plant & equipment	19					
- Land and buildings		1,055,056	1,028,721	846,158	1,055,056	846,158
- Plant and equipment		49,264	50,787	43,908	49,264	43,908
- Infrastructure systems		43,838	42,474	44,553	43,838	44,553
Total property, plant & equipment		1,148,158	1,121,982	934,619	1,148,158	934,619
Right-of-use assets	20	17,816	17,901	16,531	17,816	16,531
Intangible assets		76	76	107	76	107
Total non-current assets		1,168,682	1,142,514	953,812	1,168,682	953,812
Total assets		1,285,036	1,257,898	1,069,503	1,285,036	1,069,503
LIABILITIES						
Current liabilities						
Payables	23	71,491	75,607	73,484	71,491	73,484
Contract liabilities	24	647	273	273	647	273
Borrowings	25	5,385	4,229	5,105	5,385	5,105
Provisions	26	153,382	147,999	146,435	153,382	146,435
Other current liabilities	27	2,740	-	-	2,740	-
Total current liabilities		233,645	228,108	225,297	233,645	225,297
Non-current liabilities						
Borrowings	25	14,649	15,862	13,941	14,649	13,941
Provisions	26	2,303	2,303	2,360	2,303	2,360
Other non-current liabilities	27	9,156	7,489	7,489	9,156	7,489
Total non-current liabilities		26,108	25,654	23,790	26,108	23,790
Total liabilities		259,753	253,762	249,087	259,753	249,087
Net assets		1,025,283	1,004,136	820,416	1,025,283	820,416
EQUITY						
Reserves		296,215	271,239	271,238	296,215	271,238
Accumulated funds		729,068	732,897	549,178	729,068	549,178
Total Equity		1,025,283	1,004,136	820,416	1,025,283	820,416

¹ Unaudited adjusted budget, see Note 30.

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District **Statement of Changes in Equity for the year ended 30 June 2025**

PARENT AND CONSOLIDATION

	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2024	549,178	271,238	820,416
Net result for the year	178,781	-	178,781
Other comprehensive income:			
Net change in revaluation surplus of property, plant and equipment	-	26,086	26,086
Total other comprehensive income	-	26,086	26,086
Total comprehensive income for the year	178,781	26,086	204,867
Transfer of asset revaluation surplus to accumulated funds on disposal of assets	1,109	(1,109)	-
Balance at 30 June 2025	729,068	296,215	1,025,283

	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023	464,172	249,876	714,048
Net result for the year	84,796	-	84,796
Other comprehensive income:			
Net change in revaluation surplus of property, plant and equipment	-	21,572	21,572
Total other comprehensive income	-	21,572	21,572
Total comprehensive income for the year	84,796	21,572	106,368
Transfer of asset revaluation surplus to accumulated funds on disposal of assets	210	(210)	-
Balance at 30 June 2024	549,178	271,238	820,416

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District

Statement of Cash Flows for the year ended 30 June 2025

		Consolidated Actual 2025 \$000	Consolidated Budget ¹ 2025 \$000	Consolidated Actual 2024 \$000	Parent Actual 2025 \$000	Parent Actual 2024 \$000
Notes						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(865,051)	(855,437)	(819,179)	-	-
Suppliers for goods and services		(462,961)	(417,690)	(440,599)	(462,961)	(440,599)
Grants and subsidies		(8,159)	(8,273)	(8,196)	(8,159)	(8,196)
Finance costs		(751)	(699)	(647)	(751)	(647)
Personnel services		-	-	-	(850,336)	(804,818)
Total payments		(1,336,922)	(1,282,099)	(1,268,621)	(1,322,207)	(1,254,260)
Receipts						
Ministry of Health recurrent allocations		696,230	647,319	666,106	696,230	666,106
Ministry of Health capital allocations		223,483	224,773	124,473	223,483	124,473
Reimbursements from the Crown ²		14,715	14,715	14,361	-	-
Sale of goods and services		136,543	132,293	112,788	136,543	112,788
Interest received		2,087	1,068	2,198	2,087	2,198
Grants and other contributions		479,037	475,106	448,337	479,037	448,337
Other		23,699	22,982	24,550	23,699	24,550
Total receipts		1,575,794	1,518,256	1,392,813	1,561,079	1,378,452
NET CASH FLOWS FROM OPERATING ACTIVITIES	31	238,872	236,157	124,192	238,872	124,192
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		-	-	35	-	35
Purchases of property, plant and equipment and intangibles		(229,009)	(231,464)	(127,531)	(229,009)	(127,531)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(229,009)	(231,464)	(127,496)	(229,009)	(127,496)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances		(538)	(538)	(523)	(538)	(523)
Payment of principal portion of lease liabilities		(5,408)	(4,040)	(5,341)	(5,408)	(5,341)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(5,946)	(4,578)	(5,864)	(5,946)	(5,864)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,917	115	(9,168)	3,917	(9,168)
Opening cash and cash equivalents	15	35,759	35,759	44,927	35,759	44,927
CLOSING CASH AND CASH EQUIVALENTS	15	39,676	35,874	35,759	39,676	35,759

¹ Unaudited adjusted budget, see Note 30.

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

The accompanying notes form part of these financial statements.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

1. Statement of Material Accounting Policy Information

(a) Reporting entity

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2025 have been authorised for issue by the Chief Executive on 5 September 2025.

(b) Basis of preparation

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

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

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

The Secretary of NSW Health, the Chair of Illawarra Shoalhaven 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 ISLHD'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 ISLHD fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including withholding or providing additional financial support and increased management interaction.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

1. Statement of Material Accounting Policy Information (continued)

Other circumstances why the going concern assumption is appropriate include:

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

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

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 ISLHD's presentation and functional currency.

(c) Statement of Compliance

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

(d) Comparative Information

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

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

- Statement of Cash Flows: 'Reimbursements from The Crown' has been reclassified to 'Personnel Services' in the Parent entity to align the cash flow presentation with the accounting of Crown reimbursements. The prior year comparatives have accordingly been updated.
- Note 21 Fair value measurement of non-financial assets: The fair value hierarchy disclosure has been updated in the current year to include leasehold improvements, work in progress and newly completed assets which are carried at cost for accurate presentation. Prior year comparatives have accordingly been updated.
- Note 22 Restricted assets: The restricted asset balances, which previously reported the opening and closing equity balances, have now been revised to present the opening and closing balances of restricted cash and cash equivalents, for each category of restricted financial assets.
- Note 33 Trust funds: The trust fund balances, which previously reported the opening and closing equity balances, have now been revised to present the opening and closing balances of trust fund cash and cash equivalents for each category of trust funds.
- Note 35 Financial instruments: The market risk sensitivity analysis, which demonstrates the sensitivity to a reasonably possible change in interest rates, has been revised to exclude assets and liabilities not exposed to interest rate risk. Prior year comparatives have accordingly been updated.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

1. Statement of Material Accounting Policy Information (continued)

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

(i) Effective for the first time in 2024-25

The following new Australian Accounting Standard has been applied for the first time in 2024-25:

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

The nature and effect of the changes as a result of adoption of this amendment is described below.

AASB 2022-10 amends AASB 13 *Fair Value Measurement* to add authoritative implementation guidance and related illustrative examples for fair value measurement of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The guidance specifies that the entity is required to consider whether the asset's highest and best use differs from its current use, clarifies the 'financially feasible' criteria, specifies that an entity uses its own assumptions as a starting point for unobservable inputs and provides guidance on how the cost approach is to be applied to measure the assets fair value.

ISLHD has reviewed its accounting policies with reference to the guidance and concluded that the impact of applying this amendment did not materially affect the financial statements.

Several other amendments and interpretations applied for the first time in 2024-25, the impact of which is not material to the financial statements of ISLHD.

As a result, the accounting policies applied in 2024-25 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

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

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

- *AASB 18 Presentation and Disclosure in Financial Statements (AASB 18)*.

AASB 18 aims to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. AASB 18 will replace *AASB 101 Presentation of Financial Statements*.

The key presentation and disclosure requirements established by AASB 18 are:

- the presentation of newly defined subtotals in the statement of profit or loss;
- the disclosure of management-defined performance measures; and
- enhanced requirements for grouping information (i.e. aggregation and disaggregation).

For not-for-profit public sector entities, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028. The impact of AASB 18 is yet to be determined by ISLHD.

There are other standards and amendments issued but not yet effective, the impacts of which are not anticipated to be material.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

2. Employee related expenses

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Salaries and wages*	765,317	729,569	-	-
Superannuation - defined benefit plans	2,083	1,996	-	-
Superannuation - defined contribution plans	83,583	76,016	-	-
Long service leave	21,548	26,728	-	-
Redundancies	770	981	-	-
Workers' compensation insurance	14,937	12,105	-	-
Fringe benefits tax	89	97	-	-
	888,327	847,492	-	-

* Salaries and wages include annual leave, accrued days off (ADO) and parental leave.

Refer to Note 26 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$1.92 million (2024: \$1.54 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above amounts.

3. Personnel services

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Salaries and wages*	-	-	765,317	729,569
Superannuation - defined contribution plans	-	-	83,583	76,016
Long service leave	-	-	(561)	2,366
Redundancies	-	-	770	981
Workers' compensation insurance	-	-	14,937	12,105
Fringe benefits tax	-	-	89	97
	-	-	864,135	821,134

* Salaries and wages include annual leave, accrued days off (ADO) and parental leave.

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

Personnel services of \$1.92 million (2024: \$1.54 million) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above amounts.

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout ISLHD's hospitals. VMO expenses of \$77.69 million (2024: \$68.64 million) represent part of the day-to-day running costs incurred in the normal operations of ISLHD. These costs are expensed as incurred.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

5. Operating expenses

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Advertising	126	150	126	150
Agency expenses	4,725	4,237	4,725	4,237
Auditor's remuneration - audit of financial statements	218	211	218	211
Blood and blood products	9,019	9,501	9,019	9,501
Consultants	43	229	43	229
Contractors	2,016	1,778	2,016	1,778
Corporate support services	7,649	6,755	7,649	6,755
Courier and freight	667	639	667	639
Disability equipment support expenses	835	807	835	807
Domestic supplies and services	12,557	12,343	12,557	12,343
Drug supplies	38,926	38,278	38,926	38,278
Expenses relating to short-term leases	3,853	3,435	3,853	3,435
Expenses relating to leases of low-value assets	2,994	2,478	2,994	2,478
Food supplies	22,396	24,232	22,396	24,232
Fuel, light, power and water	8,789	7,898	8,789	7,898
Hosted services purchased from entities controlled by the immediate parent	10,975	10,274	10,975	10,274
Information management expenses	24,606	23,725	24,606	23,725
Insurance	2,167	1,952	2,167	1,952
Legal services	541	368	541	368
Maintenance (see Note 5 (a))	20,944	17,714	20,944	17,714
Medical and surgical supplies (including prostheses)	54,208	49,726	54,208	49,726
Membership / professional fees	746	486	746	486
Motor vehicle expenses	1,026	1,090	1,026	1,090
Occupancy agreement expenses	41	-	41	-
Outsourced patient services	46,111	37,328	46,111	37,328
Patient transport costs	16,281	15,709	16,281	15,709
Postal and telephone costs	1,940	1,696	1,940	1,696
Printing and stationery	1,332	1,234	1,332	1,234
Professional services (excluding consultants)	989	1,208	989	1,208
Quality assurance / accreditation	87	38	87	38
Rates and charges	(32)	21	(32)	21
Security services	424	432	424	432
Specialised services (dental, radiology, pathology, renal and allied health)	46,646	48,734	46,646	48,734
Staff related costs	2,146	1,574	2,146	1,574
Travel related costs	4,579	5,272	4,579	5,272
Other miscellaneous	2,751	3,015	2,751	3,015
	353,321	334,567	353,321	334,567

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

5. Operating expenses (continued)

(a) Reconciliation of total maintenance expense

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Corrective maintenance	6,036	4,853	6,036	4,853
Planned maintenance	10,415	8,627	10,415	8,627
New / replacement equipment not capitalised	4,468	4,200	4,468	4,200
Other	25	34	25	34
Maintenance expense - contracted labour and other (non-employee related) in Note 5	20,944	17,714	20,944	17,714
Employee related / personnel services maintenance expense included in Note 2 and Note 3*	2,803	2,775	2,803	2,775
	23,747	20,489	23,747	20,489

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

6. Depreciation and amortisation

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Depreciation - buildings	32,879	31,754	32,879	31,754
Depreciation - plant and equipment	7,365	7,710	7,365	7,710
Depreciation - infrastructure systems	2,499	3,252	2,499	3,252
Depreciation - right-of-use buildings	2,260	2,145	2,260	2,145
Depreciation - right-of-use plant and equipment	3,351	3,164	3,351	3,164
Amortisation - intangible assets	31	37	31	37
	48,385	48,062	48,385	48,062

Refer to Note 19 Property, plant and equipment and Note 20 Leases, for recognition and measurement policies on depreciation and amortisation.

7. Grants and subsidies

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Non-government organisations	4,322	4,745	4,322	4,745
Grants to research organisations	19	287	19	287
Grants to entities controlled by the immediate parent	1,621	1,574	1,621	1,574
Other grants	1,688	1,002	1,688	1,002
	7,650	7,608	7,650	7,608

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.

8. Revenue

Accounting policies for the recognition of income are discussed below.

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

9. Summary of compliance

The Appropriation Act 2024 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$20,367 million to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2024–25. 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 ISLHD.

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

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

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

The delegation / sub-delegations for 2025 and 2024, authorising officers of ISLHD to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of ISLHD. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation / sub-delegations are subject to the overall authority of the Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

10. Ministry of Health allocations

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

11. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Sale and recovery of pharmaceutical supplies	17,745	17,019	17,745	17,019
Sale of Prosthesis	2,418	2,273	2,418	2,273
Other	76	56	76	56
	20,239	19,348	20,239	19,348

(b) Rendering of services comprise the following:

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Patients				
Patient Fees:				
- Inpatient fees	58,172	54,703	58,172	54,703
- Nursing home fees	2,362	1,950	2,362	1,950
- Non-inpatient fees	3,797	3,168	3,797	3,168
Department of Veterans' Affairs	10,000	10,049	10,000	10,049
Motor Accident Authority third party	5,080	4,275	5,080	4,275
Staff				
Private use of motor vehicles	132	130	132	130
Salary packaging fee	245	201	245	201
Meals and accommodation	140	116	140	116
Child care fees	-	93	-	93
General community				
Car parking	3,480	1,935	3,480	1,935
Clinical services (excluding clinical drug trials)	332	235	332	235
Commercial activities	2,348	2,146	2,348	2,146
Fees for conferences and training	91	322	91	322
Fees for medical records	240	98	240	98
Information retrieval	2	1	2	1
Non-NSW Health entities				
Services to other organisations	436	363	436	363
Entities controlled by the immediate parent				
Hosted service revenues	354	401	354	401
Other				
Infrastructure fees - annual charge	5,738	5,027	5,738	5,027
Infrastructure fees - monthly facility charge	16,927	16,901	16,927	16,901
Other	597	429	597	429
	110,473	102,543	110,473	102,543
	130,712	121,891	130,712	121,891

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

11. 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 ISLHD satisfies a performance obligation by transferring the promised goods.

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

11. 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 ISLHD 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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

Refer to Note 24 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 ISLHD expects to recognise the unsatisfied portion as revenue.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

12. Grants and other contributions

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	219	6,415	219	6,415
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	434,461	401,791	434,461	401,791
Cancer Institute grants received from an entity controlled by the immediate parent	1,288	1,341	1,288	1,341
Clinical trials and research grants	4,572	3,748	4,572	3,748
Commonwealth government grants received for community based services	3,043	3,098	3,043	3,098
Commonwealth government grants other	598	655	598	655
Grants from entities controlled by the ultimate parent	87	111	87	111
Other grants	2,828	2,814	2,828	2,814
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	29,296	27,100	29,296	27,100
Commonwealth government grants other	32	24	32	24
Grants from entities controlled by the ultimate parent	-	592	-	592
Other grants from entities controlled by the immediate parent	243	194	243	194
Other grants	10	35	10	35
Donations				
Donations	1,338	1,172	1,338	1,172
	478,015	449,090	478,015	449,090

* Represents funding received by ISLHD from the Ministry of Health, the immediate parent, in respect of activity-based funding and block funding in scope of the Commonwealth National Health Reform Agreement (NHRA). The Ministry of Health receives funding from the Commonwealth and distributes based on activity levels for activity-based funding and at set amounts for the block funding component. The activity-based funding is recognised under AASB 15 *Revenue from Contracts with Customers* (AASB 15), while block funding is recognised under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) due to lack of specific performance obligations. The activity-based revenue is calculated by multiplying activity levels with the agreed National Weighted Activity Unit price. Any prior year adjustments are settled by adjusting Ministry of Health recurrent allocations.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

12. Grants and other contributions (continued)

Recognition and Measurement

Grants and other contributions

Income from grants to acquire / construct a recognisable non-financial asset to be controlled by ISLHD are recognised when ISLHD satisfies its obligations under the transfer. ISLHD 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 ISLHD satisfies a performance obligation by transferring the promised goods or services. ISLHD typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. ISLHD uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on an agreed timetable or on achievement of different milestones in the contract.

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

Refer to Note 24 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 ISLHD obtains control over the granted assets (e.g. cash).

13. 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 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Superannuation - defined benefit plans	2,083	1,996	-	-
Long service leave provision	22,109	24,362	-	-
	24,192	26,358	-	-

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

ISLHD receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. ISLHD 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 22 Restricted assets.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

15. Cash and cash equivalents

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Cash at bank and on hand	(7)	403	(7)	403
Cash at bank - held by HealthShare NSW*	39,683	35,356	39,683	35,356
	39,676	35,759	39,676	35,759

* Represents cash held by HealthShare NSW, a controlled entity of the immediate parent, in a central bank account, on behalf of ISLHD for its operating and investing activities. It is an operational bank account that earns interest on daily bank balances.

Refer to Note 35 for details regarding credit risk arising from financial instruments.

Most cash and cash equivalents held by ISLHD are restricted assets. Refer to Note 22 for the details of restricted assets.

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

16. Receivables

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Trade receivables from contracts with customers	25,647	20,936	25,647	20,936
Intra health receivables	3,368	12,132	3,368	12,132
Goods and Services Tax	3,278	2,440	3,278	2,440
Other receivables	3,224	2,993	3,224	2,993
Sub total	35,517	38,501	35,517	38,501
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(825)	(914)	(825)	(914)
- Other receivables	(10)	(7)	(10)	(7)
Sub total	34,682	37,580	34,682	37,580
Prepayments	33,000	32,740	33,000	32,740
	67,682	70,320	67,682	70,320

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(914)	(1,099)	(914)	(1,099)
Amounts written off during the year	940	392	940	392
(Increase) / decrease in allowance recognised in the net result ¹	(851)	(207)	(851)	(207)
Balance at the end of the year	(825)	(914)	(825)	(914)
Other receivables				
Balance at the beginning of the year	(7)	(8)	(7)	(8)
Amounts written off during the year	33	17	33	17
(Increase) / decrease in allowance recognised in the net result	(36)	(16)	(36)	(16)
Balance at the end of the year	(10)	(7)	(10)	(7)
	(835)	(921)	(835)	(921)

¹ Includes total impairment loss of \$0.85 million (2024: \$0.21 million) recognised on receivables from contracts with customers.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

16. 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 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Patient fees - compensable	1,300	1,404	1,300	1,404
Patient fees - Medicare ineligible	1,548	2,122	1,548	2,122
Patient fees - inpatient & other	12,599	10,585	12,599	10,585
	15,447	14,111	15,447	14,111

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 35.

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Contract receivables (included in Note 16)	29,015	33,067	29,015	33,067
Total contract receivables	29,015	33,067	29,015	33,067

Recognition and Measurement

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

Subsequent measurement

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

Impairment

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

17. Inventories

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Held-for-distribution				
Drug supplies	2,711	2,747	2,711	2,747
Medical and surgical supplies	5,395	5,974	5,395	5,974
Other including goods in transit	890	891	890	891
	8,996	9,612	8,996	9,612

Recognition and Measurement

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

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition.

18. Other financial assets

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Non-current				
Receivables on finance leases as lessor (Note 20)	2,632	2,555	2,632	2,555
	2,632	2,555	2,632	2,555

Refer to Note 35 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

19. 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 2023 - fair value				
Gross carrying amount	1,312,022	106,608	172,745	1,591,375
Less: accumulated depreciation and impairment	620,820	69,062	73,921	763,803
Net carrying amount	691,202	37,546	98,824	827,572
	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	691,202	37,546	98,824	827,572
Additions	113,957	14,565	-	128,522
Disposals	(49)	(282)	-	(331)
Net revaluation increments less revaluation decrements	26,221	-	(4,649)	21,572
Depreciation expense	(31,754)	(7,710)	(3,252)	(42,716)
Reclassifications	46,581	(211)	(46,370)	-
Net carrying amount at end of year	846,158	43,908	44,553	934,619

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 21.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

19. 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 2024 - fair value				
Gross carrying amount	1,491,115	115,158	99,924	1,706,197
Less: accumulated depreciation and impairment	644,957	71,250	55,371	771,578
Net carrying amount	846,158	43,908	44,553	934,619

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2025				
Net carrying amount at beginning of year	846,158	43,908	44,553	934,619
Additions	218,171	13,083	145	231,399
Disposals	(841)	(362)	-	(1,203)
Net revaluation increments less revaluation decrements	24,447	-	1,639	26,086
Depreciation expense	(32,879)	(7,365)	(2,499)	(42,743)
Net carrying amount at end of year	1,055,056	49,264	43,838	1,148,158

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2025 - fair value				
Gross carrying amount	1,748,158	122,761	103,955	1,974,874
Less: accumulated depreciation and impairment	693,102	73,497	60,117	826,716
Net carrying amount	1,055,056	49,264	43,838	1,148,158

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 21.

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

19. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

Property, plant and equipment assets costing more than \$10,000 individually (or forming part of a group costing more than \$100,000) are capitalised.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

19. 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 ISLHD.

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

Land is not a depreciable asset. Certain artworks and collections 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	30-70 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).

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

Further information on leases is contained in Note 20.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

19. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

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

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

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated a cumulative increase of 3.00% in market prices for land and material increases in construction and labour costs of 7.00% for buildings and 7.00% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2024 and 2025.

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

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

20. Leases

(a) Entity as a lessee

ISLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 15 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. ISLHD 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 ISLHD 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 \$0.23 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.

ISLHD 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.

All occupancy agreements entered into by ISLHD with Property and Development NSW (PDNSW), an entity of the ultimate parent, have a 'substitution right' clause added to the occupancy arrangements providing PDNSW with a substantive substitution right to relocate ISLHD during the term of the agreement. As a result of this clause, those agreements are not accounted for as a lease within the scope of AASB 16. These leases are recognised as an expense in Note 5 under 'occupancy agreement expenses - Property and Development NSW' when incurred over the agreement duration.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

20. 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 2024	5,742	10,789	16,531
Additions	964	5,416	6,380
Reassessments - increase / (decrease)	524	77	601
Disposals	(45)	(40)	(85)
Depreciation expense	(2,260)	(3,351)	(5,611)
Balance at 30 June 2025	4,925	12,891	17,816

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Balance at 1 July 2023	7,216	10,970	18,186
Additions	350	3,010	3,360
Reassessments - increase / (decrease)	321	4	325
Disposals	-	(31)	(31)
Depreciation expense	(2,145)	(3,164)	(5,309)
Balance at 30 June 2024	5,742	10,789	16,531

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

20. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2025 \$000	2024 \$000
Balance at 1 July	16,794	18,480
Additions	6,380	3,360
Interest expenses	688	567
Payments	(6,096)	(5,908)
Terminations / derecognition	(47)	(29)
Other adjustments	601	324
Balance at 30 June	18,320	16,794

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

PARENT AND CONSOLIDATION

	2025 \$000	2024 \$000
Depreciation expense of right-of-use assets	5,611	5,309
Interest expense on lease liabilities	689	567
Expenses relating to short-term leases	3,853	3,435
Expenses relating to leases of low-value assets	2,994	2,478
(Gains) / losses on disposal	39	1
Total amount recognised in the statement of comprehensive income	13,186	11,790

ISLHD had total cash outflows for leases of \$12.94 million for the year ended 30 June 2025 (2024: \$11.82 million).

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

20. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and Measurement

ISLHD 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.

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

i. Right-of-use assets

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

	Useful lives
Buildings	1 to 20 years
Motor vehicles and other equipment	1 to 15 years

ii. Lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. ISLHD 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, ISLHD is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

20. Leases (continued)

(b) Entity as a lessor

ISLHD leases retail, roof and floor 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.

ISLHD has also leased the building at Scenic Drive Nowra for 30 years, with a 10 year option to renew from Grand Pacific Health, which is treated as a finance lease receivable. No lease payments are made during the period of lease with the building becoming an ISLHD asset at the end of the lease term.

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

Reconciliation of net investment in leases

PARENT AND CONSOLIDATION

	2025 \$000	2024 \$000
Unguaranteed residual amounts - undiscounted	4,767	4,767
Less: unearned finance income	(2,135)	(2,212)
Net investment in finance lease	2,632	2,555

Lessor for operating leases

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

PARENT AND CONSOLIDATION

	2025 \$000	2024 \$000
Within one year	156	148
One to two years	56	27
Two to three years	41	16
Three to four years	43	-
Four to five years	44	-
Later than five years	189	-
Total (excluding GST)	529	191

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

21. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under *AASB 13 Fair Value Measurement*, ISLHD 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).

ISLHD 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

2025	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total Fair Value \$000
Property, plant and equipment (Note 19)				
- Land and buildings	-	12,839	1,042,217	1,055,056
- Infrastructure systems	-	-	43,838	43,838
	-	12,839	1,086,055	1,098,894

There were no transfers between level 1 and 2 during the year ended 30 June 2025.

The above figures include leasehold improvements, work in progress and newly completed assets which are carried at cost. Cost for such assets are regarded as an approximation of fair value.

2024	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total Fair Value \$000
Property, plant and equipment (Note 19)				
- Land and buildings	-	12,441	833,717	846,158
- Infrastructure systems	-	-	44,553	44,553
	-	12,441	878,270	890,711

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

The above figures include leasehold improvements, work in progress and newly completed assets which are carried at cost. Cost for such assets are regarded as an approximation of fair value.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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

(b) Valuation techniques, inputs and processes

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

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 19).

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

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

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

	Land and Buildings	Infrastructure Systems	Total Level 3 Recurring
2025	\$000	\$000	\$000
Fair value as at 1 July 2024	833,717	44,553	878,270
Additions	218,171	145	218,316
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 19)	23,958	1,639	25,597
Disposals	(841)	-	(841)
Depreciation expense	(32,788)	(2,499)	(35,287)
Fair value as at 30 June 2025	1,042,217	43,838	1,086,055

There were no transfers between level 2 or 3 during the year ended 30 June 2025.

	Land and Buildings	Infrastructure Systems	Total Level 3 Recurring
2024	\$000	\$000	\$000
Fair value as at 1 July 2023	673,348	98,824	772,172
Additions	113,957	-	113,957
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 19)	26,116	(4,649)	21,467
Transfers from Level 2	5,275	-	5,275
Depreciation expense	(31,560)	(3,252)	(34,812)
Reclassification	46,581	(46,370)	211
Fair value as at 30 June 2024	833,717	44,553	878,270

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

22. Restricted assets

PARENT AND CONSOLIDATION

ISLHD's financial statements include cash and cash equivalents, the use of which is restricted for stipulated purposes and / or by externally imposed conditions, e.g. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

Category	2025 \$000	2024 \$000
Facility improvements	9,929	7,456
Patient welfare	2,498	2,387
Private practice disbursements (No.2 Accounts)	21,757	21,845
Public contributions	1,938	1,104
Clinical trials	780	592
Research	2,356	1,888
Staff welfare	160	182
Training and education including conferences	3,043	2,952
Other	(2,778)	(3,050)
	39,683	35,356

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

Category	Purpose
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.
Clinical trials	A study designed to test the safety and effectiveness of a treatment.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.
Other	Includes unallocated monies and outstanding settlements. Outstanding settlements refers to expenses and revenue processed in the respective restricted asset cost centres, however awaiting cash settlements to take place. Majority of it relates to private practice fund transfer from trust (No.1 Accounts) to restricted funds (No.2 Accounts), awaiting physical settlement/transfer of cash between those bank accounts..

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

22. Restricted assets (continued)

Unclaimed monies

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

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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

23. Payables

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Accrued salaries, wages and on-costs	22,121	14,007	-	-
Salaries and wages deductions	200	196	-	-
Accrued liability - purchase of personnel services	-	-	22,321	14,203
Creditors	41,260	35,511	41,260	35,511
Other creditors				
- Payables to entities controlled by the immediate parent	7,246	23,770	7,246	23,770
- Other	664	-	664	-
	71,491	73,484	71,491	73,484

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 35.

Recognition and Measurement

Payables represent liabilities for goods and services provided to ISLHD 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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

24. Contract liabilities

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Contract liabilities	647	273	647	273
	647	273	647	273

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

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

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	273	309	273	309
Transaction price allocated to the remaining performance obligations from contracts with customers	647	273	647	273

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

Specific revenue class	2026 \$000	2027 \$000	2028 \$000	≥ 2029 \$000	Total \$000
Sales of goods and services from contracts with customers	51	-	-	-	51
Grants and other contributions	596	-	-	-	596
	647	-	-	-	647

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

25. Borrowings

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Other loans and deposits	555	538	555	538
Lease liabilities (see Note 20)	4,830	4,567	4,830	4,567
	5,385	5,105	5,385	5,105
Non-current				
Other loans and deposits	1,159	1,714	1,159	1,714
Lease liabilities (see Note 20)	13,490	12,227	13,490	12,227
	14,649	13,941	14,649	13,941

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 35.

Recognition and Measurement

Other loans still to be extinguished represent monies to be repaid to The Crown in right of the State of New South Wales, an entity which is controlled by the ultimate parent.

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

Final repayment of loan is scheduled for 30 June 2028.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

25. Borrowings (continued)

Recognition and Measurement (continued)

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2023	2,774	18,480	21,254
Cash flows	(522)	(5,341)	(5,863)
New leases	-	3,360	3,360
Lease terminations	-	(30)	(30)
Lease reassessments	-	325	325
30 June 2024	2,252	16,794	19,046
1 July 2024	2,252	16,794	19,046
Cash flows	(538)	(5,409)	(5,947)
New leases	-	6,380	6,380
Lease terminations	-	(46)	(46)
Lease reassessments	-	601	601
30 June 2025	1,714	18,320	20,034

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

26. Provisions

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
-Obligations expected to be settled within 12 months	84,356	79,254	-	-
-Obligations expected to be settled after 12 months	37,889	37,128	-	-
Long service leave consequential on-costs				
-Obligations expected to be settled within 12 months	2,164	2,185	-	-
-Obligations expected to be settled after 12 months	18,656	19,139	-	-
Parental leave				
-Obligations expected to be settled within 12 months	6,646	4,986	-	-
Provision for other employee benefits	3,671	3,743	-	-
Provision for personnel services liability	-	-	153,382	146,435
Total current provisions	153,382	146,435	153,382	146,435
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	2,303	2,360	-	-
Provision for personnel services liability	-	-	2,303	2,360
Total non-current provisions	2,303	2,360	2,303	2,360
Aggregate employee benefits and related on-costs				
Provisions - current	153,382	146,435	-	-
Provisions - non-current	2,303	2,360	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 23)	22,321	14,203	-	-
Liability - purchase of personnel services	-	-	178,006	162,998
	178,006	162,998	178,006	162,998

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

26. Provisions (continued)

Recognition and Measurement (continued)

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 21.30% are applied to the value of leave payable at 30 June 2025 (comparable on-costs for 30 June 2024 were 22.18%). ISLHD has assessed the actuarial advice based on ISLHD's circumstances to the annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave are classified as a current liability even where ISLHD does not expect to settle the liability within 12 months as ISLHD does not have an unconditional right to defer settlement.

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

Long service leave and superannuation

ISLHD'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. ISLHD 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 ISLHD.

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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

27. Other liabilities

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Unearned revenue	2,320	-	2,320	-
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	420	-	420	-
	2,740	-	2,740	-
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	9,156	7,489	9,156	7,489
	9,156	7,489	9,156	7,489

PARENT AND CONSOLIDATION

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

	2025 \$000	2024 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	7,489	9,796
Add: receipt of cash during the financial year	2,306	4,108
Deduct: income recognised during the financial year	219	6,415
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	9,576	7,489

Refer to Note 12 for a description of ISLHD's obligations under transfers received to acquire or construct non-financial assets to be controlled by ISLHD.

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

28. Commitments

(a) Capital commitments

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

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Not later than one year	408,925	131,686	408,925	131,686
Later than one year and not later than five years	189,108	113,518	189,108	113,518
Total (including GST)	598,033	245,204	598,033	245,204

Input tax receivable related to commitments for expenditure

The total 'Capital expenditure commitments' of \$598.03 million as at 30 June 2025 includes input tax credits of \$54.37 million that are expected to be recoverable from the Australian Taxation Office (2024: \$22.29 million).

Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$0.58 million as at 30 June 2025 includes taxable sales of \$0.05 million that are expected to be payable to the Australian Taxation Office (2024: \$0.02 million).

29. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was unfavourable to adjusted budget by \$4.94 million primarily due to:

Expenses were unfavourable to budget by \$55.2 million driven by \$19.4 million in employee related expenses, \$19.0 million in VMOs and \$16.9 million in operating expenses.

Employee related expenses are unfavourable to budget, impacted by medical and nursing vacancies. The District has paid a premium in overtime costs and agency costs (\$11.8 million and \$11.3 million above budget respectively). VMO costs are unfavourable to budget with locums and VMOs used to fill vacant critical senior medical workforce positions. Operating expenses included a number of access and flow programs and initiatives which were largely unfunded (\$14.7 million). Other goods and services costs over budget includes outsourced surgery (\$16.1 million unfunded).

These overspends were offset during the year by underspend to budget in base salaries (\$20.7 million), food (\$1.3 million) and pathology (\$1.7 million).

Revenue was favourable to budget by \$52.0 million with additional recurrent and capital allocations from the Ministry of Health accounting for \$47.6 million of this variance. Grants and contributions is favourable to budget by \$2.4 million.

Assets and liabilities

Current assets are \$1.0 million above budget. Cash is \$3.8 million more than budget due to additional RFA funds. Receivables are \$2.2 million below budget which is due to lower than budgeted patient fees receivable at year end. Non current assets are \$26.2 million above budget which is primarily related to the revaluation increase to the District's land, buildings and infrastructure assets of \$26.1 million.

Total liabilities are \$6.0 million unfavourable to budget. Payables are \$4.1 million below budget, attributable to timing of creditors and intra-health payables. Provisions are \$5.4 million above budget due to annual leave balances higher than expected.

Cash flows

Net cash flow from operating activities is \$2.7 million favourable to budget. An additional \$57.5 million in cash receipts (\$47.6 million relating to Ministry of Health allocations) is offset by an additional \$9.6 million in employee related payments and additional \$45.3 million in goods and services payments.

Cash outflows from investment activities is \$2.5 million favourable to budget, which relates to slightly lower than expected capital purchases for new Shellharbour Hospital and Shoalhaven Hospital redevelopment.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

30. Adjusted budget review(continued)

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 21 June 2024 are as follows:

	\$000
Initial Allocation, 21 June 2024	583,183
Award increases	22,242
Special Projects	
Towards Zero Suicides	161
Nurse & Midwifery Strategy Reserve	429
JMO Living Away from Home Reimbursement Grant	190
Specialist Dementia Care Enhancements	278
Stronger Communities Investment Pool	350
Ministerially Approved Grants Program - Drug and Alcohol Services - Non-Government Organisations	307
Residential Aged Care Funding Assessment Services	447
Head to Health Kids Hub	600
Comprehensive Palliative Care in Aged Care (CPCiAC)	219
Ice Inquiry	778
Sustaining NSW Families (SNF) Lite Pilot	686
Dental General Waitlist Reduction Funds	100
Dental Specialist Waitlist Reduction Funds	110
Procurement Reform - SmartChain	184
Home Support Assessments	317
Rural Workforce Initiatives - Engagement VMO's Sessional Contracts and New Item Numbers	384
Extra funding for projects and programs under \$100,000 each	671

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

30. Adjusted budget review (continued)

	\$000
Other	
Workers Compensation TMF Agency Performance Adjustment (APA)	(3,395)
NSW Rural Generalist Medical & GP Procedural Training Program	476
S100 Highly Specialised Drugs Co-Payments	199
Whole of Health Program	180
John Flynn Prevocational Doctor Program (JFPDP)	250
Workplace Culture & Safety	211
Unfunded Transitional Aged Care Places	682
Additional Parental Leave	737
Surgery of Patients impacted by Industrial Action	2,265
Purchased Activity plus CPI	9,700
Rural Regional and Remote Clinical Trial Enabling Program	190
Net Zero Theatres Hub	205
National Health Reform Agreement (NHRA)	(1,667)
Additional Service and Surgery Demand	12,943
Paid Parental Leave (PPL) one-off budget support	2,646
COVID-19 Anti-Viral Stockpile 2024-25	2,086
Single Room Rate Patient Fees - Revenue Budget Adjustment	(2,719)
Salary Packaging Savings for HSU covered Awards	2,890
JMO Award Increase: On-call Allowance & Changes for PGY 3 Registrars	794
Transitional Aged Care Program	640
HSU Award Increase 0.5%	1,345
ISLHD Aged Care Project	100
Voluntary Redundancy Reimbursement	402
Tertiary Health Study Subsidy Program	1,416
Rural Regional and Remote Clinical Trial Enabling Program	110
One Off Additional Budget Support	1,162
Blood Recharge for price adjustment	1,565
Extra funding for projects and programs under \$100,000 each	270
Balance as per Statement of Comprehensive Income	647,319

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

31. 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 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Net cash used on operating activities	238,872	124,192	238,872	124,192
Depreciation and amortisation expense	(48,385)	(48,062)	(48,385)	(48,062)
Allowance for impairment	(916)	(227)	(916)	(227)
(Increase) / decrease in other liabilities	(2,087)	2,307	(2,087)	2,307
(Increase) / decrease in provisions	(6,890)	(12,596)	(6,890)	(12,596)
Increase / (decrease) in inventory	(587)	395	(587)	395
Increase / (decrease) in prepayments and other assets	(1,705)	8,149	(1,705)	8,149
(Increase) / decrease in payables	2,025	10,714	2,025	10,714
(Increase) / decrease in contract liabilities	(374)	37	(374)	37
Net gain / (loss) on sale of property, plant and equipment	(1,203)	(296)	(1,203)	(296)
Net gain / (loss) on disposal of right-of-use assets	(39)	(1)	(39)	(1)
Assets donated or brought to account (Note 32)	70	184	70	184
Net result	178,781	84,796	178,781	84,796

32. Non-cash financing and investing activities

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Assets donated or brought to account	70	184	70	184
Property, plant and equipment acquired by a lease	6,380	3,359	6,380	3,359
	6,450	3,543	6,450	3,543

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

33. Trust funds

PARENT AND CONSOLIDATION

ISLHD holds trust funds of \$5.23 million (2024: \$4.96 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 ISLHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

2025	Cash balance at the beginning of the financial year	Add: receipts	Less: expenditure	Cash balance at the end of the financial year
Category	\$000	\$000	\$000	\$000
Refundable Deposits	224	13	-	237
Private Patient Trust Funds	-	25,871	(25,871)	-
Third Party Funds	77	27	(58)	46
Other	4,657	400	(111)	4,946
Total trust funds	4,958	26,311	(26,040)	5,229

2024	Cash balance at the beginning of the financial year	Add: receipts	Less: expenditure	Cash balance at the end of the financial year
Category	\$000	\$000	\$000	\$000
Refundable Deposits	208	16	-	224
Private Patient Trust Funds	-	23,930	(23,930)	-
Third Party Funds	124	50	(97)	77
Other	(807)	5,464	-	4,657
Total trust funds	(475)	29,460	(24,027)	4,958

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

Category	Purpose
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.
Other	Includes unallocated monies and outstanding settlements. Outstanding settlements refers to expenses and revenue processed in the respective trust fund cost centres, however awaiting cash settlements to take place. Majority of it relates to private practice fund transfer from trust (No.1 Accounts) to restricted funds (No.2 Accounts), awaiting physical settlement/transfer of cash between those bank accounts.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

34. Interests in associates

PARENT AND CONSOLIDATION

Below are associates ISLHD has an interest in as at 30 June 2025 which, in the opinion of management, are material to the group. The proportion of ownership interest held by the group equals the voting rights held by the group.

Name of Entity	Place of Business and Country of Incorporation	Class of shares	Ownership interest held by ISLHD		Nature of relationship	Measurement method	Carrying Amount	
			2025	2024			2025	2024
	\$000	\$000	%	%	\$000		\$000	\$000
Keira Institute of Health and Medical Research Limited	Australia	Not applicable	33	33	Associate	Equity	-	-

Keira Institute of Health and Medical Research Limited is a company limited by guarantee, whose constitution prohibits the distribution of funds to its members. Accordingly the carrying amount has been equity accounted at \$nil value and as such no financial information has been disclosed. The Keira Institute of Health and Medical Research has a 30 June reporting period.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

35. Financial instruments

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2025 \$000	Carrying Amount 2024 \$000
Financial assets			
Cash and cash equivalents (Note 15)	Amortised cost	39,676	35,759
Receivables (Note 16) ¹	Amortised cost	31,406	35,140
Other financial assets (Note 18)	Amortised cost	2,632	2,555
Total financial assets		73,714	73,454
Financial liabilities			
Borrowings (Note 25)	Financial liabilities measured at amortised cost	20,035	19,046
Payables (Note 23) ²	Financial liabilities measured at amortised cost	71,491	73,484
Total financial liabilities		91,526	92,530

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*).

ISLHD 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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

35. Financial instruments (continued)

(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:

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

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

Credit risk associated with ISLHD'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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

35. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

The expected loss rates are based on historically 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. ISLHD has identified relevant factors and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables 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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

35. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables and other receivables

The loss allowance for trade receivables, other receivables and lease receivables, as at 30 June 2025 and 30 June 2024 was determined as follows:

PARENT AND CONSOLIDATION

30 June 2025	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.35%	0.81%	2.05%	4.24%	20.43%	2.65%
Estimated total gross carrying amount ¹	25,922	989	586	590	3,416	31,503
Expected credit loss	92	8	12	25	698	835

30 June 2024	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.49%	2.61%	8.33%	22.11%	18.11%	3.48%
Estimated total gross carrying amount ¹	21,131	959	360	787	3,247	26,484
Expected credit loss	104	25	30	174	588	921

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 16.

ISLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2025 and 30 June 2024.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

35. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

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

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

ISLHD 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 ISLHD 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, a matched purchase order and where goods have been received, a 30 day payment term is applied.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

35. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

The table below summarises the maturity profile of ISLHD'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
2025								
Payables:								
- Creditors ²		71,491	-	-	71,491	71,491	-	-
Borrowings:								
- Other loans and deposits	2.97	1,804	1,804	-	-	601	1,203	-
- Lease liabilities	4.15	20,963	20,963	-	-	5,599	10,471	4,893
		94,258	22,767	-	71,491	77,691	11,674	4,893
2024								
Payables:								
- Creditors ²		73,484	-	-	73,484	73,484	-	-
Borrowings:								
- Other loans and deposits	2.97	2,405	2,405	-	-	601	1,804	-
- Lease liabilities	3.33	19,529	19,529	-	-	5,371	10,674	3,484
		95,418	21,934	-	73,484	79,456	12,478	3,484

Notes:

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

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

35. 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.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

36. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2025 \$000	2024 \$000
Short-term employee benefits	255	272
Post-employment benefits	25	28
	280	300

During the financial year, Illawarra Shoalhaven Local Health District obtained key management personnel services from the immediate parent and incurred \$0.40 million (2024: \$0.39 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

ISLHD'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 is 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 (2024: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2024: \$Nil).

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

During the financial year and comparative year, ISLHD 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, drug supplies, domestic supplies and services, food supplies and corporate support services.
- Health Administration Corporation provides some specialised services which includes pathology related costs.
- Health Administration Corporation provides hosted services which include patient billing and ICT core charges.
- Various grants and subsidies towards research and other projects.

Illawarra Shoalhaven Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

36. Related party disclosures (continued)

(d) Transactions ISLHD 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
- Insurance costs

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
- Commercial activities revenue in respect of medical imaging

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)
- Patient revenue relating to Transitional Aged Care Program and Regional Assessment Scheme
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- Energy Efficient Government Program loans are held with the Crown in right of the State of New South Wales
- 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.

37. 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