



INDEPENDENT AUDITOR'S REPORT

Central Coast Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Central Coast Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Presentation of Budget Information

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

The Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

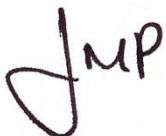
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Jan-Michael Perez
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

15 October 2021
SYDNEY

Central Coast Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2021



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

1. The financial statements of the Central Coast Local Health District for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the Act, the *Government Sector Finance Regulation 2018* ; and
 - c. Treasurer's Directions issued under the Act.
2. The financial statements present fairly the Central Coast Local Health District's financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read "Brad Astill".

Brad Astill
Acting Chief Executive

14 October 2021

A handwritten signature in black ink, appearing to read "Steven Carr".

Steven Carr
**Director Asset Management,
Finance and Procurement**

14 October 2021

Central Coast Local Health District

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	658,222	646,843	669,444	-	-
Personnel services	3	-	-	-	656,383	642,564
Visiting medical officers	4	34,005	33,984	32,969	34,005	32,969
Other expenses	5	231,475	230,982	203,683	231,475	203,683
Depreciation and amortisation	6	38,992	37,416	39,770	38,992	39,770
Grants and subsidies	7	8,645	8,636	7,778	8,645	7,778
Finance costs	8	190	76	148	190	148
Total expenses excluding losses		971,529	957,937	953,792	969,690	926,912
Revenue						
NSW Ministry of Health recurrent allocations	10	821,841	818,226	778,054	821,841	778,054
NSW Ministry of Health capital allocations	10	128,503	129,486	66,109	128,503	66,109
Acceptance by the Crown ² of employee benefits	14	1,839	1,863	26,880	-	-
Sale of goods and services from contracts with customers	11	92,113	97,536	88,626	92,113	88,626
Investment revenue	12	1,230	66	627	1,230	627
Grants and other contributions	13	12,863	12,246	13,003	12,863	13,003
Other income	15	2,262	1,420	3,803	2,262	3,803
Total revenue		1,060,651	1,060,843	977,102	1,058,812	950,222
Operating result		89,122	102,906	23,310	89,122	23,310
Gains / (losses) on disposal	16	694	(32)	(653)	694	(653)
Impairment (losses) / reversals on financial assets	19	(214)	(159)	67	(214)	67
Net result from continuing operations	35	89,602	102,715	22,724	89,602	22,724
Net result		89,602	102,715	22,724	89,602	22,724
Other comprehensive income						
<i>Items that will not be reclassified to net result in subsequent periods</i>						
Changes in revaluation surplus of property, plant and equipment	22	-	-	20,077	-	20,077
Total other comprehensive income		-	-	20,077	-	20,077
TOTAL COMPREHENSIVE INCOME		89,602	102,715	42,801	89,602	42,801

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Statement of Financial Position as at 30 June 2021

	Notes	Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
ASSETS						
Current assets						
Cash and cash equivalents	18	37,572	32,901	32,466	37,572	32,466
Receivables	19	16,038	15,246	17,219	16,038	17,219
Inventories	20	5,552	5,254	5,254	5,552	5,254
Financial assets at fair value	21	9,524	8,444	8,444	9,524	8,444
		68,686	61,845	63,383	68,686	63,383
Non-current assets held for sale	24	-	-	1,661	-	1,661
Total current assets		68,686	61,845	65,044	68,686	65,044
Non-current assets						
Property, plant & equipment	22					
- Land and buildings		949,142	909,943	828,483	949,142	828,483
- Plant and equipment		59,261	70,335	47,781	59,261	47,781
- Infrastructure systems		27,771	28,992	28,993	27,771	28,993
Total property, plant & equipment		1,036,174	1,009,270	905,257	1,036,174	905,257
Right-of-use assets	23	8,165	10,392	9,094	8,165	9,094
Total non-current assets		1,044,339	1,019,662	914,351	1,044,339	914,351
Total assets		1,113,025	1,081,507	979,395	1,113,025	979,395
LIABILITIES						
Current liabilities						
Payables	27	49,021	35,607	43,270	49,021	43,270
Contract liabilities	28	2,241	2,049	1,952	2,241	1,952
Borrowings	29	3,554	2,844	2,922	3,554	2,922
Provisions	30	106,733	104,368	99,118	106,733	99,118
Other current liabilities	31	66,081	37,457	37,457	66,081	37,457
Total current liabilities		227,630	182,325	184,719	227,630	184,719
Non-current liabilities						
Contract liabilities	28	-	-	97	-	97
Borrowings	29	6,432	7,707	6,313	6,432	6,313
Provisions	30	1,739	1,739	1,244	1,739	1,244
Other non-current liabilities	31	4,994	4,394	4,394	4,994	4,394
Total non-current liabilities		13,165	13,840	12,048	13,165	12,048
Total liabilities		240,795	196,165	196,767	240,795	196,767
Net assets		872,230	885,342	782,628	872,230	782,628
EQUITY						
Reserves		69,803	70,509	70,509	69,803	70,509
Accumulated funds		802,427	814,833	712,119	802,427	712,119
Total Equity		872,230	885,342	782,628	872,230	782,628

¹ Unaudited adjusted budget, see Note 37.

The accompanying notes form part of these financial statements.

Central Coast Local Health District

Statement of Changes in Equity for the year ended 30 June 2021

PARENT AND CONSOLIDATION

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

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2019		693,902	49,895	743,797
Changes in accounting policy - initial application of AASB 1058		(3,970)	-	(3,970)
Balance at 1 July 2019		689,932	49,895	739,827
Net result for the year		22,724	-	22,724
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	22	-	20,077	20,077
Reclassification of revaluation increments / (decrements) to accumulated funds on disposal of assets		(537)	537	-
Total other comprehensive income		(537)	20,614	20,077
Total Comprehensive Income for the Year		22,187	20,614	42,801
Balance at 30 June 2020		712,119	70,509	782,628

The accompanying notes form part of these financial statements.

Central Coast Local Health District

Statement of Cash Flows for the year ended 30 June 2021

	Notes	Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(667,944)	(657,253)	(638,324)	-	-
Suppliers for goods and services		(271,251)	(287,562)	(269,502)	(271,251)	(269,502)
Grants and subsidies		(9,505)	(9,496)	(8,701)	(9,505)	(8,701)
Finance costs		(189)	(76)	(148)	(189)	(148)
Personnel services		-	-	-	(667,944)	(638,324)
Total payments		(948,889)	(954,387)	(916,675)	(948,889)	(916,675)
Receipts						
NSW Ministry of Health recurrent allocations		821,841	818,226	778,054	821,841	778,054
NSW Ministry of Health capital allocations		128,503	129,486	66,109	128,503	66,109
Reimbursements from the Crown ²		8,927	8,927	9,746	8,927	9,746
Sale of goods and services		93,391	99,588	95,305	93,391	95,305
Interest received		1,230	66	627	1,230	627
Grants and other contributions		14,024	12,613	8,357	14,024	8,357
Other		23,559	24,822	58,946	23,559	58,946
Total receipts		1,091,475	1,093,728	1,017,144	1,091,475	1,017,144
NET CASH FLOWS FROM OPERATING ACTIVITIES	35	142,586	139,341	100,469	142,586	100,469
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		2,365	2,172	52	2,365	52
Purchases of property, plant and equipment		(137,336)	(139,551)	(93,573)	(137,336)	(93,573)
Purchases of financial assets		(1,081)	-	-	(1,081)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(136,052)	(137,379)	(93,521)	(136,052)	(93,521)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		1,879	1,879	-	1,879	-
Repayment of borrowings and advances		(82)	(1,879)	-	(82)	-
Payment of principal portion of lease liabilities		(3,225)	(1,527)	(2,269)	(3,225)	(2,269)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,428)	(1,527)	(2,269)	(1,428)	(2,269)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	18	32,466	32,466	27,787	32,466	27,787
CLOSING CASH AND CASH EQUIVALENTS	18	37,572	32,901	32,466	37,572	32,466

¹ Unaudited adjusted budget, see Note 37.

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

The accompanying notes form part of these financial statements.

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

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

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

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

- * The parent entity comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in Note 26), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Central Coast Local Health District Special Purpose Service Entity, which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

As a consequence the values in the financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2021 have been authorised for issue by the Acting Chief Executive on 14 October 2021.

b) Basis of preparation

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

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

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

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

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

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

Since March 2020, the NSW Government has committed more than \$4.0 billion to support NSW Health to increase its capacity and to manage the ongoing impacts of COVID-19. The 2021-22 NSW Budget included over \$30 billion for the NSW Health Cluster. This was enshrined in legislation on 28 June 2021 in Division 3 of the Appropriation Act 2021 No 18.

The District has received an additional \$44.17 million (2020: \$13.57 million) through NSW Ministry of Health allocations as financial support for COVID-19 activity, see Note 10.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

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

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

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

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

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

c) Statement of Compliance

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

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

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

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

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

e) 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.

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

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * The District applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the District.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059)

AASB 1059 is effective for the District from 1 July 2020. At the same time NSW Treasury Policy and Guideline Paper TPP 06-8: Accounting for Privately Financed Projects (TPP 06-8) was withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The District has adopted the modified retrospective approach permitted under AASB 1059 by recognising and measuring service concession assets and related liabilities at the date of initial application of 1 July 2019, with any net adjustments to the amounts of assets and liabilities recognised in accumulated funds at that date.

The adoption of AASB 1059 and the withdrawal of TPP 06-8 did not have an impact on the financial statements of the District.

(ii) Issued but not yet effective

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

g) Impact of COVID-19 on Financial Reporting for 2020-21

The COVID-19 pandemic has resulted in significant changes in the District activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2020-21 and increased disclosures are presented in the following notes:

- * Note 1b) Basis of preparation
- * Note 10 NSW Ministry of Health allocations
- * Note 20 Inventories
- * Note 25 Fair value measurement of non-financial assets

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

2. Employee related expenses

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Salaries and wages (including annual leave and allocated days off)	586,531	576,750	-	-
Superannuation - defined benefit plans	1,941	2,700	-	-
Superannuation - defined contribution plans	52,670	51,127	-	-
Long service leave	3,674	25,689	-	-
Redundancies	70	1,088	-	-
Workers' compensation insurance	13,318	12,006	-	-
Fringe benefits tax	18	84	-	-
	658,222	669,444	-	-

3. Personnel services

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	586,531	576,750
Superannuation - defined contribution plans	-	-	52,670	51,127
Long service leave	-	-	3,776	1,509
Redundancies	-	-	70	1,088
Workers' compensation insurance	-	-	13,318	12,006
Fringe benefits tax	-	-	18	84
	-	-	656,383	642,564

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

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing speciality input in a number of disciplines throughout the District's hospitals. VMO expenses of \$34.01 million (2020: \$32.97 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Other expenses

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Advertising	182	117	182	117
Auditor's remuneration - audit of financial statements	184	205	184	205
Blood and blood products	6,367	5,650	6,367	5,650
Consultancies	562	410	562	410
Domestic supplies and services	9,700	9,771	9,700	9,771
Drug supplies	30,412	28,865	30,412	28,865
Food supplies	17,522	16,917	17,522	16,917
Fuel, light and power	6,159	6,391	6,159	6,391
Patient transport costs	8,723	8,924	8,723	8,924
Information management expenses	18,669	16,741	18,669	16,741
Insurance	1,103	662	1,103	662
Maintenance (see Note 5 (b))	20,679	18,234	20,679	18,234
Medical and surgical supplies	40,529	32,644	40,529	32,644
Motor vehicle expenses	1,032	1,118	1,032	1,118
Postal and telephone costs	1,404	1,620	1,404	1,620
Printing and stationery	1,371	1,429	1,371	1,429
Rates and charges	521	923	521	923
Hosted services purchased from entities controlled by the immediate parent	9,463	8,743	9,463	8,743
Specialised services (dental, radiology, pathology, allied health, dialysis, psychology, respite and cancer)	34,611	27,785	34,611	27,785
Staff related costs	2,711	2,288	2,711	2,288
Travel related costs	965	1,827	965	1,827
Other (see Note 5 (a))	18,606	12,419	18,606	12,419
	231,475	203,683	231,475	203,683

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

5. Other expenses (continued)

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
(a) Other				
Contract for patient services	6,781	182	6,781	182
Corporate support services	5,229	5,121	5,229	5,121
Courier and freight	338	301	338	301
Isolated patient travel and accommodation assistance scheme	247	210	247	210
Legal services	132	112	132	112
Membership/professional fees	620	777	620	777
Quality assurance / accreditation	-	11	-	11
Security services	596	815	596	815
Expenses relating to short-term leases	352	989	352	989
Expenses relating to leases of low-value assets	872	698	872	698
Other miscellaneous	3,439	3,203	3,439	3,203
	18,606	12,419	18,606	12,419
(b) Reconciliation of total maintenance				
Maintenance contracts	7,381	6,846	7,381	6,846
New / replacement equipment under \$10,000	7,868	5,997	7,868	5,997
Repairs maintenance / non contract	5,427	5,371	5,427	5,371
Other	3	20	3	20
Maintenance expense - contracted labour and other (non-employee related) in Note 5	20,679	18,234	20,679	18,234
Employee related/personnel services maintenance expense included in Notes 2 and 3.	2,486	2,770	2,486	2,770
	23,165	21,004	23,165	21,004

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Other expenses (continued)

Recognition and Measurement

Maintenance expense

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

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 27.

Insurance

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

Lease expense

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

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

6. Depreciation and amortisation

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Depreciation - buildings	27,952	29,439	27,952	29,439
Depreciation - plant and equipment	6,345	6,383	6,345	6,383
Depreciation - infrastructure systems	1,574	1,538	1,574	1,538
Depreciation - right-of-use buildings	1,754	1,355	1,754	1,355
Depreciation - right-of-use plant and equipment	1,367	1,055	1,367	1,055
	38,992	39,770	38,992	39,770

Refer to Note 22 Property, plant and equipment and Note 23 Leases for recognition and measurement policies on depreciation.

7. Grants and subsidies

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Non-government organisations	3,061	3,097	3,061	3,097
Grants to research organisations	-	20	-	20
Grants paid to entities controlled by the immediate parent	346	110	346	110
Other grants	5,238	4,551	5,238	4,551
	8,645	7,778	8,645	7,778

Recognition and Measurement

Grants and subsidies expense generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grants and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

8. Finance costs

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Interest expense from lease liabilities	176	148	176	148
Interest expense from financial liabilities at amortised cost	14	-	14	-
	190	148	190	148

Recognition and Measurement

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Revenue

Recognition and Measurement

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

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

Summary of Compliance

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Total spending authority from parliamentary appropriations, other than own source revenue	950,344	844,163	950,344	844,163
Add:				
Own source revenue on 1 July 2019	-	27,787	-	27,787
Own source money received during the year	143,497	173,033	143,497	173,033
Own source revenue balance brought forward from prior years	32,466	-	32,466	-
Less: expenditure charged against own source revenue	1,088,735	1,012,517	1,088,735	1,012,517
Own source revenue balance carried forward to following years	37,572	32,466	37,572	32,466

The table includes monies received from the agency's own-source income from other clusters who have different responsible ministers, as comprising part of the authority to spend.

There is some complexity and uncertainty in respect of the legal implication of monies received by the agency from an agency in another cluster who has a different responsible minister. Therefore, there is a technical risk that the actual expenditure exceeds the aggregate legal limit authorised for the receiving responsible minister(s) for the relevant reporting period; on the other hand, the paying responsible minister(s) may have unutilised legal spending authority.

The impact of this legal uncertainty means the balance of own source revenue brought forward and carried forward in the table will not necessarily be reflective of the appropriations authority available to the agency or its responsible ministers.

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

10. NSW Ministry of Health allocations

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

The District recognised additional NSW Ministry of Health recurrent allocations of \$41.8 million (2020: \$12.37 million) and NSW Ministry of Health capital allocations of \$2.37 million (2020: \$1.2 million) to cover costs incurred for the preparation, diagnosis, treatment and vaccination of COVID-19 patients.

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Sale and recovery of pharmaceutical supplies	17,214	14,995	17,214	14,995
Sale of prostheses	1,733	1,420	1,733	1,420
Other	134	284	134	284
	19,081	16,699	19,081	16,699

(b) Rendering of services comprise the following:

<i>Patients</i>				
Patient Fees:				
- Inpatient fees	36,350	33,077	36,350	33,077
- Nursing home fees	234	177	234	177
- Non inpatient fees	1,759	1,466	1,759	1,466
Department of Veterans' Affairs	11,659	13,226	11,659	13,226
Motor Accident Authority third party	2,705	3,398	2,705	3,398
<i>Staff</i>				
Private use of motor vehicles	60	64	60	64
Salary packaging fee	4	24	4	24
Meals and accommodation	2	1	2	1
<i>General community</i>				
Car parking	1,764	2,701	1,764	2,701
Commercial activities	7	31	7	31
Fees for conferences and training	324	530	324	530
Fees for medical records	70	76	70	76
Information retrieval	1	-	1	-
<i>Non-NSW Health entities</i>				
Services to other organisations	-	40	-	40
<i>Entities controlled by the immediate parent</i>				
Hosted service revenues	1,348	1,471	1,348	1,471
Linen service revenues	12	10	12	10
<i>Entities controlled by the ultimate parent</i>				
<i>Other</i>				
Infrastructure fees - annual charge	4,465	3,757	4,465	3,757
Infrastructure fees - monthly facility charge	11,156	11,258	11,156	11,258
Other	1,112	620	1,112	620
	73,032	71,927	73,032	71,927
	92,113	88,626	92,113	88,626

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

Recognition and Measurement (continued)

Sale of goods

Revenue from the sale of goods is recognised when the District 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.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

Recognition and Measurement (continued)

Rendering of services

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

Recognition and Measurement (continued)

Rendering of services (continued)

<u>Type of service</u>	<u>Nature of timing of satisfaction of performance obligations, including significant payment terms</u>	<u>Revenue recognition policies</u>
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 NSW Ministry of Health. The performance obligations for these services are typically satisfied when the hospital facilities are made available and used by the doctors and staff specialists. The payments are typically due when monies are collected from patient billings for services provided under the arrangement.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Refer to Note 28 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the District expects to recognise the unsatisfied portion as revenue.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

12. Investment revenue

	Consolidated	Consolidated	Parent	Parent
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Interest income from financial assets at amortised cost	314	453	314	453
Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss	916	174	916	174
	1,230	627	1,230	627

Recognition and Measurement

Interest income

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Grants and other contributions

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	-	176	-	176
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	1,222	1,052	1,222	1,052
Clinical trials and research grants	964	2,613	964	2,613
Commonwealth government grants received for community based services	2,745	2,718	2,745	2,718
Commonwealth government grants other	755	910	755	910
Grants from entities controlled by the ultimate parent	300	485	300	485
Other grants from entities controlled by the immediate parent	879	-	879	-
Other grants	4,111	3,326	4,111	3,326
Grants without specific performance obligations				
Commonwealth government grants other	-	70	-	70
Other grants from entities controlled by the immediate parent	440	418	440	418
Other grants	110	28	110	28
Donations	1,337	1,207	1,337	1,207
	12,863	13,003	12,863	13,003

Recognition and Measurement

Grants and other contributions

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

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

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

Refer to Note 28 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Grants and other contributions

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

Volunteer services

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

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. 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 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Superannuation - defined benefit plans	1,941	2,700	-	-
Long service leave provision	(102)	24,180	-	-
	1,839	26,880	-	-

15. Other income

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Commissions	77	99	77	99
Discounts	11	3	11	3
Insurance refunds	110	160	110	160
Rental income				
- other rental income	941	857	941	857
Property not previously recognised	-	2,236	-	2,236
Sponsorship	24	-	24	-
Unclaimed deposits	-	6	-	6
Other	1,099	442	1,099	442
	2,262	3,803	2,262	3,803

Recognition and Measurement

Other Income

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Gains / (losses) on disposal

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	22	705	22	705
<i>Less: proceeds from disposal</i>	193	52	193	52
Net gains / (losses) on disposal	171	(653)	171	(653)
Right-of-use assets				
Written down value of assets disposed	66	24	66	24
<i>Less: lease liabilities extinguished</i>	78	24	78	24
Net gains / (losses) on disposal	12	-	12	-
Assets held for sale				
Written down value of assets disposed	1,661	-	1,661	-
<i>Less: proceeds from disposal</i>	2,172	-	2,172	-
Net gains / (losses) on disposal	511	-	511	-
Total gains / (losses) on disposal	694	(653)	694	(653)

Recognition and Measurement

Impairment losses on non-financial assets

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

- Note 19 Receivables
- Note 20 Inventories
- Note 22 Property, plant and equipment
- Note 23 Leases

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

The District receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The District determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 26 Restricted assets.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Cash and cash equivalents

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Cash at bank and on hand	37,572	32,466	37,572	32,466
	37,572	32,466	37,572	32,466

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

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

Cash and cash equivalents (per Statement of Financial Position)	37,572	32,466	37,572	32,466
	37,572	32,466	37,572	32,466

Refer to Note 38 for details regarding credit risk and market risk arising from financial instruments.

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

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

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

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

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

19. Receivables

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Trade receivables from contracts with customers	4,920	4,027	4,920	4,027
Intra health receivables	4,947	3,102	4,947	3,102
Goods and Services Tax	4,367	2,939	4,367	2,939
Other receivables	657	475	657	475
Sub total	14,891	10,543	14,891	10,543
<i>Less: Allowance for expected credit losses*</i>				
- Trade receivables from contracts with customers	(127)	(124)	(127)	(124)
- Other receivables	(50)	(2)	(50)	(2)
Sub total	14,714	10,417	14,714	10,417
Prepayments	1,324	6,802	1,324	6,802
	16,038	17,219	16,038	17,219

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(124)	(309)	(124)	(309)
Amounts written off during the year	162	116	162	116
(Increase) / decrease in allowance recognised in the net result ¹	(164)	68	(164)	68
Balance at the end of the year	(127)	(124)	(127)	(124)
Other receivables				
Balance at the beginning of the year	(2)	(2)	(2)	(2)
Amounts written off during the year	2	1	2	1
(Increase) / decrease in allowance recognised in the net result	(50)	(1)	(50)	(1)
Balance at the end of the year	(50)	(2)	(50)	(2)
	(177)	(126)	(177)	(126)

¹ Includes total impairment loss of \$0.16 million (2020: \$Nil) recognised on receivables from contracts with customers.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Receivables (continued)

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

Current and non-current include:

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Patient fees - compensable	135	165	135	165
Patient fees - ineligible	394	270	394	270
Patient fees - inpatient & other	3,517	2,993	3,517	2,993
	4,046	3,428	4,046	3,428

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 38.

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Contract receivables (included in Note 19)	7,776	7,045	7,776	7,045
Total contract receivables	7,776	7,045	7,776	7,045

Recognition and Measurement

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

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

Subsequent measurement

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

Impairment

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

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

20. Inventories

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Drug supplies	2,140	2,206	2,140	2,206
Medical and surgical supplies	2,847	2,749	2,847	2,749
Other including goods in transit	565	299	565	299
	5,552	5,254	5,552	5,254

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

Recognition and Measurement

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

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

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

21. Financial assets at fair value

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
TCorpIM Funds Investment Facilities	9,524	8,444	9,524	8,444
	9,524	8,444	9,524	8,444

Refer to Note 38 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

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

Classification and measurement

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

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

Financial assets at fair value through profit or loss

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

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

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

22. 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 2019 - fair value				
Gross carrying amount	1,073,540	93,928	60,604	1,228,072
Less: accumulated depreciation and impairment	310,898	43,365	46,598	400,861
Net carrying amount	762,642	50,563	14,006	827,211

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2020				
Net carrying amount at beginning of year	762,642	50,563	14,006	827,211
Additions	84,813	12,519	363	97,695
Reclassification to assets held for sale	(1,661)	-	-	(1,661)
Disposals	(689)	(16)	-	(705)
Net revaluation increments less revaluation decrements	3,939	-	16,138	20,077
Depreciation expense	(29,439)	(6,383)	(1,538)	(37,360)
Reclassifications	8,878	(8,902)	24	-
Net carrying amount at end of year	828,483	47,781	28,993	905,257

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

22. Property, plant and equipment (continued)

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

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

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2021 - fair value				
Gross carrying amount	1,412,492	109,824	62,860	1,585,176
<i>Less:</i> accumulated depreciation and impairment	463,350	50,563	35,089	549,002
Net carrying amount	949,142	59,261	27,771	1,036,174

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 25.

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

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

Depreciation of property, plant and equipment

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

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

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

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

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

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles, furniture and fittings and PODS (a detachable or self-contained unit on ambulances used for patient treatment).

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

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

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The District has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 23.

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

22. 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 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 25 for further information regarding fair value.

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

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

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

An interim management revaluation was completed on 31 December 2020 as a result of a cumulative increase in indicators of 3.40% for land and buildings and 3.40% for infrastructure. The District used an external professionally qualified valuer to conduct the interim revaluation. Indicators provided by CBRE PTY Limited were not applied as they were deemed immaterial.

Due to the COVID-19 pandemic, the District's management performed an additional assessment to determine if the fair value of its property plant and equipment as at 30 June 2021 materially differed from the carrying value. Management concluded that there is no definitive or conclusive market evidence to support any material adjustments. No adjustments were applied as a result.

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Property, plant and equipment (continued)

Revaluation of property, plant and equipment (continued)

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

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

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

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

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

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

Impairment of property, plant and equipment

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

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

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

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

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

Derecognition of property, plant and equipment

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Leases

(a) Entity as a lessee

The District leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 7 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The District does not provide residual value guarantees in relation to leases.

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

Potential future cash outflows of \$1.18 million have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$0.6 million.

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

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

Right-of-use assets under leases

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

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

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2019	3,772	3,044	6,816
Additions	1,930	2,782	4,712
Disposals	-	(24)	(24)
Depreciation expense	(1,355)	(1,055)	(2,410)
Balance at 30 June 2020	4,347	4,747	9,094

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2021	2020
	\$000	\$000
Balance at 1 July	9,235	6,816
Additions	1,434	4,712
Interest expenses	176	148
Payments	(3,401)	(2,417)
Terminations	(78)	(24)
Other adjustments	823	-
Balance at 30 June	8,189	9,235

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

PARENT AND CONSOLIDATION

	2021	2020
	\$000	\$000
Depreciation expense of right-of-use assets	3,121	2,410
Interest expense on lease liabilities	176	148
Expenses relating to short-term leases	352	989
Expenses relating to leases of low-value assets	872	699
(Gains) / losses on disposal	(12)	-
Total amount recognised in the statement of comprehensive income	4,509	4,246

The District had total cash outflows for leases of \$4.62 million for the year ended 30 June 2021 (2020: \$4.11 million).

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

The District entered into a 3 year lease with the a University for the use of a office space. The contract specifies lease payments of \$1 per annum. The leased premise is be used by the District to provide different community health services. The community health buildings account for a small portion of the similar assets the District is using for the purpose of providing community health services. Therefore it does not have a significant impact on the District's operations.

Recognition and Measurement

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

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

i. Right-of-use assets

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

23. Leases (continued)

Entity as a lessee (continued)

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 15 years
Plant and equipment	1 to 10 years
Motor vehicles and other equipment	1 to 5 years

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

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

ii. Lease liabilities

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

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

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

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

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

The District's lease liabilities are included in borrowings in Note 29.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Leases (continued)

Entity as a lessee (continued)

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

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

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

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

(b) Entity as a lessor

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

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

Central Coast Local Health District's overall exposure to changes in the residual value at the end of the current lease is not material as these leases form a very small part of the asset portfolio. Any expectations about the future residual values are reflected in the fair value of these properties.

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease as at 30 June 2021 are, as follows:

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	2021 \$'000	2020 \$'000
Within one year	951	779
One to two years	668	686
Two to three years	504	599
Three to four years	473	520
Four to five years	489	489
Later than five years	134	615
Total (excluding GST)	3,219	3,688

Recognition and Measurement

Lessor for operating leases

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Non-current assets held for sale

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Assets held for sale				
Land and buildings	-	1,661	-	1,661
	-	1,661	-	1,661

In 2019/20 the properties at 11, 13 and 15 Ward Street were moved into Assets Held for Sale following the demolition of the buildings in March 2020, as the assets were identified by the District as being surplus to requirements. The buildings at 11 & 15 Ward Street were also deemed not economical to repair and were no longer in use. The net proceeds of the sale will be used for the purchase of major medical equipment for Wyong Hospital. The properties sold via Property NSW at auction on 23 June for \$2.2 million settlement was finalised during 2021.

Further details regarding fair value measurement are disclosed in Note 25.

Recognition and Measurement

The District has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs of disposal.

These assets are not depreciated while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are continued to be recognised.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

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

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

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

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2021	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 22)				
- Land and buildings	-	35,863	685,880	721,743
- Infrastructure systems	-	-	27,072	27,072
	-	35,863	712,952	748,815

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

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 22.

	Level 1	Level 2	Level 3	Total Fair Value
2020	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 22)				
- Land and buildings	-	32,555	713,082	745,637
- Infrastructure systems	-	-	28,629	28,629
Non-current assets held for sale (Note 24)	-	1,661	-	1,661
	-	34,216	741,711	775,927

There were no transfers between level 1 and 2 during the year ended 30 June 2020.

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 22.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE PTY Limited for the 2020-21 financial year. CBRE PTY Limited is an independent entity and is not an associated entity of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 22 reconciliation).

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

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

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

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

- For buildings and infrastructure, many assets are of a specialised nature or use, 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, residential properties are valued on a market approach and included in level 2.
- Non-current assets held for sale is a non-recurring item that is measured at the lower of its fair value less cost to sell or its carrying amount. These assets are categorised as level 2.

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

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

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

PARENT AND CONSOLIDATION

2020	Land and Buildings \$000	Infrastructure Systems \$000	Other Assets \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2019	386,478	14,006	-	400,484
Additions	330,275	23	-	330,298
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 22)	20,999	16,138	-	37,137
Depreciation expense	(24,670)	(1,538)	-	(26,208)
Fair value as at 30 June 2020	713,082	28,629	-	741,711

There were no transfers between level 1 or 2 during the year ended 30 June 2020.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Restricted assets

PARENT AND CONSOLIDATION

The District's financial statements include the following assets which are restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2021.

Category	1 July 2020	Revenue	Expense	2021
	Opening			Closing
	\$000	\$000	\$000	\$000
Community welfare	308	251	231	328
Facility improvements	6,751	1,388	572	7,567
Holds funds in perpetuity	1,795	-	-	1,795
Patient welfare	2,729	3,330	2,582	3,477
Private practice disbursements (No.2 Accounts)	19,728	5,355	1,466	23,617
Public contributions	560	446	761	245
Research	2,003	1,431	1,138	2,296
Staff welfare	7	-	-	7
Training and education including conferences	4,952	933	796	5,089
	38,833	13,134	7,546	44,421

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.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.

Unclaimed monies

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

27. Payables

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Accrued salaries, wages and on-costs	11,394	20,763	-	-
Salaries and wages deductions	187	46	-	-
Payroll and fringe benefits tax	106	141	-	-
Accrued liability - purchase of personnel services	-	-	11,687	20,950
Creditors	12,770	8,263	12,770	8,263
Other creditors				
- Payables to entities controlled by the immediate parent	8,594	9,003	8,594	9,003
- Other	15,970	5,054	15,970	5,054
	49,021	43,270	49,021	43,270

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 38.

Recognition and Measurement

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

28. Contract liabilities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Contract liabilities	2,241	1,952	2,241	1,952
	2,241	1,952	2,241	1,952
Non-current				
Contract liabilities	-	97	-	97
	-	97	-	97

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2021 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2021. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

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

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,952	1,640	1,952	1,640
Transaction price allocated to the remaining performance obligations from contracts with customers	10,211	5,534	10,211	5,534

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

Specific revenue class	2022 \$'000	2023 \$'000	2024 \$'000	≥ 2025 \$'000
Grants and other contributions	6,934	2,886	233	159
	6,934	2,886	233	159

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Borrowings

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Other loans and deposits	170	-	170	-
Lease liabilities (see Note 23)	3,384	2,922	3,384	2,922
	3,554	2,922	3,554	2,922
Non-current				
Other loans and deposits	1,627	-	1,627	-
Lease liabilities (see Note 23)	4,805	6,313	4,805	6,313
	6,432	6,313	6,432	6,313

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

Final repayment of loan is scheduled for 30 June 2031

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 38.

Recognition and Measurement

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless the District has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 38 (b) for derecognition policy.

Financial liabilities at fair value through profit or loss

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

Financial guarantees

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

Recognition and Measurement

The District has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2021 and as at 30 June 2020.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Borrowings (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 2019	-	-	-
Recognised on adoption of AASB 16	-	6,816	6,816
Adjusted 1 July 2019	-	6,816	6,816
Cash flows	-	(2,269)	(2,269)
New leases	-	4,712	4,712
Lease terminations	-	(24)	(24)
30 June 2020	-	9,235	9,235
1 July 2020	-	9,235	9,235
Cash flows	1,797	(3,225)	(1,428)
New leases	-	1,434	1,434
Lease terminations	-	(78)	(78)
Lease reassessments	-	823	823
30 June 2021	1,797	8,189	9,986

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

30. Provisions

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	63,082	59,796	-	-
Annual leave - obligations expected to be settled after 12 months	23,091	22,003	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	1,486	1,144	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	16,099	13,160	-	-
Provision for other employee benefits	2,975	3,015	-	-
Provision for personnel services liability	-	-	106,733	99,118
Total current provisions	106,733	99,118	106,733	99,118
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	1,739	1,244	-	-
Provision for personnel services liability	-	-	1,739	1,244
Total non-current provisions	1,739	1,244	1,739	1,244
Aggregate employee benefits and related on-costs				
Provisions - current	106,733	99,118	-	-
Provisions - non-current	1,739	1,244	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 27)	11,581	20,809	-	-
Liability - purchase of personnel services	-	-	120,053	121,171
	120,053	121,171	120,053	121,171

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 20.98% are applied to the value of leave payable at 30 June 2021 (comparable on-costs for 30 June 2020 were 19.06%). The District has assessed the actuarial advice based on the District's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the District does not expect to settle the liability within 12 months as the District does not have an unconditional right to defer settlement.

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.

30. Provisions (continued)

Recognition and Measurement (continued)

Long service leave and superannuation

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

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

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

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

Consequential on-costs

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

31. Other liabilities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Unearned revenue	66,081	37,457	66,081	37,457
	66,081	37,457	66,081	37,457
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	4,994	4,394	4,994	4,394
	4,994	4,394	4,994	4,394

Unearned revenue was derived from the following:

The \$66.01 million has been received in advance from the University of Newcastle, under the terms of contract for the Central Coast Clinical School and Research Institute being constructed at the Gosford Campus. After the completion the University of Newcastle will lease part of the building for forty years ending 2061.

The non-current balance of \$4.99 million was received in advance from the Australian Government, (Department of Health), under the terms of the grant agreement the funds are provided for the future purchases of radiation oncology equipment.

PARENT AND CONSOLIDATION

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

	2021 \$'000	2020 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	4,394	-
<i>Add:</i> receipt of cash during the financial year	600	4,570
<i>Deduct:</i> income recognised during the financial year	-	176
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	4,994	4,394

Refer to Note 13 for a description of the District's obligations under transfers received to acquire or construct non-financial assets to be controlled by the District.

The District expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period evenly in the next 1-3 financial years, as the related asset(s) are constructed / acquired.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. Commitments

(a) Capital commitments

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

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Within one year	7,624	92,117	7,624	92,117
Later than one year and not later than five years	-	608	-	608
Later than five years	-	-	-	-
Total (including GST)	7,624	92,725	7,624	92,725

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$7.62 million as at 30 June 2021 includes input tax credits of \$0.69 million that are expected to be recoverable from the Australian Taxation Office (2020 \$8.43 million).

33. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

34. Trust funds

PARENT AND CONSOLIDATION

The District holds trust funds of \$505 thousand (2020: \$423 thousand) which are held for the safe keeping for third parties.

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

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

Category	1 July 2019			30 June 2020
	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Private Patient Trust Funds	355	18,279	(18,634)	-
Third Party Funds	80	6,376	(6,033)	423
Total trust funds	435	24,655	(24,667)	423

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

Category	Purpose
Private Patient Trust Funds	The revenue derived from private patient and other billable services provided by Staff Specialists.
Third Party Funds	A sum of money held in trust on behalf of external parties, e.g. external foundations, volunteer groups and auxiliaries.

Any amounts drawn down from trust funds under the private practice arrangements are not included in the key management personnel compensation amounts or disclosed as a related party transaction in Note 39.

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

35. 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 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Net cash used on operating activities	142,586	100,469	142,586	100,469
Depreciation and amortisation expense	(38,992)	(39,770)	(38,992)	(39,770)
Allowance for impairment	(214)	67	(214)	67
(Increase) / decrease in unearned revenue	(629)	(27,991)	(629)	(27,991)
Decrease / (increase) in provisions	(8,109)	(11,283)	(8,109)	(11,283)
Increase / (decrease) in prepayments and other assets	(671)	(6,850)	(671)	(6,850)
Decrease / (increase) in payables	(5,750)	6,907	(5,750)	6,907
Decrease / (increase) in contract liabilities	(192)	(408)	(192)	(408)
Net gain / (loss) on sale of property, plant and equipment	682	(653)	682	(653)
Net gain / (loss) on disposal of right-of-use assets	12	-	12	-
Assets donated or brought to account (Note 36)	879	2,236	879	2,236
Net result	89,602	22,724	89,602	22,724

36. Non-cash financing and investing activities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Assets donated or brought to account	879	2,236	879	2,236
Property, plant and equipment acquired by a lease	1,434	4,712	1,434	4,712
Central Coast Clinical School & Research Institute	28,595	1,886	28,595	1,886
	30,908	8,834	30,908	8,834

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

37. Adjusted budget review

NSW Health's budget is shown at a consolidated level when presented in parliament each year in the NSW Government Budget Papers. As the District's budget is not separately identified AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present initial budget information, the District's financial statements present adjusted budget information. The adjusted budget amounts are based on the initial Service Agreement between the District and the NSW 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 in year to derive a final budget. The relevant budget entries in the financial statements are unaudited.

PARENT AND CONSOLIDATION

Net result

The actual Net Result was lower than adjusted budget by \$13 million, primarily due to:

- employee-related expenses associated with meeting service demand: and
- challenges in meeting own source revenue expectations in the current health system environment.

Assets and liabilities

Total Assets were \$32 million higher than budget due to the building additions associated with the Wyong Hospital redevelopment.

Total Liabilities were \$44 million higher than budget reflecting the contractual arrangement for the Central Coast Clinical School & Research Institute.

Cash flows

Net cash flows from operating activities were \$3.2 million (or 2%) above budget.

The net increase in cash and cash equivalents was \$4.6 million above budget.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 17 November 2020 are as follows:

	\$000
Initial allocation, 17 Nov 2020	757,334
Covid-19 Impact Support	39,669
Salaries and Superannuation Adjustments	11,688
RMR and Critical Fire Safety Works	1,050
Nurse and Midwifery Strategy Reserve	526
Drug and Alcohol Package- Augmentation for Women	363
Funding to Support Access Performance	249
NSW Aged Care Assessment Program	209
Other	7,138
Balance as per Statement of Comprehensive Income	818,226

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

38. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount	Carrying Amount
		2021 \$000	2020 \$000
Financial assets			
Cash and cash equivalents (Note 18)	Amortised cost	37,572	32,466
Receivables (Note 19) ¹	Amortised cost	10,347	7,478
Financial assets at fair value (Note 21)	Fair value through profit or loss	9,524	8,444
Total financial assets		57,443	48,388
Financial liabilities			
Borrowings (Note 29)	Financial liabilities measured at amortised cost	9,986	9,235
Payables (Note 27) ²	Financial liabilities measured at amortised cost	48,915	43,129
Total financial liabilities		58,901	52,364

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).

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

(b) Derecognition of financial assets and financial liabilities

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

38. Financial instruments (continued)

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

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

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

(c) Financial risk

i. Credit risk

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

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

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

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 1.00% in 2020-21 compared to 1.62% in the previous year. The TCorpIM Cash Fund is discussed in market risk below.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

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

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

38. Financial instruments (continued)

(c) Financial risk (continued)

i. Credit risk (continued)

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

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

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

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

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2021 and 30 June 2020 was determined as follows:

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021						
Expected credit loss rate	0.46%	1.09%	10.04%	36.25%	36.25%	3.17%
Estimated total gross carrying amount ¹	3,880	1,097	269	80	251	5,577
Expected credit loss	18	12	27	29	91	177
30 June 2020						
Expected credit loss rate	0.62%	1.16%	9.19%	17.92%	26.41%	2.80%
Estimated total gross carrying amount ¹	3,207	773	185	106	231	4,502
Expected credit loss	20	9	17	19	61	126

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 19 and the contract assets total in Note 22.

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Other Financial Assets - Authority Deposits

The District has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. These deposits are considered to be low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The District didn't recognise a provision for expected credit losses on its other financial assets as at 30 June 2021 (2020: \$Nil).

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

38. Financial instruments (continued)

(c) Financial risk (continued)

ii. Liquidity risk

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

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

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

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

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

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

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

38. Financial instruments (continued)

(c) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

	EIR 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
2021								
Payables:								
- Creditors ²		48,915	-	-	48,915	48,915	-	-
Borrowings:								
- Other loans and deposits	1.24	1,916	1,916	-	-	192	766	958
- Lease liabilities	2.02	8,736	8,736	-	-	3,055	4,419	1,262
		59,567	10,652	-	48,915	52,162	5,185	2,220
2020								
Payables:								
- Creditors ²		43,129	-	-	43,129	43,129	-	-
Borrowings:								
- Lease liabilities	1.95	9,686	9,686	-	-	3,021	5,106	1,559
		52,815	9,686	-	43,129	46,150	5,106	1,559

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ Weighted Average Effective Interest Rate (EIR).

Central Coast Local Health District

Notes to and forming part of the Financial Statements

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38. Financial instruments (continued)

iii. Market risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

Interest Rate Risk

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

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

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

PARENT AND CONSOLIDATION

	2021 \$000		2020 \$000	
	-1%	1%	-1%	1%
Net result	(371)	371	(317)	317
Equity	(371)	371	(317)	317

Central Coast Local Health District
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38. Financial instruments (continued)

iii. Market risk (continued)

Other price risk - TCorpIM Funds

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

Facility	Investment Sectors	Investment Horizon	2021 \$000	2020 \$000
TCorpIM Medium-Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	3 years to 7 years	5,591	5,130
TCorpIM Long-Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	7 years and over	3,933	3,314

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

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

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

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

	Change in unit price		Impact on net result	
	2021 %	2020 %	2021 \$000	2020 \$000
TCorpIM Medium-Term Growth Fund	10%	10%	559	513
TCorpIM Long-Term Growth Fund	10%	10%	393	331

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

38. Financial instruments (continued)

(d) Fair value measurement

i. Fair value compared to carrying amount

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

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

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

ii. Fair value recognised in the Statement of Financial Position

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2021 Total \$'000
TCorpIM Funds	-	9,524	-	9,524
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2020 Total \$'000
TCorpIM Funds	-	8,444	-	8,444

The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.

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

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
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39. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2021	2020
	\$000	\$000
Short-term employee benefits	885	758
Post-employment benefits	69	63
	954	821

During the financial year, Central Coast Local Health District obtained key management personnel services from the immediate parent and incurred \$397 thousand (2020: \$400 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

There were no transactions with key management personnel during the year (2020: Nil). Transactions occurred during the current and prior years with key management personnel's close family members for services performed as employees of the District. The work performed and the remuneration paid is immaterial both qualitatively and quantitatively to the District for both 2021 and 2020 year's.

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2020: \$Nil).

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

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

Central Coast Local Health District

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

39. Related party disclosures

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

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

- Fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- Insurance costs
- Various grants and subsidies towards research and other projects

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

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

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

- Motor Accident Authority third party revenue received from the State Insurance Regulatory Authority (SIRA)
- Various grants and other contributions towards research and other projects
- 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

Assets and liabilities as follows:

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

40. Events after the reporting period

On 28 June 2021, the NSW Government put in place Public Health (COVID-19 Temporary Movement and Gathering Restrictions) Order 2021 under the Public Health Act 2010 to contain the spread of COVID-19 and to prioritise the health and safety of the community. The Public Health Order 2021 placed various restrictions on Greater Sydney and impacted the way the District operates since reporting date. Management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of COVID-19 on the District after reporting date.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the District.

END OF AUDITED FINANCIAL STATEMENTS