



INDEPENDENT AUDITOR'S REPORT

Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Sydney Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 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
- presents fairly the District's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

15 September 2025
SYDNEY

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

1. The financial statements of Sydney Local Health District for the year ended 30 June 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 Sydney Local Health District's financial position as at 30 June 2025 and the financial performance and cash flows for the year then ended.



Deb Willcox
Chief Executive
8 September 2025



Puneet Datta
Executive Director of Finance
8 September 2025

Sydney 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	1,496,610	1,474,874	1,511,545	-	-
Personnel services	3	-	-	-	1,460,376	1,462,119
Visiting medical officers	4	98,834	82,968	84,279	98,834	84,279
Operating expenses	5	682,335	678,301	705,684	682,335	705,684
Depreciation and amortisation	6	105,397	105,397	100,375	105,397	100,375
Grants and subsidies	7	36,434	38,511	34,882	36,434	34,882
Finance costs		2,083	1,919	2,124	2,083	2,124
Payments to Affiliated Health Organisations	8	15,679	15,780	15,295	15,679	15,295
Total expenses excluding losses		2,437,372	2,397,750	2,454,184	2,401,138	2,404,758
Revenue						
Ministry of Health recurrent allocations	11	1,197,174	1,153,288	1,243,862	1,197,174	1,243,862
Ministry of Health capital allocations	11	195,645	195,770	165,442	195,645	165,442
Acceptance by the Crown ² of employee benefits	15	36,234	36,878	49,426	-	-
Sale of goods and services from contracts with customers	12	225,759	238,288	227,957	225,759	227,957
Investment revenue	13	14,785	9,154	14,077	14,785	14,077
Grants and other contributions	14	884,746	864,230	818,783	884,746	818,783
Other income		14,504	14,850	12,075	14,504	12,075
Total revenue		2,568,847	2,512,458	2,531,622	2,532,613	2,482,196
Operating result		131,475	114,708	77,438	131,475	77,438
Gains / (losses) on disposal	16	(7,742)	(7,871)	(440)	(7,742)	(440)
Impairment losses on financial assets	18	(11,063)	(11,034)	(6,546)	(11,063)	(6,546)
Other gains / (losses)		(70)	(68)	(47)	(70)	(47)
Net result from continuing operations	31	112,600	95,735	70,405	112,600	70,405
Net result		112,600	95,735	70,405	112,600	70,405
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	21	95,480	-	75,426	95,480	75,426
Total other comprehensive income		95,480	-	75,426	95,480	75,426
TOTAL COMPREHENSIVE INCOME		208,080	95,735	145,831	208,080	145,831

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.

Sydney Local Health District
Statement of Financial Position as at 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					
ASSETS						
Current assets						
Cash and cash equivalents	17	229,519	205,393	236,345	229,519	236,345
Receivables	18	64,538	83,321	88,047	64,538	88,047
Inventories	19	13,381	13,707	13,810	13,381	13,810
Other financial assets	20	389	-	-	389	-
Total current assets		307,827	302,421	338,202	307,827	338,202
Non-current assets						
Receivables	18	84,869	59,869	59,869	84,869	59,869
Other financial assets	20	85,925	81,729	79,777	85,925	79,777
Property, plant & equipment	21					
- Land and buildings		2,452,215	2,350,086	2,245,838	2,452,215	2,245,838
- Plant and equipment		100,421	115,300	107,697	100,421	107,697
- Infrastructure systems		41,408	28,837	28,837	41,408	28,837
Total property, plant & equipment		2,594,044	2,494,223	2,382,372	2,594,044	2,382,372
Right-of-use assets	22	43,412	47,700	51,953	43,412	51,953
Intangible assets		4,788	5,469	5,394	4,788	5,394
Total non-current assets		2,813,038	2,688,990	2,579,365	2,813,038	2,579,365
Total assets		3,120,865	2,991,411	2,917,567	3,120,865	2,917,567
LIABILITIES						
Current liabilities						
Payables	25	124,602	106,695	123,135	124,602	123,135
Contract liabilities		2,628	1,102	1,102	2,628	1,102
Borrowings	26	12,217	10,940	11,814	12,217	11,814
Provisions	27	327,245	328,490	329,596	327,245	329,596
Other current liabilities		64	1,248	1,248	64	1,248
Total current liabilities		466,756	448,475	466,895	466,756	466,895
Non-current liabilities						
Borrowings	26	40,722	41,901	45,114	40,722	45,114
Provisions	27	4,705	4,705	4,956	4,705	4,956
Total non-current liabilities		45,427	46,606	50,070	45,427	50,070
Total liabilities		512,183	495,081	516,965	512,183	516,965
Net assets		2,608,682	2,496,330	2,400,602	2,608,682	2,400,602
EQUITY						
Reserves		1,297,823	1,202,705	1,203,556	1,297,823	1,203,556
Accumulated funds		1,310,859	1,293,626	1,197,046	1,310,859	1,197,046
Total Equity		2,608,682	2,496,331	2,400,602	2,608,682	2,400,602

¹ Unaudited adjusted budget, see Note 30.

The accompanying notes form part of these financial statements.

Sydney Local Health District

Statement of Changes in Equity for the year ended 30 June 2025

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2024		1,197,046	1,203,556	2,400,602
Net result for the year		112,600	-	112,600
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	21	-	95,480	95,480
Total other comprehensive income		-	95,480	95,480
Total comprehensive income for the year		112,600	95,480	208,080
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		1,213	(1,213)	-
Balance at 30 June 2025		1,310,859	1,297,823	2,608,682

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023		1,126,641	1,128,130	2,254,771
Net result for the year		70,405	-	70,405
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	21	-	75,426	75,426
Total other comprehensive income		-	75,426	75,426
Total comprehensive income for the year		70,405	75,426	145,831
Balance at 30 June 2024		1,197,046	1,203,556	2,400,602

The accompanying notes form part of these financial statements.

Sydney 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		(1,478,016)	(1,460,895)	(1,460,863)	-	-
Suppliers for goods and services		(839,000)	(876,749)	(828,291)	(839,000)	(828,291)
Grants and subsidies		(52,844)	(54,726)	(52,844)	(52,844)	(52,844)
Finance costs		(2,083)	(1,919)	(2,124)	(2,083)	(2,124)
Personnel services		-	-	-	(1,450,223)	(1,438,863)
Total payments		(2,371,943)	(2,394,289)	(2,344,122)	(2,344,150)	(2,322,122)
Receipts						
Ministry of Health recurrent allocations		1,197,174	1,153,288	1,243,862	1,197,174	1,243,862
Ministry of Health capital allocations		195,645	195,770	165,442	195,645	165,442
Reimbursements from the Crown ²		27,793	27,793	22,000	-	-
Sale of goods and services		219,723	260,399	231,505	219,723	231,505
Interest received		12,820	7,202	12,064	12,820	12,064
Grants and other contributions		904,046	886,981	801,359	904,046	801,359
Other		58,075	58,545	63,443	58,075	63,443
Total receipts		2,615,276	2,589,978	2,539,675	2,587,483	2,517,675
NET CASH FLOWS FROM OPERATING ACTIVITIES	31	243,333	195,689	195,553	243,333	195,553
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		-	-	12	-	12
Purchases of property, plant and equipment and intangibles		(237,315)	(213,626)	(189,006)	(237,315)	(189,006)
Other		50	-	-	50	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(237,265)	(213,626)	(188,994)	(237,265)	(188,994)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances		(874)	(874)	(897)	(874)	(897)
Payment of principal portion of lease liabilities		(12,020)	(12,141)	(12,432)	(12,020)	(12,432)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(12,894)	(13,015)	(13,329)	(12,894)	(13,329)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,826)	(30,952)	(6,770)	(6,826)	(6,770)
Opening cash and cash equivalents	17	236,345	236,345	243,115	236,345	243,115
CLOSING CASH AND CASH EQUIVALENTS	17	229,519	205,393	236,345	229,519	236,345

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.

Sydney 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

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2025 have been authorised for issue by the Chief Executive on 8 September 2025.

(b) Basis of preparation

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

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

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

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

Sydney Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 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.
- SLHD has the capacity to review the timing of Ministry of Health allocation cash flows to ensure debts can be paid when they become due and payable.
- SLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by SLHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry of Health throughout the financial year.

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

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

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

(c) Statement of Compliance

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

(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 12 Sale of goods and services from contracts with customers: 'Quarantine hotel fees' has been reclassified under 'Rendering of services – Other' in the current year due to the immaterial balance for the current and previous year. The prior year comparatives have accordingly been updated. There has been no change in the total revenue amount.
- Note 23 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 24 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, along with restricted TCorpIM fund investments, 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 34 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.

Sydney 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.

SLHD 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 amendments and interpretations apply for the first time in 2024-25, the impact of which is not material to the financial statements of SLHD.

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 SLHD.

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

Sydney 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*	1,301,517	1,306,128	-	-
Superannuation - defined benefit plans	3,806	3,615	-	-
Superannuation - defined contribution plans	144,507	136,635	-	-
Long service leave	29,911	51,182	-	-
Redundancies	932	-	-	-
Workers' compensation insurance	15,904	13,859	-	-
Fringe benefits tax	33	126	-	-
	1,496,610	1,511,545	-	-

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

Employee related costs of \$2.15 million (2024: \$1.59 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*	-	-	1,301,517	1,306,128
Superannuation - defined contribution plans	-	-	144,507	136,635
Long service leave	-	-	(2,517)	5,371
Redundancies	-	-	932	-
Workers' compensation insurance	-	-	15,904	13,859
Fringe benefits tax	-	-	33	126
	-	-	1,460,376	1,462,119

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

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

Personnel services of \$2.15 million (2024: \$1.59 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 SLHD's hospitals. VMO expenses of \$98.83 million (2024: \$84.28 million) represent part of the day-to-day running costs incurred in the normal operations of SLHD. These costs are expensed as incurred.

Sydney Local Health District

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

5. Operating expenses

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Advertising	5	489	5	489
Agency expenses	2,348	10,249	2,348	10,249
Aircraft expenses (Ambulance)	787	833	787	833
Auditor's remuneration - audit of financial statements	298	289	298	289
Blood and blood products	23,314	25,286	23,314	25,286
Consultants	54	-	54	-
Contractors	12,251	3,098	12,251	3,098
Corporate support services	12,008	11,638	12,008	11,638
Courier and freight	1,707	1,479	1,707	1,479
Disability equipment support expenses	1,316	1,272	1,316	1,272
Domestic supplies and services	19,170	22,575	19,170	22,575
Drug supplies	73,898	110,454	73,898	110,454
Expenses relating to short-term leases	1,192	2,501	1,192	2,501
Expenses relating to leases of low-value assets	1,887	2,152	1,887	2,152
Food supplies	38,017	37,674	38,017	37,674
Fuel, light, power and water	23,136	20,974	23,136	20,974
Information management expenses	56,612	53,828	56,612	53,828
Insurance	3,269	2,651	3,269	2,651
Legal services	2,384	2,475	2,384	2,475
Maintenance (see Note 5 (a))	56,950	57,457	56,950	57,457
Medical and surgical supplies (including prostheses)	129,685	122,164	129,685	122,164
Membership / professional fees	773	834	773	834
Motor vehicle expenses	2,409	2,620	2,409	2,620
Outsourced patient services	56,090	61,118	56,090	61,118
Patient transport costs	16,108	16,787	16,108	16,787
Postal and telephone costs	3,135	2,981	3,135	2,981
Printing and stationery	3,076	3,630	3,076	3,630
Professional services (excluding consultants)	788	1,807	788	1,807
Quality assurance / accreditation	249	338	249	338
Rates and charges	582	605	582	605
Security services	3,816	7,792	3,816	7,792
Specialised services (dental, radiology, pathology and allied health)	114,359	97,021	114,359	97,021
Staff related costs	4,047	3,189	4,047	3,189
Travel related costs	7,549	7,221	7,549	7,221
Other miscellaneous	9,066	10,203	9,066	10,203
	682,335	705,684	682,335	705,684

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

The increase in contractors' costs was mainly due to the reclassification of Clinical Academics expenditure CY: \$8.6 million (2024: \$7.1 million which was disclosed in Note 2).

Sydney Local Health District

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

5. Operating expenses (continued)

Other miscellaneous of \$9.07 million (2024: \$10.20 million) includes audiovisual expenses, capital project expenses, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services, patient support services and translator services amongst others.

(a) Reconciliation of total maintenance expense

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Corrective maintenance	22,422	20,321	22,422	20,321
Planned maintenance	25,881	24,171	25,881	24,171
New / replacement equipment not capitalised	8,629	12,964	8,629	12,964
Other	18	1	18	1
Maintenance expense - contracted labour and other (non-employee related) in Note 5	56,950	57,457	56,950	57,457
Employee related / personnel services maintenance expense included in Note 2 and Note 3*	6,837	7,323	6,837	7,323
	63,787	64,780	63,787	64,780

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

Sydney Local Health District

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

6. Depreciation and amortisation

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Depreciation - buildings	71,065	66,334	71,065	66,334
Depreciation - plant and equipment	19,053	18,292	19,053	18,292
Depreciation - infrastructure systems	1,356	1,037	1,356	1,037
Depreciation - right-of-use buildings	9,881	10,903	9,881	10,903
Depreciation - right-of-use plant and equipment	3,300	3,025	3,300	3,025
Amortisation - intangible assets	742	784	742	784
	105,397	100,375	105,397	100,375

7. Grants and subsidies

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Non-government organisations	25,042	24,916	25,042	24,916
Grants to research organisations	1,060	1,076	1,060	1,076
Grants to entities controlled by the immediate parent	5,873	4,115	5,873	4,115
Other grants	4,459	4,775	4,459	4,775
	36,434	34,882	36,434	34,882

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. Payments to Affiliated Health Organisations

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Recurrent sourced				
Tresillian Family Care Centres at Belmore, Willoughby and Wollstonecraft	14,969	14,610	14,969	14,610
The Benevolent Society	710	685	710	685
	15,679	15,295	15,679	15,295
	15,679	15,295	15,679	15,295

Recognition and Measurement

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

9. Revenue

Accounting policies for the recognition of income are discussed below.

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

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

10. 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 SLHD.

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

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

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

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

11. Ministry of Health allocations

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

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

Sydney Local Health District

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

12. 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	35,007	56,950	35,007	56,950
Sale of Prosthesis	9,378	8,646	9,378	8,646
Other	123	163	123	163
	44,508	65,759	44,508	65,759

(b) Rendering of services comprise the following:

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Patients				
Patient Fees:				
- Inpatient fees	100,017	89,570	100,017	89,570
- Nursing home fees	1,059	845	1,059	845
- Non-inpatient fees	8,556	7,477	8,556	7,477
Department of Veterans' Affairs	5,781	7,170	5,781	7,170
Motor Accident Authority third party	6,268	6,019	6,268	6,019
Staff				
Private use of motor vehicles	32	49	32	49
Salary packaging fee	396	337	396	337
Meals and accommodation	508	659	508	659
Child care fees	1,346	1,433	1,346	1,433
General community				
Car parking	10,107	3,535	10,107	3,535
Clinical services (excluding clinical drug trials)	114	316	114	316
Commercial activities	173	199	173	199
Fees for conferences and training	2,031	1,786	2,031	1,786
Fees for medical records	221	261	221	261
Information retrieval	24	8	24	8
Non-NSW Health entities				
Services to other organisations	8,096	8,805	8,096	8,805
Entities controlled by the immediate parent				
Hosted service revenues	2,551	2,318	2,551	2,318
Other				
Infrastructure fees - annual charge	11,439	8,357	11,439	8,357
Infrastructure fees - monthly facility charge	17,659	18,893	17,659	18,893
Other	4,873	4,161	4,873	4,161
	181,251	162,198	181,251	162,198
	225,759	227,957	225,759	227,957

Car parking revenue includes revenue from public parking and staff parking.

Sydney Local Health District

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

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

Recognition and Measurement

Sale of goods

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

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

Sydney Local Health District

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

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

Recognition and Measurement (continued)

Rendering of services

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

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Patient services - Inpatient fees, Nursing home fees, Non inpatient fees, Department of Veterans' Affairs, Motor Accident Authority third party	The performance obligations in relation to patient services are typically satisfied as the health services are delivered to the chargeable inpatients and non-inpatients. Public patients are not charged for health services provided at public hospitals. Chargeable patients, including Medicare ineligible patients, privately insured patients, eligible veterans, compensable patients are billed for health services provided under various contractual arrangements. Billings are typically performed upon patient discharge and are based on the rates specified by the Ministry of Health. The payments are typically due within 30 days after the invoice date.	Revenue is recognised on an accrual basis when the service has been provided to the patient. In limited circumstances the price is not fully recovered, e.g. due to inadequate insurance policies, overseas patients returning to their home country before paying, etc. The likelihood of their occurrences is considered on a case by case basis. In most instances revenue is initially recognised at full amounts and subsequently adjusted when more information is provided. No element of financing is deemed present as majority of the services are made with a short credit term.
Non-Patient services provided to staff, General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various non-patient related services are provided to the members of staff, general community, non-NSW health entities and entities controlled by the immediate parent. The performance obligations for these services are typically satisfied by transferring the promised services to its respective customers. The payments are typically due within 30 days after the invoice date.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Sydney Local Health District

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

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

Sydney Local Health District

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

13. Investment revenue

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Interest income from financial assets at amortised cost	12,814	12,165	12,814	12,165
Finance income on the net investment in the lease	1,971	1,906	1,971	1,906
Royalties	-	6	-	6
	14,785	14,077	14,785	14,077

Recognition and Measurement

Interest income from financial assets at amortised cost

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

Finance income on the net investment in the lease

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

Sydney Local Health District

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

14. 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	1,237	-	1,237	-
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	694,253	659,769	694,253	659,769
Cancer Institute grants received from an entity controlled by the immediate parent	5,294	4,433	5,294	4,433
Clinical trials and research grants	18,103	14,241	18,103	14,241
Commonwealth government grants received for community based services	12,566	12,258	12,566	12,258
Commonwealth government grants other	2,600	1,000	2,600	1,000
Grants from entities controlled by the ultimate parent	1,274	950	1,274	950
Other grants from entities controlled by the immediate parent	21	151	21	151
Other grants	7,265	7,672	7,265	7,672
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	113,235	83,673	113,235	83,673
Clinicals trial and research grants	5,557	5,175	5,557	5,175
Commonwealth government grants other	(651)	1,113	(651)	1,113
Grants from entities controlled by the ultimate parent	-	(2,202)	-	(2,202)
Other grants from entities controlled by the immediate parent	2,666	2,151	2,666	2,151
Other grants	2,397	2,409	2,397	2,409
Donations				
Donations	18,929	25,990	18,929	25,990
	884,746	818,783	884,746	818,783

* Represents funding received by SLHD from the Ministry of Health, the immediate parent, in respect of activity-based funding and block funding in scope of the Commonwealth National Health Reform Agreement (NHRA). The Ministry of Health receives funding from the Commonwealth and distributes 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.

Sydney Local Health District

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

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

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

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

Sydney Local Health District

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

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

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

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Superannuation - defined benefit plans	3,806	3,615	-	-
Long service leave provision	32,428	45,811	-	-
	36,234	49,426	-	-

16. Gains / (losses) on disposal

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	8,092	448	8,092	448
Less: proceeds from disposal	-	12	-	12
Net gains / (losses) on disposal	(8,092)	(436)	(8,092)	(436)
Right-of-use assets				
Written down value of assets disposed	4,289	11	4,289	11
Less: lease liabilities extinguished	23	7	23	7
Less: finance lease receivable	4,616	-	4,616	-
Net gains / (losses) on disposal	350	(4)	350	(4)
Total gains / (losses) on disposal	(7,742)	(440)	(7,742)	(440)

Property, plant and equipment: the written down value of assets disposed related to buildings demolished in Concord Repatriation General Hospital (CRGH) to make way for two new car parks and Royal Prince Alfred Hospital (RPAH) to make way for RPAH Redevelopment.

Right-of-use assets: Net gain relates to the disposal of the portion of a lease which was sub-leased to an external entity and the sub-lease was then recognised as finance lease receivable in June 2025.

Sydney Local Health District

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

17. Cash and cash equivalents

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Cash at bank and on hand	1,366	1,278	1,366	1,278
Cash at bank - held by HealthShare NSW*	228,153	235,067	228,153	235,067
	229,519	236,345	229,519	236,345

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

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

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

Sydney Local Health District

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

18. Receivables

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Trade receivables from contracts with customers	72,587	67,502	72,587	67,502
Intra health receivables	778	25,635	778	25,635
Goods and Services Tax	5,209	3,597	5,209	3,597
Other receivables	2,215	3,284	2,215	3,284
Sub total	80,789	100,018	80,789	100,018
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(18,495)	(17,555)	(18,495)	(17,555)
- Other receivables	(9)	(6)	(9)	(6)
Sub total	62,285	82,457	62,285	82,457
Prepayments	2,253	5,590	2,253	5,590
	64,538	88,047	64,538	88,047

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(17,555)	(52,021)	(17,555)	(52,021)
Amounts written off during the year	10,008	39,067	10,008	39,067
(Increase) / decrease in allowance recognised in the net result ¹	(10,948)	(4,601)	(10,948)	(4,601)
Balance at the end of the year	(18,495)	(17,555)	(18,495)	(17,555)
Other receivables				
Balance at the beginning of the year	(6)	(26)	(6)	(26)
Amounts written off during the year	112	1,965	112	1,965
(Increase) / decrease in allowance recognised in the net result	(115)	(1,945)	(115)	(1,945)
Balance at the end of the year	(9)	(6)	(9)	(6)
	(18,504)	(17,561)	(18,504)	(17,561)

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Non-current				
Prepayments	84,869	59,869	84,869	59,869
	84,869	59,869	84,869	59,869

¹ Includes total impairment loss of \$10.95 million (2024: \$4.60 million) recognised on receivables from contracts with customers.

Prepayments (non-current) relates to prepayments to contractors for RPAH Redevelopment. The payments are due to be released from 2026 to 2028.

Sydney Local Health District

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

18. Receivables (continued)

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

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Patient fees - compensable	3,991	4,387	3,991	4,387
Patient fees - Medicare ineligible	20,883	22,105	20,883	22,105
Patient fees - inpatient & other	19,826	14,466	19,826	14,466
	44,700	40,958	44,700	40,958

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Contract receivables (included in Note 18)	73,365	93,137	73,365	93,137
Total contract receivables	73,365	93,137	73,365	93,137

Contract receivables (included in Note 18): This is exclusive of allowance for expected credit losses.

Recognition and Measurement

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

Subsequent measurement

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

Impairment

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

Sydney Local Health District

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

19. Inventories

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Drug supplies	5,322	4,619	5,322	4,619
Medical and surgical supplies	8,059	9,191	8,059	9,191
	13,381	13,810	13,381	13,810

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.

Sydney Local Health District

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

20. Other financial assets

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Receivables on finance leases as lessor (Note 22)	389	-	389	-
	389	-	389	-
Non-current				
Receivables on finance leases as lessor (Note 22)	85,925	79,777	85,925	79,777
	85,925	79,777	85,925	79,777

Recognition and Measurement

All 'regular way' purchases or sales of other financial assets are recognised and derecognised on a trade date basis.

Subsequent measurement

Financial assets at amortised cost

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

Impairment

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

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

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

Sydney Local Health District

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

21. 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	3,130,802	267,133	41,479	3,439,414
Less: accumulated depreciation and impairment	995,379	166,849	12,964	1,175,192
Net carrying amount	2,135,423	100,284	28,515	2,264,222
	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	2,135,423	100,284	28,515	2,264,222
Additions	104,624	24,368	-	128,992
Reclassification from/(to) intangibles	-	(259)	-	(259)
Disposals	-	(448)	-	(448)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	102	-	102
Net revaluation increments less revaluation decrements	74,067	-	1,359	75,426
Depreciation expense	(66,334)	(18,292)	(1,037)	(85,663)
Reclassifications	(1,942)	1,942	-	-
Net carrying amount at end of year	2,245,838	107,697	28,837	2,382,372

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.

Sydney Local Health District

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

21. 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	3,359,033	275,450	43,520	3,678,003
Less: accumulated depreciation and impairment	1,113,195	167,753	14,683	1,295,631
Net carrying amount	2,245,838	107,697	28,837	2,382,372

	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	2,245,838	107,697	28,837	2,382,372
Additions	205,312	12,237	-	217,549
Disposals	(7,871)	(221)	-	(8,092)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,791)	-	(1,791)
Net revaluation increments less revaluation decrements	94,599	-	881	95,480
Depreciation expense	(71,065)	(19,053)	(1,356)	(91,474)
Reclassifications	(14,598)	1,552	13,046	-
Net carrying amount at end of year	2,452,215	100,421	41,408	2,594,044

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2025 - fair value				
Gross carrying amount	3,615,126	281,442	58,145	3,954,713
Less: accumulated depreciation and impairment	1,162,911	181,021	16,737	1,360,669
Net carrying amount	2,452,215	100,421	41,408	2,594,044

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.

Transfers within NSW Health entities through Statement of Comprehensive Income: This relates to equipment assets which were recognised in this note and corresponding Note 7 as Intra Health Asset in Kind expenses (transfer-out) included in 'Grants Paid to Entities Controlled by the immediate parent' and Note 14 as Intra Health Asset in Kind revenue (transfer-in) included in 'Other grants from entities controlled by immediate parent'.

Sydney Local Health District

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

21. Property, plant and equipment (continued)

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

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	3,078,687	267,133	41,479	3,387,299
Less: accumulated depreciation and impairment	969,672	166,849	12,964	1,149,485
Net carrying amount	2,109,015	100,284	28,515	2,237,814
	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	2,109,015	100,284	28,515	2,237,814
Additions	104,624	24,368	-	128,992
Reclassification to Intangibles	-	(259)	-	(259)
Disposals	-	(448)	-	(448)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	102	-	102
Net revaluation increments less revaluation decrements	76,227	-	1,359	77,586
Depreciation expense	(67,038)	(18,292)	(1,037)	(86,367)
Reclassifications	(1,942)	1,942	-	-
Net carrying amount at end of year	2,220,886	107,697	28,837	2,357,420

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.

Sydney Local Health District

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

21. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

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

	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	2,220,886	107,697	28,837	2,357,420
Additions	205,312	12,237	-	217,549
Disposals	(7,871)	(221)	-	(8,092)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,791)	-	(1,791)
Net revaluation increments less revaluation decrements	75,515	-	881	76,396
Depreciation expense	(60,975)	(19,053)	(1,356)	(81,384)
Reclassifications	(14,598)	1,552	13,046	-
Net carrying amount at end of year	2,418,269	100,421	41,408	2,560,098

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2025 - fair value				
Gross carrying amount	3,550,909	281,442	58,145	3,890,496
Less: accumulated depreciation and impairment	1,132,640	181,021	16,737	1,330,398
Net carrying amount	2,418,269	100,421	41,408	2,560,098

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.

Sydney Local Health District

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

21. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Total \$000
At 1 July 2023 - fair value		
Gross carrying amount	52,115	52,115
Less: accumulated depreciation and impairment	25,707	25,707
Net carrying amount	26,408	26,408
	Land and Buildings \$000	Total \$000
Year ended 30 June 2024		
Net carrying amount at beginning of year	26,408	26,408
Net revaluation increment less revaluation decrements	(2,160)	(2,160)
Depreciation expense	704	704
Net carrying amount at end of year	24,952	24,952

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

Sydney Local Health District

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

21. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

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

	Land and Buildings \$000	Total \$000
Year ended 30 June 2025		
Net carrying amount at beginning of year	24,952	24,952
Net revaluation increment less revaluation decrements	19,084	19,084
Depreciation expense	(10,090)	(10,090)
Net carrying amount at end of year	33,946	33,946

	Land and Buildings \$000	Total \$000
At 30 June 2025 - fair value		
Gross carrying amount	64,217	64,217
Less: accumulated depreciation and impairment	30,271	30,271
Net carrying amount	33,946	33,946

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.

Sydney Local Health District

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

21. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

21. 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 SLHD.

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 and PODS (a detachable or self-contained unit on ambulances used for patient treatment).

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

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

Right-of-use assets acquired by lessees

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

Sydney Local Health District

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

21. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

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

The last comprehensive revaluation was completed on 31 December 2024.

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.

Sydney Local Health District

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

22. Leases

(a) Entity as a lessee

SLHD leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. SLHD does not provide residual value guarantees in relation to leases.

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

Potential future cash outflows of \$0 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 \$0.

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

22. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Balance at 1 July 2024	44,610	7,343	51,953
Additions	-	3,705	3,705
Reassessments - increase / (decrease)	4,875	349	5,224
Disposals	(4,266)	(23)	(4,289)
Depreciation expense	(9,881)	(3,300)	(13,181)
Balance at 30 June 2025	35,338	8,074	43,412

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Balance at 1 July 2023	45,964	7,616	53,580
Additions	8,132	2,763	10,895
Reassessments - increase / (decrease)	1,417	-	1,417
Disposals	-	(11)	(11)
Depreciation expense	(10,903)	(3,025)	(13,928)
Balance at 30 June 2024	44,610	7,343	51,953

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

22. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

PARENT AND CONSOLIDATION

	2025	2024
	\$000	\$000
Balance at 1 July	53,987	54,113
Additions	3,705	10,895
Interest expenses	2,011	2,027
Payments	(14,031)	(14,459)
Terminations / derecognition	(23)	(7)
Other adjustments	5,223	1,418
Balance at 30 June	50,872	53,987

Other adjustments: These are for the reassessment of leases which have been modified or extended.

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

PARENT AND CONSOLIDATION

	2025	2024
	\$000	\$000
Depreciation expense of right-of-use assets	13,181	13,928
Interest expense on lease liabilities	2,011	2,027
Expenses relating to short-term leases	1,192	2,501
Expenses relating to leases of low-value assets	1,886	2,152
(Gains) / losses on disposal	(350)	4
Total amount recognised in the statement of comprehensive income	17,920	20,612

SLHD had total cash outflows for leases of \$17.11 million for the year ended 30 June 2025 (2024: \$19.11 million).

22. Leases (continued)

(a) Entity as a lessee (continued)

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

SLHD entered into a number of leases, with lease terms ranging from 1 to 5 with various local councils for the use of community health building. The contract specifies lease payments of \$0 per annum. The leased premises are to be used by SLHD to provide different community health services. The community health building accounts for a small portion of the similar assets SLHD is using for the purpose of providing community services. Therefore, it does not have a significant impact on SLHD's operations.

Recognition and Measurement

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

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

i. Right-of-use assets

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

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

Sydney Local Health District

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

22. Leases (continued)

(a) Entity as a lessee (continued)

ii. Lease liabilities (continued)

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

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

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

iv. Leases that have significantly below-market terms and conditions principally to enable the entity to 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 SLHD to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

(b) Entity as a lessor

Reconciliation of net investment in leases

PARENT AND CONSOLIDATION

	2025 \$000	2024 \$000
Unguaranteed residual amounts - undiscounted	167,072	162,456
Less: unearned finance income	(80,758)	(82,679)
Net investment in finance lease	86,314	79,777

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

Sydney Local Health District

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

22. Leases (continued)

(b) Entity as a lessor (continued)

Recognition and Measurement

Lessor for operating leases

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

	2025 \$000	2024 \$000
Within one year	1,247	1,389
One to two years	396	485
Two to three years	383	381
Three to four years	382	376
Four to five years	382	375
Later than five years	2,599	2,939
Total (excluding GST)	5,389	5,945

Sydney Local Health District

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

23. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

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

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

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2025	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 21)				
- Land and buildings	-	40,924	2,411,291	2,452,215
- Infrastructure systems	-	-	41,408	41,408
	-	40,924	2,452,699	2,493,623

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.

	Level 1	Level 2	Level 3	Total Fair Value
2024	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 21)				
- Land and buildings	-	34,830	2,211,008	2,245,838
- Infrastructure systems	-	-	28,837	28,837
	-	34,830	2,239,845	2,274,675

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.

Sydney Local Health District

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

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems, SLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE Valuations Pty Ltd for the 2024-25 financial year.

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.

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

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

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

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

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

Sydney Local Health District

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

23. 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	2,211,008	28,837	2,239,845
Additions	205,312	-	205,312
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 21)	88,414	881	89,295
Disposals	(7,871)	-	(7,871)
Depreciation expense	(70,974)	(1,356)	(72,330)
Reclassifications	(14,598)	13,046	(1,552)
Fair value as at 30 June 2025	2,411,291	41,408	2,452,699

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	2,101,195	28,515	2,129,710
Additions	102,682	-	102,682
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of other assets' (Note)	73,377	1,359	74,736
Depreciation expense	(66,246)	(1,037)	(67,283)
Fair value as at 30 June 2024	2,211,008	28,837	2,239,845

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

Sydney Local Health District

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

24. Restricted assets

PARENT AND CONSOLIDATION

SLHD'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
Community welfare	3,721	2,313
Facility improvements	67,554	89,733
Holds funds in perpetuity	458	458
Patient welfare	3,924	4,000
Private practice disbursements (No.2 Accounts)	54,121	49,485
Public contributions	11,874	11,420
Clinical trials	13,262	9,925
Research	67,593	65,564
Staff welfare	87	117
Training and education including conferences	12,544	12,580
Other	(6,985)	(10,528)
	228,153	235,067

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

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Holds funds in perpetuity	Donor has explicitly requested funds be invested permanently and not otherwise expended.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients' 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	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.

Sydney Local Health District

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

24. Restricted assets (continued)

Unclaimed monies

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

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

25. Payables

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Accrued salaries, wages and on-costs	51,622	36,282	-	-
Salaries and wages deductions	190	191	-	-
Accrued liability - purchase of personnel services	-	-	51,812	36,473
Creditors	64,784	54,745	64,784	54,745
Other creditors				
- Payables to entities controlled by the immediate parent	7,784	31,868	7,784	31,868
- Other	222	49	222	49
	124,602	123,135	124,602	123,135

Recognition and Measurement

Payables represent liabilities for goods and services provided to SLHD and other amounts.

Sydney Local Health District

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

26. Borrowings

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Other loans and deposits	872	874	872	874
Lease liabilities (see Note 22)	11,345	10,940	11,345	10,940
	12,217	11,814	12,217	11,814
Non-current				
Other loans and deposits	1,195	2,067	1,195	2,067
Lease liabilities (see Note 22)	39,527	43,047	39,527	43,047
	40,722	45,114	40,722	45,114

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

Sydney Local Health District

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

26. Borrowings (continued)

Recognition and Measurement

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

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 31 December 2029.

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless SLHD has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial guarantees

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

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

SLHD has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2025 and as at 30 June 2024.

Sydney Local Health District

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

26. 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	3,838	54,113	57,951
Cash flows	(897)	(12,432)	(13,329)
New leases	-	10,895	10,895
Lease terminations	-	(7)	(7)
Lease reassessments	-	1,418	1,418
30 June 2024	2,941	53,987	56,928
1 July 2024	2,941	53,987	56,928
Cash flows	(874)	(12,020)	(12,894)
New leases	-	3,705	3,705
Lease terminations	-	(23)	(23)
Lease reassessments	-	5,223	5,223
30 June 2025	2,067	50,872	52,939

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

Sydney Local Health District

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

27. 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	161,105	148,604	-	-
-Obligations expected to be settled after 12 months	102,848	117,663	-	-
Long service leave consequential on-costs				
-Obligations expected to be settled within 12 months	3,494	3,608	-	-
-Obligations expected to be settled after 12 months	38,953	41,105	-	-
Parental leave				
-Obligations expected to be settled within 12 months	11,034	8,836	-	-
Provision for other employee benefits	7,747	9,100	-	-
Provision for personnel services liability	-	-	325,181	328,916
	325,181	328,916	325,181	328,916
Other Provisions				
Restoration costs	2,064	680	2,064	680
	2,064	680	2,064	680
Total current provisions	327,245	329,596	327,245	329,596
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	4,705	4,956	-	-
Provision for personnel services liability	-	-	4,705	4,956
	4,705	4,956	4,705	4,956
Total non-current provisions	4,705	4,956	4,705	4,956
Aggregate employee benefits and related on-costs				
Provisions - current	325,181	328,916	-	-
Provisions - non-current	4,705	4,956	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 25)	51,812	36,473	-	-
Liability - purchase of personnel services	-	-	381,698	370,345
	381,698	370,345	381,698	370,345

Sydney Local Health District

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

27. Provisions (continued)

Movements in provisions (other than employee benefits)

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

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Restoration costs				
Carrying amount at beginning of period	680	680	680	680
- Additional provisions recognised	2,439	-	2,439	-
- Amounts used	(1,055)	-	(1,055)	-
Carrying amount at end of period	2,064	680	2,064	680

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

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).

Sydney Local Health District

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

27. 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 20.60% are applied to the value of leave payable at 30 June 2025 (comparable on-costs for 30 June 2024 were 21.58%). SLHD has assessed the actuarial advice based on SLHD'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 SLHD does not expect to settle the liability within 12 months as SLHD 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

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

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

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

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

Consequential on-costs

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

Sydney Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 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	174,540	287,481	174,540	287,481
Later than one year and not later than five years	285,701	433,124	285,701	433,124
Total (including GST)	460,241	720,605	460,241	720,605

Input tax receivable related to commitments for expenditure

The total 'Capital expenditure commitments' of \$460.24M as at 30 June 2025 includes input tax credits of \$41.840M that are expected to be recoverable from the Australian Taxation Office (2024: \$65.510M).

Output tax payable related to commitments for revenue

The 'Operating Lease Commitments (Entity as Lessor)' of \$5.928M as at 30 June 2025 includes taxable sales of \$0.539M that are expected to be payable to the Australian Taxation Office (2024: \$0.594M).

29. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was higher than adjusted budget by \$16.87 million, primarily due to:

This result is related to unfavourable variances in total Expenses excluding losses (\$39.623 million) and offset by favourable variances in Total Revenue (\$56.389 million) and Other Revenue (\$0.099 million).

There were increases in major expense lines including Employee Related Expenses, Visiting Medical Officer Payments, and Operating expenses.

The favourability of \$56.389 million in Total Revenue was primarily due to recurrent allocations amounting to \$43.886 million. This was offset predominantly by unfavourability in Patient fees and Facility fees.

Assets and liabilities

Total Assets were higher by \$129.455 million compared to Budget. This comprised both a \$5.406 million increase in current assets and in non current assets amounting to \$124.049 million. The increase in current assets related to cash and cash equivalents (\$24.126 million) offset by decrease in receivables (\$18.783 million) and inventory (\$0.326 million). The major reason for the decrease in receivables was attributed to capital prepayments (\$27.674 million) offset by decrease in allowance for expected credit losses (\$9.321 million) and the decrease in right of use of assets (\$4.287 million) as a result of the adoption of current revaluation for land and buildings.

Total Liabilities were higher by \$17.103 million compared to Budget. Majority of the difference was a result of the increase in payables amounting to \$17.908 million and offset by decrease in provisions amounting to \$1.245 million. The decrease in provisions was due to the impact of actuarial valuations of annual leave and long service leave.

Cash flows

The net increase in cash and cash equivalents was \$24.126 million as compared to the budget. This was represented by net cash flows increase in cash operating and financing activities offset by decrease in investing activities amounting to \$47.644 million, \$0.121 million, and \$23.639 million respectively. Total payments net effect in cash operating activities decreased by \$22.346 million primarily in Goods and Services. Total receipts in cash operating activities increased by \$25.298 million was mainly from recurrent allocations. Net cash flows decrease from investing was mainly due to the increase in purchases of plant, property, and equipment of which are projects of the capital programs by the District. Net cash flows decrease from financing activities was mainly due to decrease in payments of principal portion of lease liabilities.

Sydney 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 1 July 2024 are as follows:

	\$000
Initial allocation, 1 July 2024	1,026,743
Award increases	36,734
Goods and services escalation	24,230
Budget Adjustment for FY25 movements in current assets & liabilities	25,143
Cell and Gene Therapies	21,152
RPA Virtual Hospital budget	19,880
Funding for Safe Staffing Levels	12,639
Additional Budget Support	12,064
NHRA general fund ABF revenue with revised Commonwealth contribution	6,127
Single Front Door	5,809
One time additional funding support	4,031
Highly Specialised Service	4,864
Salary Packaging changes for NSW Health Employees in HSU covered Awards	4,731
Service Expansion & Additional Demand	3,552
Paid Parental Leave (PPL) - One-off Budget Support in FY2024-25	3,056
JMO Award Increase: On-Call Allowance & Changes for PGY 3 Registrars	2,234
Employer Superannuation Contributions - Concord Hospital	1,860
Eating Disorders Service Coordination	1,684
Tertiary Health Study Subsidy Program (THSSP)	1,504
Others	(645)
Block Commonwealth Revenue	(24,562)
ABF Commonwealth Revenue	(39,542)
Balance as per Statement of Comprehensive Income	1,153,288
	30 June 2025
Capital Allocation	\$000
Health Infrastructure WIP	184,473
Minor Works and Equipment	3,310
Expanding the Affordable IVF Initiative	2,815
Sydney Biomedical Accelerator	4,479
Sydney Dental Hosp - Level 3 Clinic	467
Electric Fleet Campaign	151
ED Relief - Single Front Door	75
Balance as per Statement of Comprehensive Income	195,770

Health Infrastructure Work-in-Progress (WIP) is largely related to RPA Redevelopment and Concord Hospital Forensic Mental Health Unit.

Sydney 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	243,333	195,553	243,333	195,553
Depreciation and amortisation expense	(105,397)	(100,375)	(105,397)	(100,375)
Allowance for impairment	(11,133)	(6,590)	(11,133)	(6,590)
(Increase) / decrease in other liabilities	1,184	(1,103)	1,184	(1,103)
(Increase) / decrease in provisions	2,603	(15,890)	2,603	(15,890)
Increase / (decrease) in inventory	(359)	736	(359)	736
Increase / (decrease) in prepayments and other assets	(10,793)	18,540	(10,793)	18,540
(Increase) / decrease in payables	(1,150)	(20,072)	(1,150)	(20,072)
(Increase) / decrease in contract liabilities	(1,525)	(57)	(1,525)	(57)
Net gain / (loss) on sale of property, plant and equipment	(8,092)	(436)	(8,092)	(436)
Net gain / (loss) on disposal of right-of-use assets	350	(4)	350	(4)
Assets donated or brought to account (Note 32)	3,579	103	3,579	103
Net result	112,600	70,405	112,600	70,405

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	3,579	103	3,579	103
Property, plant and equipment acquired by a lease	3,705	10,895	3,705	10,895
	7,284	10,998	7,284	10,998

Sydney 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

SLHD holds trust funds of \$17.25 million (2024: \$13.86 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

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

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
Patient Trust	196	34	-	230
Refundable Deposits	386	29	-	415
Private Patient Trust Funds	(779)	35,069	(34,323)	(33)
Third Party Funds	11,715	1,575	(7,086)	6,204
Other	2,340	8,094	-	10,434
Total trust funds	13,858	44,801	(41,409)	17,250

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
Patient Trust	209	13	(26)	196
Refundable Deposits	370	30	(14)	386
Private Patient Trust Funds	(682)	36,640	(36,737)	(779)
Third Party Funds	11,994	5,955	(6,234)	11,715
Other	(4,025)	6,365	-	2,340
Total trust funds	7,866	49,003	(43,011)	13,858

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

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

Sydney Local Health District

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

34. Financial instruments

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

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.

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2025 \$000	Carrying Amount 2024 \$000
Financial assets			
Cash and cash equivalents (Note 17)	Amortised cost	229,519	236,345
Receivables (Note 18) ¹	Amortised cost	57,076	78,860
Other financial assets (Note 20)	Amortised cost	86,314	79,777
Total financial assets		372,909	394,982
Financial liabilities			
Borrowings (Note 26)	Financial liabilities measured at amortised cost	52,938	56,928
Payables (Note 25) ²	Financial liabilities measured at amortised cost	124,602	123,135
Total financial liabilities		177,540	180,063

Notes

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

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

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

Sydney Local Health District

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

34. 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:

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

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

Sydney Local Health District

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

34. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

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

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

Sydney Local Health District

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

34. 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, other receivables and contract assets

PARENT AND CONSOLIDATION

30 June 2025	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	1.65%	13.23%	32.11%	30.18%	65.41%	11.49%
Estimated total gross carrying amount ¹	129,716	4,166	2,875	2,960	21,399	161,116
Expected credit loss	2,140	551	923	893	13,997	18,504

30 June 2024	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	1.85%	22.15%	39.12%	29.15%	62.84%	11.66%
Estimated total gross carrying amount ¹	119,295	6,252	3,717	2,580	18,719	150,563
Expected credit loss	2,207	1,385	1,454	752	11,763	17,561

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 18.

SLHD 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.

ii. Liquidity risk

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

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

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that have a correctly rendered invoice, a matched purchase order and where goods have been received, a 30 day payment term is applied.

Sydney Local Health District

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

34. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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		124,602	-	-	124,602	124,602	-	-
Borrowings:								
- Other loans and deposits	2.77	2,146	2,146	-	-	919	1,227	-
- Lease liabilities	3.98	57,191	57,191	-	-	13,294	32,823	11,074
		183,939	59,337	-	124,602	138,815	34,050	11,074
2024								
Payables:								
- Creditors ²		123,135	-	-	123,135	123,135	-	-
Borrowings:								
- Other loans and deposits	2.77	3,092	3,092	-	-	946	2,092	54
- Lease liabilities	3.68	61,409	61,409	-	-	13,238	33,840	14,331
		187,636	64,501	-	123,135	137,319	35,932	14,385

Notes:

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

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

³ Weighted Average Effective Interest Rate (EIR).

Sydney Local Health District

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

34. Financial instruments (continued)

(d) Financial risk (continued)

iii. Market risk

SLHD's exposures to market risk are primarily through interest rate risk on SLHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. SLHD has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which SLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2024. The analysis assumes that all other variables remain constant.

Interest Rate Risk

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

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

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

PARENT AND CONSOLIDATION

	2025		2024	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(2,295)	2,295	(2,363)	2,363
Equity	(2,295)	2,295	(2,363)	2,363

Foreign exchange risk

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

Sydney Local Health District

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

35. 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	429	676
Post-employment benefits	120	117
	549	793

During the financial year, Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$0.49 million (2024: \$0.52 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

There were no transactions with key management personnel and their close family members (2024: \$Nil).

(c) Transactions with the ultimate parent

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

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

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

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

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

Sydney Local Health District

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

35. Related party disclosures (continued)

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

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

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

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

- Revenue from recurrent and capital allocations
- Various grants and contributions towards research and other projects
- Rental income from NSW Health Pathology

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

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

Assets and liabilities as follows:

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

Sydney Local Health District

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

36. 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