Financial report

5

INDEPENDENT AUDITOR'S REPORT

Ministry of Health (the Ministry) and the Consolidated Entity

To the Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Ministry of Health (the Ministry) and the Consolidated Entity, which comprise the Statement by the Accountable Authority, the Statements of Comprehensive Income for the year ended 30 June 2021, the Statements of Financial Position as at 30 June 2021, the Statements of Changes in Equity and the Statements of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information regarding the Ministry and the Consolidated Entity. The Consolidated Entity comprises the Ministry 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 Ministry 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 Ministry 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.

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Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2021. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How my audit addressed the matter</th></tr>
<tr><td colspan="2">Valuation of Property, plant and equipment</td></tr>
<tr><td>Refer to Note 25 Property, plant and equipment

At 30 June 2021, the Consolidated Entity reported $23.5 billion in infrastructure, property, plant and equipment measured at fair value. This is comprised of $21.5 billion (land and buildings), $1.4 billion (Plant and Equipment) and $0.6 billion (Infrastructure Systems)

I considered this area a key audit matter due to the:
• financial significance, geographical distribution and specialised or unique nature of health and health infrastructure assets;
• high degree of management judgement required in respect of classifying project costs as capital or expense; and
• complexities associated with the application of AASB 13 Fair Value Measurement being dependent on assumptions that require significant judgement in areas such as:
– identifying components of buildings and determining their current replacement cost
– forecasting remaining useful lives
– application of discount rates
– assessment of the conditions of the assets
– assessment of the financial impact of indicators of impairment.</td><td>To address the key audit matter, I:
• assessed the adequacy of management's review of the valuation process;
• assessed the competence, capabilities and objectivity of management's valuers;
• reviewed the scope and instructions provided to valuers and obtained an understanding of the methodology used and its appropriateness with reference to relevant Australian Accounting Standards and Treasurer's Directions;
• assessed the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practice;
• tested a sample of costs allocated to work in progress to assess the appropriateness of capitalisation in accordance with the Australian Accounting Standards;
• evaluated whether the useful lives applied to the various asset classes were consistent with management's planned usage of those assets;
• assessed the reasonableness and appropriateness of judgement used by management to assess non-financial assets for impairment. This included the process employed to monitor impairment indicators; and
• assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards and Treasurer's Directions.</td></tr>
<tr><td colspan="2">Existence and valuation of COVID-19 vaccine inventories</td></tr>
<tr><td>Refer to Note 22 Inventories

At 30 June 2021 the Consolidated Entity reported COVID-19 vaccines received from the Commonwealth and distributed to the public for no consideration at $22.3 million and $17.1 million, respectively.

As part of the COVID-19 Vaccine National Roll-out Strategy, the Australian Government assumes responsibility for procuring and distributing vaccine supplies to states and territories. Vaccines are received for nil consideration and are provided to the public free of charge.</td><td>To address the key audit matter, I:
• obtained an understanding of the systems and processes introduced to manage vaccine flows;
• reviewed and verified the key components of management's approach to valuing the two key inventory lines relevant for 2021 financial reporting period; and
• tested a sample of transactions verifying quantities back to source documentation.</td></tr>
</table>

<table>
<tr><th>Key Audit Matter</th><th>How my audit addressed the matter</th></tr>
<tr><td>I considered this area a key audit matter due to the:
• complexities of the procurement and distribution processes with the Commonwealth;
• complexities associated in obtaining a reliable measurement basis for the vaccines; and
• evolving nature of the systems and processes in place to manage, track and account for physical inventory movements across a variety of distribution centres spread around NSW.</td><td></td></tr>
<tr><td colspan="2">Existence and valuation of general inventories</td></tr>
<tr><td>Refer to Note 22 Inventories
At 30 June 2021, the Consolidated Entity reported $635.8 million in inventories, of which, $337.7 million was related to COVID-19.
I considered this area a key audit matter due to the:
• significance of the balance relative to the consolidated entity's Statement of Financial Position;
• variety and number of inventory items managed across several locations; and
• subjectivity and high degree of judgement required in respect of the calculations and modelling supporting management's assessment of impairment, particularly with regards to COVID-19 inventory balances.</td><td>To address the key audit matter, I
• observed the performance of management's stocktaking procedures at a selection of warehouses;
• obtained an understanding of management's impairment calculator by seeking to test the:
– mathematical accuracy of the model; and
– robustness of the model's key inputs, which relied on "best before dates" and "consumption data"; and
• substantiated a sample of transactions to verify "best before dates" and "consumption data".</td></tr>
<tr><td colspan="2">Recognition and measurement of Commonwealth grants and contributions revenue</td></tr>
<tr><td>Refer to Note 11 Grants and Other Contributions
During the year, over $8 billion was received in Commonwealth grants and contributions through the National Health Reform Agreement (NHRA) and the National Partnership Agreement (NPA) in 2020–21.
I considered this area a key audit matter due to the:
• significance of the balance relative to the consolidated entity's Statement of Comprehensive Income;
• different types of performance obligations attached to each revenue stream;
• continuous funding received over more than one financial reporting period; and
• evolving nature of the funding arrangements in response to the emerging COVID-19 pandemic.</td><td>To address the key audit matter, I:
• documented and understood the nature of the key revenue streams relating to the Hospital Service and State Public Health Payments; Private Hospital Capacity and Viability Payments; and Payments for the Co-ordination and Delivery of a Safe and Effective COVID-19 vaccine;
• reviewed the terms and conditions contained within the key funding agreements entered with the Commonwealth;
• assessed the key accounting treatments applied to each type of grant funding stream.</td></tr>
<tr><td colspan="2">Valuation of Hotel Quarantine receivables</td></tr>
<tr><td>Refer to Note 20 Receivables
At 30 June 2021, the Consolidated Entity reported a gross receivables balance of $107 million with an associated expected credit loss (ECL) of $10 million, relating to returning travellers processed through the NSW Hotel Quarantine system. Returning travellers are charged a fixed fee for their stay, with fees being effective since 18 July 2020.</td><td>To address the key audit matter, I
• assessed the adequacy of management's methodology and the underlying assumptions in calculating the ECL;
• reviewed the movements in the receivables profile and analysed collection rates</td></tr>
</table>

Key Audit Matter	How my audit addressed the matter
I considered this area a key audit matter due to the: • significance of the balance relative to the Consolidated Entity's total receivables balance; • high level of estimation uncertainties and complexities around inputs used in calculating the expected credit loss (ECL); and • evolving nature of the processes and controls involved in managing the balance in response to the COVID-19 pandemic.	from July 2020 to post year end to understand potential patterns of collectability; and • performed testing, on a sample basis, of subsequent receipts post year end.

Secretary's Responsibilities for the Financial Statements

The Secretary 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 Secretary's responsibility also includes such internal control as the Secretary determines what 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 Secretary is responsible for assessing the ability of the Ministry 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/ar5.pdf. The description forms part of my auditor's report.

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

- that the Ministry 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.

Margaret Crawford
Auditor-General for NSW

29 October 2021
SYDNEY

Ministry of Health

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 Ministry of Health 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 Ministry of Health's financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended.

3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Elizabeth Koff
Secretary, NSW Health

26 October 2021

Alfa D'Amato
Acting Deputy Secretary, Finance and Asset Management and Chief Financial Officer, NSW Health

26 October 2021

Ministry of Health

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	Consolidated Actual 2021 $000	Consolidated Budget 2021 $000	Consolidated Actual Restated 2020 $000	Parent Actual 2021 $000	Parent Actual Restated 2020 $000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	15,101,149	15,755,185	14,999,553	222,660	178,639
Operating expenses	3	7,765,807	7,864,659	7,096,439	1,057,458	1,131,180
Depreciation and amortisation	4	1,139,883	1,113,980	1,082,031	29,497	13,790
Grants and subsidies	5	1,671,671	1,559,661	1,508,525	22,933,804	21,009,065
Finance costs	6	124,208	131,584	120,734	12,352	2,275
Total expenses excluding losses		25,802,718	26,425,069	24,807,282	24,255,771	22,334,949
Revenue						
Appropriations	8	15,016,407	15,740,003	14,926,529	15,016,407	14,926,529
Acceptance by the Crown[1] of employee benefits and other liabilities	12	(1,527)	466,061	680,534	2,008	8,374
Sale of goods and services from contracts with customers	9	2,806,080	2,692,286	2,676,702	129,783	173,430
Investment revenue	10	22,430	33,097	21,337	1,220	2,214
Grants and other contributions	11	9,148,196	8,902,749	9,526,742	8,451,322	7,902,630
Other income	13	103,897	155,170	166,777	13,838	42,815
Total revenue		27,095,483	27,989,366	27,998,621	23,614,578	23,055,992
Operating result		1,292,765	1,564,297	3,191,339	(641,193)	721,043
Gains / (losses) on disposal	14	(33,815)	-	(13,891)	(94)	(5)
Impairment losses on financial assets	20	(85,973)	-	(41,251)	-	-
Other gains / (losses)	15	(867,163)	(10,283)	(2,012)	(93,105)	9,956
Net result from continuing operations		305,814	1,554,014	3,134,185	(734,392)	730,994
Net result from discontinued operations		-	-	-	-	-
Net result		305,814	1,554,014	3,134,185	(734,392)	730,994

Ministry of Health

Statement of Comprehensive Income for the year ended 30 June 2021 (continued)

	Notes	Consolidated Actual 2021 $000	Consolidated Budget 2021 $000	Consolidated Actual Restated 2020 $000	Parent Actual 2021 $000	Parent Actual 2020 $000
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	25	307,817	-	302,848	(1,202)	-
Changes in revaluation surplus of other assets		-	-	(9)	-	-
Total other comprehensive income		307,817	-	302,839	(1,202)	-
TOTAL COMPREHENSIVE INCOME		613,631	1,554,014	3,437,024	(735,594)	730,994

[1]Crown represents 'The Crown in right of the State of New South Wales'.

See Note 1(h) and Note 17 for details regarding restated prior year balances for the consolidated and parent entity.

The accompanying notes form part of these financial statements.

Ministry of Health

Statement of Financial Position as at 30 June 2021

	Notes	Consolidated Actual 2021 $000	Consolidated Budget 2021 $000	Consolidated Actual Restated 2020 $000	Consolidated Actual Restated 1 July 2019 $000
ASSETS					
Current assets					
Cash and cash equivalents	19	2,031,071	2,565,696	2,658,959	1,316,849
Receivables	20	1,249,015	1,295,716	1,270,638	888,069
Contract assets	21	1,794	2,031	2,031	-
Inventories	22	635,787	880,404	921,933	177,646
Financial assets at fair value	23	161,750	113,191	157,609	121,328
Other financial assets	24	3,073	100,592	100,592	265,192
		4,082,490	4,957,630	5,111,762	2,769,084
Non-current assets held for sale	28	2,835	9,087	9,087	55,578
Total current assets		4,085,325	4,966,717	5,120,849	2,824,662
Non-current assets					
Receivables	20	35,441	113,793	113,792	22,808
Financial assets at fair value	23	32,122	28,870	32,005	32,088
Other financial assets	24	84,369	-	82,178	70,694
Property, plant and equipment					
- Land and buildings	25	21,521,208	21,774,490	19,918,431	18,301,168
- Plant and equipment	25	1,377,023	1,536,769	1,268,147	1,234,970
- Infrastructure systems	25	617,435	484,187	510,076	463,797
Total property, plant and equipment		23,515,666	23,795,446	21,696,654	19,999,935
Right-of-use assets	26	1,086,934	1,090,120	1,186,464	758,884
Intangible assets	27	689,554	765,564	715,886	704,238
Other non-current assets		-	83,950	-	222
Total non-current assets		25,444,086	25,877,743	23,826,979	21,588,869
Total assets		29,529,411	30,844,460	28,947,828	24,413,531

Ministry of Health

Statement of Financial Position as at 30 June 2021 (continued)

	Notes	Consolidated Actual 2021 $000	Consolidated Budget 2021 $000	Consolidated Actual Restated 2020 $000	Consolidated Actual Restated 1 July 2019 $000
LIABILITIES					
Current liabilities					
Payables	31	1,881,948	1,916,557	1,844,106	1,810,245
Contract liabilities	32	70,587	364,469	398,726	28,936
Borrowings	33	174,090	211,033	173,754	146,516
Provisions	34	2,851,737	2,562,296	2,560,496	2,309,387
Other current liabilities	35	136,045	122,299	95,381	97,839
Total current liabilities		5,114,407	5,176,654	5,072,463	4,392,923
Non-current liabilities					
Contract liabilities	32	-	97	97	7
Borrowings	33	2,108,230	1,977,379	2,101,234	1,690,052
Provisions	34	62,674	44,780	44,025	41,817
Other non-current liabilities	35	334,547	313,427	332,968	305,415
Total non-current liabilities		2,505,451	2,335,683	2,478,324	2,037,291
Total liabilities		7,619,858	7,512,337	7,550,787	6,430,214
Net assets		21,909,553	23,332,123	21,397,041	17,983,317
EQUITY					
Reserves		7,544,820	7,668,737	7,256,629	6,927,042
Accumulated funds		14,364,733	15,663,386	14,140,412	11,056,275
Total equity		21,909,553	23,332,123	21,397,041	17,983,317

See Note 1(h) and Note 17 for details regarding restated prior year balances for the consolidated entity.

The accompanying notes form part of these financial statements.

Ministry of Health

Statement of Financial Position as at 30 June 2021

	Notes	Parent Actual 2021 $000	Parent Actual Restated 2020 $000	Parent Actual 1 July 2019 $000
ASSETS				
Current assets				
Cash and cash equivalents	19	160,068	728,371	334,204
Receivables	20	443,849	297,845	349,550
Contract assets	21	276	-	-
Inventories	22	31,777	25,803	32,873
Other financial assets	24	308,232	744,176	16,041
Total current assets		944,202	1,796,195	732,668
Non-current assets				
Other financial assets	24	7,205	11,072	14,651
Property, plant and equipment				
- Land and buildings	25	179,658	186,497	132,577
- Plant and equipment	25	3,922	4,697	2,077
- Infrastructure systems	25	864	961	1,067
Total property, plant and equipment		184,444	192,155	135,721
Right-of-use assets	26	460,340	511,160	-
Intangible assets	27	3,129	1,756	877
Total non-current assets		655,118	716,143	151,249
Total assets		1,599,320	2,512,338	883,917

Ministry of Health

Statement of Financial Position as at 30 June 2021 (continued)

	Notes	Parent Actual 2021 $000	Parent Actual Restated 2020 $000	Parent Actual 1 July 2019 $000
LIABILITIES				
Current liabilities				
Payables	31	526,108	449,170	397,797
Contract liabilities	32	24,100	345,968	-
Borrowings	33	8,424	11,853	-
Provisions	34	25,694	22,831	18,869
Other current liabilities	35	-	-	54,442
Total current liabilities		584,326	829,822	471,108
Non-current liabilities				
Borrowings	33	556,257	499,673	-
Provisions	34	713	534	713
Other non-current liabilities	35	-	-	43,694
Total non-current liabilities		556,970	500,207	44,407
Total liabilities		1,141,296	1,330,029	515,515
Net assets		458,024	1,182,309	368,402
EQUITY				
Reserves		132,542	133,744	133,744
Accumulated funds		325,482	1,048,565	234,658
Total equity		458,024	1,182,309	368,402

See Note 17 for details regarding restated prior year balances for the parent entity.

The accompanying notes form part of these financial statements.

Ministry of Health

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

CONSOLIDATED	Notes	Accumulated Funds $000	Asset Revaluation Surplus $000	Total $000
Balance at 1 July 2020		14,113,375	7,256,629	21,370,004
Correction of errors - National Partnership Agreement on COVID-19	17	27,037	-	27,037
Restated balance at 1 July 2020		14,140,412	7,256,629	21,397,041
Net result for the year		305,814	-	305,814
Other comprehensive income:				
Net changes in revaluation surplus of property, plant and equipment	25	-	307,817	307,817
Reclassification of revaluation increments / (decrements) to accumulated funds on disposal of assets		19,626	(19,626)	-
Total other comprehensive income		19,626	288,191	307,817
Total comprehensive income for the year		325,440	288,191	613,631
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	(101,119)	-	(101,119)
Balance at 30 June 2021		14,364,733	7,544,820	21,909,553
Balance at 1 July 2019		11,022,163	6,937,950	17,960,113
Changes in accounting policy - initial application of AASB 1059	1(h)(i)	21,876	427	22,303
Changes in accounting policy - withdrawal of TPP 06-8	1(h)(i)	64,970	(2,358)	62,612
Changes in accounting policy - initial application of AASB 1058		(61,711)	-	(61,711)
Changes in accounting policy - initial application of AASB 16		8,977	(8,977)	-
Restated balance at 1 July 2019		11,056,275	6,927,042	17,983,317
Restated net result for the year		3,134,185	-	3,134,185
Other comprehensive income:				
Net changes in revaluation surplus of property, plant and equipment	25	-	302,848	302,848
Net changes in revaluation surplus of other assets		-	(9)	(9)
Reclassification of revaluation increments / (decrements) to accumulated funds on disposal of assets		(26,748)	26,748	-
Total other comprehensive income		(26,748)	329,587	302,839
Total comprehensive income for the year		3,107,437	329,587	3,437,024
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	(23,300)	-	(23,300)
Balance at 30 June 2020		14,140,412	7,256,629	21,397,041

See Note 1(h) and Note 17 for details regarding restated prior year balances for the consolidated entity.

The accompanying notes form part of these financial statements.

Ministry of Health

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

PARENT	Notes	Accumulated Funds $000	Asset Revaluation Surplus $000	Total $000
Balance at 1 July 2020		1,021,528	133,744	1,155,272
Correction of errors - National Partnership Agreement on COVID-19	17	27,037	-	27,037
Restated balance at 1 July 2020		1,048,565	133,744	1,182,309
Net result for the year		(734,392)	-	(734,392)
Other Comprehensive Income				
Net changes in revaluation surplus of property, plant and equipment	25	-	(1,202)	(1,202)
Total other comprehensive income		-	(1,202)	(1,202)
Total comprehensive income for the year		(734,392)	(1,202)	(735,594)
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	11,309	-	11,309
Balance at 30 June 2021		325,482	132,542	458,024
Balance at 1 July 2019		234,658	133,744	368,402
Restated net result for the year		730,994	-	730,994
Total comprehensive income for the year		730,994	-	730,994
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	82,913	-	82,913
Balance at 30 June 2020		1,048,565	133,744	1,182,309

See Note 17 for details regarding restated prior year balances for the parent entity.

The accompanying notes form part of these financial statements.

Ministry of Health

Statement of Cash Flows for the year ended 30 June 2021

	Notes	Consolidated Actual 2021 $000	Consolidated Budget 2021 $000	Consolidated Actual Restated 2020 $000	Parent Actual 2021 $000	Parent Actual 2020 $000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(15,210,590)	(15,286,570)	(14,247,884)	(226,352)	(174,869)
Suppliers for goods and services		(8,701,798)	(9,237,973)	(9,204,652)	(1,125,094)	(1,124,963)
Grants and subsidies		(1,870,469)	(1,559,661)	(1,697,255)	(23,043,024)	(21,098,850)
Finance costs		(120,905)	(131,584)	(115,217)	(12,342)	(303)
Total payments		(25,903,762)	(26,215,788)	(25,265,008)	(24,406,812)	(22,398,985)
Receipts						
Appropriations		15,016,407	15,740,003	14,926,529	15,016,407	14,926,529
Reimbursements from the Crown[1]		209,925	-	238,728	4,413	5,618
Sale of goods and services		2,824,371	2,702,425	2,710,567	122,934	119,352
Interest received		12,201	31,325	20,816	1,220	2,214
Grants and other contributions		8,865,522	8,887,998	10,119,385	8,014,767	8,217,880
Other		891,014	1,658,998	912,710	245,367	280,199
Total receipts		27,819,440	29,020,749	28,928,735	23,405,108	23,551,792
NET CASH FLOWS FROM OPERATING ACTIVITIES	41	1,915,678	2,804,961	3,663,727	(1,001,704)	1,152,807

Ministry of Health

Statement of Cash Flows for the year ended 30 June 2021 (continued)

	Notes	Consolidated Actual 2021 $000	Consolidated Budget 2021 $000	Consolidated Actual Restated 2020 $000	Parent Actual 2021 $000	Parent Actual 2020 $000
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment and intangibles		28,244	99,000	49,071	11,336	36,792
Proceeds from sale of financial assets		127,763	3,492	356,350	-	-
Purchases of property, plant and equipment and intangibles		(2,505,356)	(2,658,516)	(2,342,689)	(6,110)	(62,304)
Purchases of financial assets		(26,071)	-	(237,805)	-	-
Other		18	(120,861)	-	439,811	(724,556)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,375,402)	(2,676,885)	(2,175,073)	445,037	(750,068)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		14,500	14,499	8,080	-	-
Repayment of borrowings and advances		(18,857)	(180,148)	(11,119)	-	-
Payment of principal portion of service concession financial liability		(1,274)	-	(1,191)	-	-
Payment of principal portion of lease liabilities		(161,979)	-	(142,181)	(11,057)	(8,439)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(167,610)	(165,649)	(146,411)	(11,057)	(8,439)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(627,334)	(37,573)	1,342,243	(567,724)	394,300
Opening cash and cash equivalents		2,658,959	2,603,269	1,316,849	728,371	334,204
Effects of exchange rate changes on cash and cash equivalents		(554)	-	(133)	(579)	(133)
CLOSING CASH AND CASH EQUIVALENTS	19	2,031,071	2,565,696	2,658,959	160,068	728,371

[1]Crown represents 'The Crown in right of the State of New South Wales'.

The accompanying notes form part of these financial statements.

Ministry of Health

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

The Ministry and its controlled entities are collectively referred to as the consolidated entity.

The Ministry controls the Local Health Districts established from 1 January 2011, as well as other controlled entities constituted under the *Health Services Act 1997* which include:

- Agency for Clinical Innovation
- Albury Base Hospital
- Albury Wodonga Health Employment Division
- Bureau of Health Information
- Cancer Institute NSW
- Central Coast Local Health District
- Clinical Excellence Commission
- Far West Local Health District
- Graythwaite Charitable Trust (per Supreme Court order)
- Health Administration Corporation
- Health Education and Training Institute
- Hunter New England Local Health District
- Illawarra Shoalhaven Local Health District
- Justice Health and Forensic Mental Health Network
- Mid North Coast Local Health District
- Murrumbidgee Local Health District
- Nepean Blue Mountains Local Health District
- Northern NSW Local Health District
- Northern Sydney Local Health District
- South Eastern Sydney Local Health District
- South Western Sydney Local Health District
- Southern NSW Local Health District
- Sydney Local Health District
- The Sydney Children's Hospitals Network
- Western NSW Local Health District
- Western Sydney Local Health District

The Health Administration Corporation includes the operations of:

- Ambulance Service of NSW
- eHealth NSW
- Health Infrastructure
- Health System Support Group
- HealthShare NSW
- NSW Health Pathology

The consolidated financial statements also include results for the parent entity thereby capturing the central administrative function of the Ministry.

These consolidated financial statements for the year ended 30 June 2021 have been authorised for issue by the Secretary, NSW Health on the date the accompanying statement was signed.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its controlled entities, after elimination of all inter-entity transactions and balances. The controlled entities are consolidated from the date the parent entity obtained control and until such time as control passes.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity using uniform accounting policies for like transactions and other events in similar circumstances. As a result, no adjustments were required for any dissimilar accounting policies.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

(c) Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

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

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 has made are disclosed in the relevant notes to the consolidated financial statements.

The Novel Coronavirus (COVID-19) pandemic in late February 2020 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.

Despite the impact of COVID-19, these statements have been prepared on a going concern basis.

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

(d) Statement of Compliance

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

(e) 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 consolidated entity 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 consolidated 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.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

(f) Foreign currency translation

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

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

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

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

(g) Comparative information

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

Certain comparative information has been reclassified to ensure alignment with current year presentation.

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

(i) Effective for the first time in FY2020-21

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 consolidated entity applied AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) for the first time. Upon introduction of AASB 1059, TPP 06-8 *Accounting for Privately Financed Projects* (TPP 06-8) was withdrawn. The nature and effect of the changes as a result of adoption of this new accounting standard and withdrawal of TPP 06-8 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 consolidated entity.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059)

AASB 1059 is effective for the consolidated entity 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.

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.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in FY2020-21 (continued)

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (continued)

The consolidated entity 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 effect of adopting AASB 1059 is as follows:

CONSOLIDATED

Impact on the Statement of Comprehensive Income (increase/(decrease)) for the year ended 30 June 2020 is as follows:

	Notes	30 June 2020 AASB 1059 $000	30 June 2020 Without adoption of AASB 1059 $000	30 June 2020 Impact of AASB 1059 $000
Revenue				
Sale of goods and services from contracts with customers	(a)	2,673,440	2,674,358	(918)
Other income	(a)	172,682	168,888	3,794
Total revenue		27,972,368	27,969,492	2,876
Expenses				
Other expenses	(a)	7,101,444	7,102,385	(941)
Depreciation and amortisation	(a)	1,082,030	1,075,955	6,075
Finance costs	(a)	120,734	121,694	(960)
Total expenses		24,807,282	24,803,108	4,174
Operating result		3,165,086	3,166,384	(1,298)
Net Result		3,165,086	3,166,384	(1,298)
Changes in revaluation surplus of property, plant and equipment	(a)	300,410	330,929	(30,519)
Total other comprehensive income		303,017	333,536	(30,519)
Total comprehensive income		3,410,949	3,442,766	(31,817)

Note: The above table is an extract only, showing only those financial statement line items affected by the introduction of AASB 1059.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in FY2020-21 (continued)

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (continued)

CONSOLIDATED

Impact on the Statement of Financial Position (increase/(decrease)) as at 1 July 2019:

	Notes	01 July 2019 AASB 1059 $000	01 July 2019 Without adoption of AASB 1059 $000	01 July 2019 Impact of AASB 1059 $000
Assets				
Property, plant and equipment	(a)	20,037,494	19,873,847	163,647
Other assets	(a)	18,161	67,302	(49,141)
Total assets		23,629,595	23,515,089	114,506
Liabilities				
Borrowings	(a)	1,115,340	1,102,092	13,248
Other liabilities	(a)	370,487	291,532	78,955
Total liabilities		5,647,179	5,554,976	92,203
Net assets		17,982,416	17,960,113	22,303
Equity				
Asset revaluation surplus	(a)	6,938,377	6,937,950	427
Accumulated funds	(a)	11,044,039	11,022,163	21,876
Total adjustments to equity		17,982,416	17,960,113	22,303

Note: The above table is an extract only, showing only those financial statement line items affected by the introduction of AASB 1059.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in FY2020-21 (continued)

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (continued)

CONSOLIDATED

Impact on the Statement of Financial Position (increase/(decrease)) as at 30 June 2020:

	Notes	30 June 2020 AASB 1059 $000	30 June 2020 Without adoption of AASB 1059 $000	30 June 2020 Impact of AASB 1059 $000
Assets				
Property, plant and equipment	(a)	21,696,652	21,568,659	127,993
Other assets	(a)	10,773	62,037	(51,264)
Total assets		28,886,177	28,809,448	76,729
Liabilities				
Borrowings	(a)	2,274,988	2,262,699	12,289
Other liabilities	(a)	428,349	354,394	73,955
Total liabilities		7,577,824	7,491,580	86,244
Net assets		21,308,353	21,317,868	(9,515)
Equity				
Asset revaluation surplus	(a)	7,259,164	7,289,257	(30,093)
Accumulated funds	(a)	14,049,189	14,028,611	20,578
Total adjustments to equity		21,308,353	21,317,868	(9,515)

Note: The above table is an extract only, showing only those financial statement line items affected by the introduction of AASB 1059.

The adoption of AASB 1059 did not have a material impact on the Statement of Cash Flows for the consolidated entity.

The nature of these adjustments on the consolidated entity is described below:

(a) A number of existing arrangements are now accounted for as per the requirements of AASB 1059. The adoption of AASB 1059 has led to the following material impacts:

- New assets were recognised as service concession assets under property, plant and equipment with a corresponding 'grant of a right to operate liability' recorded under other liabilities;
- Existing emerging asset balances under other assets were derecognised;
- Financial liabilities were remeasured at fair value at the date of transition impacting the borrowing amounts;
- Statement of Comprehensive Income was respectively impacted with increased revenue and expenses arising from higher assets and liabilities; and
- Other comprehensive income was mainly impacted with the revaluation movements for the new service concession assets.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in FY2020-21 (continued)

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (continued)

PARENT

The adoption of AASB 1059 did not have an impact on the Statement of Comprehensive Income, Statement of Financial Position and the Statement of Cash Flows for the parent entity for the financial year.

Withdrawal of TPP 06-8 Accounting for Privately Financed Projects (TPP 06-8)

The Chris O'Brien Lifehouse, Sydney Eye Hospital Carpark, Royal North Shore Hospital Public Private Partnership, Newcastle Mater Hospital Public Private Partnership, Long Bay Prison and Forensic Hospital Public Private Partnership and Orange and Associated Health Services Public Private Partnership were previously accounted for under TPP 06-8 *Accounting for Privately Financed Projects* (TPP 06-8). TPP 06-8 has been withdrawn from 1 July 2020 following the introduction of AASB 1059 *Service Concession Arrangements* (AASB 1059). This is because many arrangements to which TPP 06-8 applied, now fall within the scope of AASB 1059. However, based on the consolidated entity's assessment, these arrangements are outside the scope of AASB 1059.

Upon the withdrawal of TPP 06-8, management has used its judgement and determined that Chris O'Brien Lifehouse and Sydney Eye Hospital Carpark arrangements should now be accounted for under AASB 16 *Leases* and the remaining arrangements accounted for under AASB 116 *Property, Plant and Equipment* and AASB 9 *Financial Instruments* as a change in accounting policy. This is because management has determined that adopting AASB 16, AASB 116 and AASB 9 best reflects the economic substance of the arrangement and provides the most reliable and relevant information about the effects of the arrangement on the consolidated entity's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

Under AASB 16 lessor accounting, a lease receivable has been recognised at an amount equal to the net investment in the lease. For both arrangements, the amount recognised is the discounted value of the unguaranteed residual value accruing to the lessor where the leased assets are handed over to the consolidated entity at the end of the lease term.

For the other arrangements, the consolidated entity has previously recognised finance lease assets and liabilities in accordance with TPP 06-8 and AASB 117 *Leases.* Upon withdrawal of TPP 06-8, the finance lease assets were reclassified to property, plant and equipment and the finance lease liability was reclassified as external borrowings. The reclassification did not change the asset or liability values or the presentation in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in FY2020-21 (continued)

Withdrawal of TPP 06-8 Accounting for Privately Financed Projects (TPP 06-8) (continued)

The entity has adopted AASB 16 retrospectively. The effect of the change in accounting policy is as follows:

CONSOLIDATED

Impact on the Statement of Comprehensive Income (increase/(decrease)) for the year ended 30 June 2020 is as follows:

	Notes	30 June 2020 Adoption of AASB 16 $000	30 June 2020 TPP 06-8 $000	30 June 2020 Impact of change in accounting policy $000
Revenue				
Investment revenue	(a)	21,337	19,478	1,859
Other income	(a)	166,245	168,888	(2,643)
Total revenue		27,968,708	27,969,492	(784)
Total expenses		24,803,108	24,803,108	-
Operating result		3,165,600	3,166,384	(784)
Net Result		3,108,446	3,109,230	(784)
Changes in revaluation surplus of property, plant and equipment	(a)	333,367	330,929	2,438
Changes in revaluation surplus of other assets	(a)	(9)	2,607	(2,616)
Total other comprehensive income		333,358	333,536	(178)
Total comprehensive income		3,441,804	3,442,766	(962)

Note: The above table is an extract only, showing only those financial statement line items affected by the withdrawal of TPP 06-8.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in FY2020-21 (continued)

Withdrawal of TPP 06-8 Accounting for Privately Financed Projects (TPP 06-8) (continued)

CONSOLIDATED

Impact on the Statement of Financial Position (increase/(decrease)) as at 1 July 2019:

	Notes	01 July 2019 Adoption of AASB 16 $000	01 July 2019 TPP 06-8 $000	01 July 2019 Impact of change in accounting policy $000
Assets				
Other financial assets	(a)	335,887	255,336	80,551
Other assets	(a)	49,363	67,302	(17,939)
Total assets		23,577,701	23,515,089	62,612
Net assets		18,022,725	17,960,113	62,612
Equity				
Asset revaluation surplus	(a)	6,935,592	6,937,950	(2,358)
Accumulated funds	(a)	11,087,133	11,022,163	64,970
Total adjustments to equity		18,022,725	17,960,113	62,612

Note: The above table is an extract only, showing only those financial statement line items affected by the withdrawal of TPP 06-8.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in FY2020-21 (continued)

Withdrawal of TPP 06-8 Accounting for Privately Financed Projects (TPP 06-8) (continued)

CONSOLIDATED

Impact on the Statement of Financial Position (increase/(decrease)) as at 30 June 2020:

	Notes	30 June 2020 Adoption of AASB 16 $000	30 June 2020 TPP 06-8 $000	30 June 2020 Impact of change in accounting policy $000
Assets				
Other financial assets	(a)	173,016	100,592	72,424
Other assets	(a)	51,264	62,037	(10,773)
Total assets		28,871,099	28,809,448	61,651
Total liabilities		7,491,580	7,491,580	-
Net assets		21,379,519	21,317,868	61,651
Equity				
Asset revaluation surplus	(a)	7,286,722	7,289,257	(2,535)
Accumulated funds	(a)	14,092,797	14,028,611	64,186
Total adjustments to equity		21,379,519	21,317,868	61,651

Note: The above table is an extract only, showing only those financial statement line items affected by the withdrawal of TPP 06-8.

The change in accounting policy did not have an impact on the Statement of Cash Flows for the consolidated entity.

The nature of these adjustments on the consolidated entity is described below:

(a) A number of existing arrangements previously accounted under TPP 06-8 are now recognised as lease receivable or owned property, plant and equipment. The main impacts are:

- New lease receivable balances have been recognised under other financial assets;
- Existing emerging asset balances under other assets were derecognised;
- Revenue decreased due to derecognition of emerging assets; and
- Other comprehensive income was impacted due to reversal of revaluation movements for emerging assets recognised in the comparative year.

PARENT

The change in accounting policy did not have an impact on the Statement of Comprehensive Income, Statement of Financial Position and the Statement of Cash Flows for the parent entity for the financial year.

Ministry of Health

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

1. Statement of Significant Accounting Policies (continued)

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

(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 consolidated entity 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 consolidated entity.

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

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

- Note 1(c) Basis of preparation
- Note 3 Operating expenses
- Note 9 Sale of goods and services from contracts with customers
- Note 20 Receivables
- Note 22 Inventories
- Note 26 Leases
- Note 29 Fair value measurement of non-financial assets
- Note 34 Provisions
- Note 39 Contingent liabilities and contingent assets
- Note 43 Budget review
- Note 46 Events after the reporting period

Ministry of Health

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 ADOs)	13,546,425	12,927,807	160,572	145,382
Superannuation - defined benefit plan	66,824	83,606	790	987
Superannuation - defined contribution plan	1,183,998	1,126,322	13,031	11,854
Long service leave	29,935	634,541	2,431	8,010
Redundancies	16,555	19,372	442	497
Workers' compensation insurance	246,029	194,401	34,970	267
Payroll tax and fringe benefits tax	11,383	13,504	10,424	11,642
	15,101,149	14,999,553	222,660	178,639

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

Employee related costs of $24.7 million (2020: $20.4 million) (parent entity: $Nil (2020: $Nil)) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

The decrease in the long service leave is the result of significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

Ministry of Health

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

3. Operating expenses

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Ambulance transportation costs	117,487	116,385	102	-
Auditor's remuneration	5,030	4,504	724	581
Blood and blood products	170,738	144,861	45,479	24,387
Capital project expense	57,972	76,729	2,213	1,363
Works performed for entities controlled by the ultimate parent	-	78,719	-	-
Consultants	31,143	19,687	6,372	4,672
Contractors	229,800	193,448	40,645	12,035
Domestic supplies and services	171,826	149,631	1,515	1,103
Electricity, gas and water	167,773	174,228	734	424
Food Supplies	123,561	114,958	-	-
Information management expenses	332,981	273,805	28,347	36,821
Insurance	334,187	296,066	302,151	268,243
Interstate patient outflows	271,469	267,124	271,469	267,124
Legal services	13,611	13,856	2,676	3,249
Maintenance (see (a) below)	739,930	616,188	3,424	4,812
Medical and surgical supplies	1,135,138	908,851	6,986	8,014
Motor vehicle expenses	45,349	47,455	48	28
Office expenses	104,096	95,831	4,434	3,745
Expenses relating to short-term leases	29,013	37,762	3	46
Expenses relating to leases of low-value assets	19,330	18,170	787	39
Variable lease payments, not included in lease liabilities	1,144	925	-	-
Other management services	210,959	153,791	102,575	76,786
Outsourced patient care	642,758	399,415	94,960	17,552
Pharmaceutical supplies	891,272	872,423	115,255	135,671
Specialised health services	593,137	431,103	114	638
Staff related costs	163,003	159,340	6,229	6,739
Travel expenses	46,823	86,984	709	1,416
Viability payments to private hospitals	(37,054)	184,133	(37,054)	184,133
Visiting medical officers	962,339	914,897	-	-
General expenses	190,992	245,170	56,561	71,559
	7,765,807	7,096,439	1,057,458	1,131,180

[1] *Maintenance has been restated to be $0.94 million lower in the prior year for the consolidated entity. Refer to Note 1(h) for further details.*

General expenses of $191.0 million (2020: $245.2 million) includes advertising and marketing, courier and freight, taxes, rates and related charges, hosted services purchased from local health districts (for parent entity), isolated patient travel and accommodation assistance and security services.

The majority of the costs in relation to food supplies, medical and surgical supplies and pharmaceutical supplies relate to the consumption of inventory held by the consolidated entity.

Ministry of Health

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

3. Operating expenses (continued)

During 2019-20 $184.1 million in viability payments under the National Partnership Agreement on COVID-19 Response was paid to private hospitals by the parent entity. During the current year, refunds of $64.2 million were received from private hospitals for the overpayment of viability payments in 2019-20. These overpayments were the result of the financial impact on the private hospitals being shorter and less severe than initially anticipated. Much of the health sector returned to normal operating activities within a relatively short period of time. These refunds were recorded against current year expenses, resulting in a negative expense for the year.

(a) Reconciliation of total maintenance

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Maintenance contracts	230,881	226,108	1,150	1,507
New/replacement equipment under $10,000	323,147	240,873	990	2,042
Repairs maintenance/non contract	185,322	148,268	1,281	1,013
Other	580	939	3	250
Maintenance expense - contracted labour and	739,930	616,188	3,424	4,812
Employee related maintenance expense (Note 2)	62,779	62,709	-	-
Total maintenance expenses	802,709	678,897	3,424	4,812

[1] New/replacement equipment under $10,000 has been restated to be $0.94 million lower in the prior year for the consolidated entity. Refer to Note 1(h) for further details.

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

Insurance

The consolidated entity'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 Insurance and Care NSW (iCare), an entity controlled by the ultimate parent, based on past claims experience. The TMF is operated by NSW Self Insurance Corporation (SiCorp), an entity controlled by the ultimate parent.

Ministry of Health

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

3. Operating expenses (continued)

Recognition and Measurement (continued)

Lease expenses

The consolidated entity 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.

4. Depreciation and amortisation

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Depreciation - buildings	607,736	578,353	5,663	4,070
Depreciation - plant and equipment	235,588	239,359	357	437
Depreciation - infrastructure systems	29,214	25,538	97	106
Depreciation - right-of-use land and buildings	89,841	77,810	22,745	8,805
Depreciation - right-of-use plant and equipment	86,613	77,484	31	-
Amortisation - intangible assets	90,891	83,487	604	372
	1,139,883	1,082,031	29,497	13,790

[1] *Depreciation - buildings has been restated to be $5.69 million higher and depreciation - plant and equipment has been restated to be $0.38 million higher in the prior year for the consolidated entity. Refer to Note 1(h) for further details.*

Refer to Note 25 Property, plant and equipment, Note 26 Leases and Note 27 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Ministry of Health

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

5. Grants and subsidies

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Payments to entities controlled by the Ministry	-	-	21,788,338	20,012,929
Payments to other Affiliated Health Organisations	1,057,962	980,394	709,333	650,539
Grants provided to support:				
- Community packages	30,598	32,197	-	-
- Grants to research organisations	141,506	116,523	110,951	82,279
- Non-Government organisations	172,211	167,934	87,511	86,225
Grants paid to entities controlled by the ultimate parent	57,060	12,123	50,174	5,003
Other grants	212,334	199,354	187,497	172,090
	1,671,671	1,508,525	22,933,804	21,009,065

Recognition and Measurement

Grants and subsidies generally comprise contributions in cash or in kind to controlled entities of the Ministry (from the parent entity), affiliated health organisations, 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.

6. Finance costs

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Interest expense from lease liabilities	25,475	13,617	12,342	303
Interest expense from financial liabilities at amortised cost*	95,382	101,599	-	-
Other interest and charges	3,351	5,518	10	1,972
	124,208	120,734	12,352	2,275

[1] *Finance costs - interest expense from lease liabilities has been restated to be $0.96 million lower in the prior year for the consolidated entity. Refer to Note 1(h) for further details.*

* Of the interest expense from financial liabilities at amortised cost, $0.8 million (2020: $0.8 million) related to financial liabilities relating to service concession arrangements. Refer to Note 25 for further details on service concession arrangements.

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Finance 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.

Ministry of Health

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

7. 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 in Notes 8 to 13.

8. Appropriations and transfers to The Crown in right of the State of New South Wales (Crown)

Summary of compliance

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Original budget per Appropriation Act	15,740,003	14,601,021	15,740,003	14,601,021
Other appropriations / expenditure:				
- Section 4.11 GSF Act	(925)	6,685	(925)	6,685
- Section 4.13 GSF Act Exigency of Government	-	859,800	-	859,800
- COVID-19 pandemic and inflation (per section 34 of the Appropriations Act)	46,000	-	46,000	-
Total spending authority from parliamentary appropriations, other than deemed appropriations	15,785,078	15,467,506	15,785,078	15,467,506
Add:				
Own source revenue earned during the year	5,017,848	5,102,798	1,216,660	633,897
Own source revenue balance brought forward from prior years	1,150,649	1,316,849	504,812	334,204
Total	21,953,575	21,887,153	17,506,550	16,435,607
Less: total expenditure	(20,918,015)	(20,195,527)	(16,724,720)	(15,389,818)
Variance	1,035,560	1,691,626	781,830	1,045,789
Less:				
The spending authority from appropriations lapsed at 30 June	(768,671)	(540,977)	(768,671)	(540,977)
Own source revenue balance carried forward to following years	266,889	1,150,649	13,159	504,812

	Consolidated 2021 $000	Consolidated 2021 $000	Parent 2020 $000	Parent 2020 $000
Appropriations (per Statement of Comprehensive Income)	15,016,407	14,926,529	15,016,407	14,926,529
Total amount drawn down against Annual Appropriations:	15,016,407	14,926,529	15,016,407	14,926,529

Ministry of Health

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

8. Appropriations and transfers to The Crown in right of the State of New South Wales (Crown) (continued)

Summary of compliance (continued)

Appropriations authorities and spending limits, under the *Appropriations Act* , and from deemed appropriations are given to the relevant responsible minister(s) and not directly to individual agencies. Officers of agencies reporting to those ministers are then delegated authority to incur expenditure under delegation instruments issued by those ministers. Therefore, compliance with aggregate spending limits under the *Appropriation Act* and deemed appropriations should normally be assessed at the responsible minister(s)' level unless the delegation instrument for an agency expressly creates a sub-limit for the agency as a whole (which is unusual). The Ministry of Health has confirmed that its delegation instruments do not have sub-limits for the agency as a whole.

To provide information related to the Ministry of Health's spending, the summary of compliance table compares:

- Portion of the amounts authorised under the *Appropriations Act* for the services of The Ministry of Health, other relevant variations to appropriations authorities, amounts that have been received by The Ministry of Health as cluster grants to Health Care Complaints Commission and Mental Health Commissions and the agency's own source revenue, with
- The Ministry of Health's actual spending for the year, including payments to other state government agencies.

Balances for the consolidated entity in the table excludes monies received from the agency's own-source revenue 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. If those monies are paid from the Consolidated Fund and remain within the Consolidated Fund on receipt the appropriations authority limits of the responsible minister(s) of the paying and receiving agencies will not have been automatically adjusted on transfer of the money. This means the appropriations limit of the receiving responsible minister(s) will not have been increased. 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 total appropriations limits in the *Appropriations Act* are not affected by this matter.

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 Ministry of Health or its responsible ministers.

Recognition and Measurement

Parliamentary appropriations other than deemed appropriations

Income from appropriations, other than deemed appropriations (of which the accounting treatment is based on the underlying transaction), does not contain enforceable and sufficiently specific performance obligations as defined by AASB 15. Therefore, except as specified below, appropriations (other than deemed appropriations) are recognised as income when the entity obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

Appropriations are not recognised as income in the following circumstances:

- Equity appropriations to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections (i.e. contribution by owners) on receipt and equity withdrawals on payment to a for-profit entity.

Ministry of Health

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

9. Sale of goods and services from contracts with customers

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Sale of goods				
Sales and recoveries of pharmaceutical supplies	411,036	408,130	-	-
Sales of prostheses	61,063	62,560	-	-
Other	43,781	31,082	-	-
	515,880	501,772	-	-
Rendering of services				
Patients				
Ambulance transportation fees	70,816	59,576	-	-
Fees for clinical services	52,371	46,836	-	-
Fees for medical services rendered	935,941	1,036,002	3,187	48,293
Interstate patient inflows	100,568	100,358	100,568	100,358
Motor accident third party insurance covered	169,818	148,959	-	-
Other patient fees	77,524	41,932	-	-
General Community				
Car parking fees	33,334	46,277	-	-
Commercial activities	47,845	40,814	-	-
Fees for non-medical services	3,185	2,878	-	-
Non-NSW Health entities				
Services provided to non NSW Health organisations	17,911	21,347	-	-
Entities controlled by the ultimate parent				
Fees for capital works performed	-	78,719	-	-
Other				
Fees for private usage of hospital's facilities	463,817	453,156	-	-
General user charges fees	43,654	41,188	503	1,606
Personnel service fees recharged	25,408	23,007	25,408	23,007
Hotel quarantine fees	214,292	-	-	-
Other services	33,716	33,881	117	166
	2,290,200	2,174,930	129,783	173,430
	2,806,080	2,676,702	129,783	173,430

[1] *Sale of goods and services from contracts with customers - commercial activities has been restated to be $0.92 million lower in the prior year for the consolidated entity. Refer to Note 1(h) for further details.*

Ministry of Health

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

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

Recognition and Measurement

Sales of goods

Revenue from sale of goods is recognised when the consolidated entity satisfies the 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
Sales and recoveries 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.
Sales 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.

Ministry of Health

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

9. 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 consolidated entity 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 - Ambulance transportation, clinical and medical services, interstate patient flows and motor accident third party insurance	The performance obligations in relation to patient services are typically satisfied as the health services are delivered to the chargeable inpatients and non-inpatients. Public patients are not charged for health services provided at public hospitals. Chargeable patients, including Medicare ineligible patients, privately insured patients, eligible veterans, compensable patients are billed for health services provided under various contractual arrangements. Billings are typically done upon patient discharge and is based on the rates specified by the Ministry of Health. The payments are typically due within 30 days after the invoice date.	Revenue is recognised on an accrual basis when the service has been provided to the patient. In limited circumstances the price is not fully recovered, e.g. due to inadequate insurance policies, overseas patients returning to their home country before paying, etc. The likelihood of 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 the General community, non-NSW Health entities and entities controlled by the ultimate parent	Various non-patient related services are provided to the general community, non-NSW health entities and entities controlled by the ultimate 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.

Ministry of Health

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

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

Recognition and Measurement (continued)

Rendering of services (continued)

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fees for private usage of hospital's facilities	Specialist doctors with rights of private practice are subject to an infrastructure charge, including service charges where applicable for the use of hospital facilities at rates determined by the Ministry of Health. The performance obligations for these services are typically satisfied when the hospital facilities are made available and used by the doctors and staff specialists. The payments are typically due when monies are collected from patient billings for services provided under the arrangement.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.
Other	Various other services are provided for general user charges, hotel quarantine fees (revenue recognised for compulsory quarantine of all overseas travellers while overseas borders are closed to restrict transmission of COVID-19), personnel services recharged and other small services. The performance obligations for these services are satisfied by transferring the promised services to its respective customers. Prices are determined by the Ministry of Health and billed once services have been provided. 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.

Refer to Note 32 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the consolidated entity expects to recognise the unsatisfied portion as revenue.

Ministry of Health

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

10. Investment revenue

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Interest income from financial assets at amortised cost	9,632	14,960	1,220	2,214
Finance income on the net investment in the lease	2,069	2,080	-	-
Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss	10,672	4,222	-	-
Royalties	47	64	-	-
Dividends	10	11	-	-
	22,430	21,337	1,220	2,214

[1] Investment revenue - finance income on the net investment in the lease has been restated to be $1.86 million higher in the prior year for the consolidated entity. Refer to Note 1(h) for further details.

Recognition and Measurement

Interest income

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

Royalties

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

Dividend income

Dividend revenue is recognised when the consolidated entity's right to receive the payment has been established.

Ministry of Health

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

11. Grants and other contributions

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent[1] 2020 $000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
- Grants to acquire / construct non-financial asset	57,384	15,440	-	-
Other grants with sufficiently specific performance obligations				
- Commonwealth National Health Reform Funding	5,852,286	5,472,169	5,852,286	5,472,169
- Commonwealth National Partnership Agreement on COVID-19	1,115,844	901,650	1,115,844	901,650
- Commonwealth Government grants for community based services	84,831	87,816	-	-
- Commonwealth Government grants - other	24,807	32,165	1,362	929
- Clinical drug trials and research grants	63,030	67,737	-	-
- Grants from entities controlled by the ultimate parent	5,197	11,396	-	3,559
- Other grants	73,821	60,609	925	2,317
Grants without specific performance obligations				
- Commonwealth National Health Reform Funding	1,211,113	1,258,716	1,211,113	1,258,716
- Commonwealth Government grants - other	205,961	138,455	166,219	123,862
- Clinical drug trials and research grants	11,727	17,609	-	-
- Grants from entities controlled by the ultimate parent	354,214	435,627	102,624	122,170
- NSW Treasurer's state contingency grant	-	950,361	-	16,561
- Other grants	42,216	31,613	949	697
Donations	45,765	45,379	-	-
	9,148,196	9,526,742	8,451,322	7,902,630

[1] Other grants with sufficiently specific performance obligations - Commonwealth National Partnership Agreement on COVID-19 has been restated to be $27.04 million higher in the prior year for the consolidated and parent entity. Refer to Note 17 for further details.

Recognition and Measurement

Grants and other contributions

Income from grants to acquire / construct a recognisable non-financial asset to be controlled by the consolidated entity is recognised when the consolidated entity satisfies its obligations under the transfer. The consolidated entity 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 consolidated entity satisfies a performance obligation by transferring the promised goods or services.

Ministry of Health

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

11. Grants and other contributions (continued)

Recognition and Measurement (continued)

Grants and other contributions (continued)

The consolidated entity typically receives grants in respect of:

- Commonwealth government funded grant under the National Health Reform Agreement to improve the state's health outcomes and ensure sustainability of the health system;
- Commonwealth government funded grant under the National Partnership Agreement on COVID-19 Response which provides stability and certainty of funding while responding to the COVID-19 pandemic;
- NSW government funded grant from the NSW Treasurer's state contingency fund to assist in the response to the COVID-19 pandemic; and
- Other various grants in respect of research, clinical drug trials and other community, health and wellbeing related projects.

The consolidated entity uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on an agreed timetable or on achievement of different milestones set up in the contract. Revenue is recognised as follows:

- Commonwealth National Health Reform - consists of Activity Based Funding, Public Health Funding and Block Funding. Activity Based Funding is recognised under AASB 15 *Revenue from Contracts with Customers* (AASB 15), while Public Health and Block Funding is recognised under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) due to lack of specific performance obligations. Revenue for Activity Based Funding is recognised when the hospital activities are performed. The revenue is calculated by the activity multiplied by the agreed National Weighted Activity Unit price. For 2019-20 and the current year, the Commonwealth has provided a funding guarantee to the states and territories. The Commonwealth undertakes an annual reconciliation of reported activity (revenue) against funding payments made for that year. Any differences arising from the reported activity (revenue) in previous years, is adjusted in the current year annual reconciliation.
- Commonwealth National Partnership Agreement on COVID-19 - under the agreement, the Commonwealth pays for 50 per cent of costs incurred by hospitals and state public health authorities to assess, diagnose, treat and contain COVID-19. The Commonwealth also provided viability payments for private hospitals to ensure states and territories have access to private hospital beds, staffing and resources (such as personal protective equipment and ventilators) to support their ongoing response to the pandemic. Revenue under this agreement is recognised when actual costs are incurred.

- Other grants and contributions - consist of various types of grants and contributions received. The performance obligations are typically satisfied when the specified activities / milestones agreed in the grant contract are completed/met. Where there are no specific performance obligations, revenue is recognised on receipt of funding under AASB 1058. The payments are typically made in advance or based on an agreed timetable.

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

Refer to Note 32 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

Ministry of Health

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

11. Grants and other contributions (continued)

Recognition and Measurement (continued)

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. The consolidated entity 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.

12. 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 or other government entities:

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Superannuation - defined benefit plan	66,824	83,606	790	987
Long service leave provision	(68,392)	596,875	1,177	7,334
Payroll tax	41	53	41	53
	(1,527)	680,534	2,008	8,374

The negative revenue for the long service leave provision in the current year is the result of significant changes in the actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

Ministry of Health

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

13. Other income

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Commissions	2,470	2,968	-	-
Discounts	1,837	3,156	-	-
Insurance refunds	8,418	7,307	555	-
Lease and rental income				
- other rental income	31,959	32,926	10,691	2,477
Revenue related to service concession arrangements*	13,358	13,358	-	-
Treasury Managed Fund hindsight adjustment	-	37,920	-	37,920
Property not previously recognised	12,712	27,187	-	-
Other	33,143	41,955	2,592	2,418
	103,897	166,777	13,838	42,815

[1] Other income - emerging assets of private sector provided infrastructure restated to be $4.55 million lower, other rental income restated to be $5.01 million lower, revenue related to service concession arrangements to be $13.36 million higher and other to be $2.64 million lower in the prior year for the consolidated entity. Refer to Note 1(h) for further details.

* This revenue reflects the progressive unwinding of the 'grant of right to operate liability' (Note 35) over the remaining period of the arrangement. Refer to Note 25 for further details on service concession arrangements.

The majority of the 'property not previously recognised' balance in the current year relates to a car park at Royal Prince Alfred Hospital. The consolidated entity obtained full possession of the car park during the year which was valued at $11.88 million.

In 2020, the majority of the 'property not previously recognised' balance is the result of a long term lease with the University of Sydney prematurely ending during the year. The buildings and infrastructure under the lease had previously been treated as a finance lease and asset of the University of Sydney. With the premature termination of the lease, the building valued at $22.04 million and infrastructure valued at $0.96 million were recognised by the consolidated entity during the year. The values were derived from an independent valuation report.

Recognition and Measurement

Other income

Other income arises from varying arrangements. Income is generally recognised on an accrual basis and/or when the right to receive the income has been established in accordance with the substance of the relevant agreement.

Lease and rental income 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.

Treasury Managed Fund hindsight adjustment

The consolidated entity receives or pays hindsight adjustments as part of a discretionary iCare scheme to encourage NSW Government entities to improve their claim performance. As the hindsight adjustments are discretionary and not contractually required they are recognised as revenue or expense when they are declared and / or paid.

Ministry of Health

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

14. Gains / (losses) on disposal

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Gains / (losses) on disposal of:				
Property, plant and equipment				
Written down value of assets disposed	57,886	61,896	11,430	36,797
Less: Proceeds from disposal	24,078	47,386	11,336	36,792
Net gains / (losses) on disposal	(33,808)	(14,510)	(94)	(5)
Right-of-use assets				
Written down value of assets disposed	8,996	2,297	-	-
Less: lease liabilities extinguished	8,681	2,329	-	-
Less: Finance lease receivable	214	-	-	-
Net gains / (losses) on disposal	(101)	32	-	-
Intangible assets				
Written down value of assets disposed	880	10	-	-
Net gains / (losses) on disposal	(880)	(10)	-	-
Assets held for sale				
Written down value of assets disposed	3,192	1,088	-	-
Less: Proceeds from disposal	4,166	1,685	-	-
Net gains / (losses) on disposal	974	597	-	-
Financial assets				
Written down value of financial assets	127,763	356,350	-	-
Less: Proceeds from sale of financial assets	127,763	356,350	-	-
Net gains / (losses) on disposal	-	-	-	-
Total gains / (losses) on disposal	(33,815)	(13,891)	(94)	(5)

Ministry of Health

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

15. Other gains / (losses)

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Impairment losses on assets held for sale	-	(456)	-	-
Impairment losses on right-of-use assets	(99,201)	(2,898)	(92,526)	-
Inventory write down	(775,941)	-	-	-
Foreign exchange gains / (losses)	8,060	1,342	(579)	9,956
Other	(81)	-	-	-
	(867,163)	(2,012)	(93,105)	9,956

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 20 Receivables
- Note 21 Contract assets
- Note 22 Inventories
- Note 25 Property, plant and equipment
- Note 26 Leases
- Note 27 Intangible assets

16. Conditions on restrictions on income of not-for-profit entities

The consolidated entity receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The consolidated entity determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 30 Restricted assets.

Ministry of Health

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

17. Prior Period Errors

The Commonwealth has entered a National Partnership Agreement (NPA), in response to the COVID-19 pandemic, with States and Territories, including NSW. One component of the Agreement contains state public health payments (SPHP) for other COVID-19 activity undertaken by the State public health systems for the management and response to the pandemic.

Following further review of the state public health payments within the National Partnership Agreement (NPA), it has been determined that the consolidated entity and the parent entity incorrectly omitted revenue that should of been recognised for personal protective equipment (PPE) that was received before the 30 June 2020. On that basis, the consolidated entity and the parent entity should have recognised additional revenue in their Statement of Comprehensive Income and a decreased contract liability balance in the prior year.

The error has been corrected during the year, with retrospective adjustments made in the prior period in both the consolidated entity and the parent entity. Grants and other contributions increased by $27 million and contract liabilities has decreased by $27 million for the year ended 30 June 2020.

The impact to the Statement of Comprehensive Income and Statement of Financial Position from restating the balances in the prior year due to above matters are shown below. The restated balances in the Statement of Comprehensive Income and Statement of Financial Position exclude the impact of changes in accounting standards and any reclassifications to ensure alignment with current year presentation. Please refer to Note 1(h) for impacts of accounting standard impacts on the consolidated entity.

Ministry of Health

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

17. Prior Period Errors (continued)

Statement of Comprehensive Income for the year ended 30 June 2020
CONSOLIDATED

	Notes	Original Actual 2020 $'000	Adjustment Actual 2020 $'000	Restated Actual 2020 $'000
Continuing operations				
Expenses excluding losses				
Employee related expenses	2	14,999,553	-	14,999,553
Operating expenses	3	7,102,385	-	7,102,385
Depreciation and amortisation	4	1,075,955	-	1,075,955
Grants and subsidies	5	1,503,521	-	1,503,521
Finance costs	6	121,694	-	121,694
Total expenses excluding losses		24,803,108	-	24,803,108
Revenue				
Appropriations	8	14,926,529	-	14,926,529
Acceptance by the Crown Entity of employee benefits and other liabilities	12	680,534	-	680,534
Sale of goods and services from contracts with customers	9	2,674,358	-	2,674,358
Investment revenue	10	19,478	-	19,478
Grants and other contributions	11	9,499,705	27,037	9,526,742
Other income	13	168,888	-	168,888
Total revenue		27,969,492	27,037	27,996,529
Operating result		3,166,384	27,037	3,193,421
Gains / (losses) on disposal	14	(13,891)	-	(13,891)
Impairment losses on financial assets	20	(41,251)	-	(41,251)
Other gains / (losses)	15	(2,012)	-	(2,012)
Net result from continuing operations		3,109,230	27,037	3,136,267
Net result from discontinued operations		-	-	-
Net result		3,109,230	27,037	3,136,267
Other comprehensive income				
periods				
Changes in revaluation surplus of property, plant and equipment	25	330,929	-	330,929
Changes in revaluation surplus of other assets		2,607	-	2,607
Total other comprehensive income		333,536	-	333,536
TOTAL COMPREHENSIVE INCOME		3,442,766	27,037	3,469,803

Ministry of Health

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

17. Prior Period Errors (continued)

Statement of Comprehensive Income for the year ended 30 June 2020
PARENT

	Notes	Original Actual 2020 $'000	Adjustment Actual 2020 $'000	Restated Actual 2020 $'000
Continuing operations				
Expenses excluding losses				
Employee related expenses	2	178,639	-	178,639
Operating expenses	3	1,136,183	-	1,136,183
Depreciation and amortisation	4	13,790	-	13,790
Grants and subsidies	5	21,004,062	-	21,004,062
Finance costs	6	2,275	-	2,275
Total expenses excluding losses		22,334,949	-	22,334,949
Revenue				
Appropriations	8	14,926,529	-	14,926,529
Acceptance by the Crown Entity of employee benefits and other liabilities	12	8,374	-	8,374
Sale of goods and services from contracts with customers	9	173,430	-	173,430
Investment revenue	10	2,214	-	2,214
Grants and other contributions	11	7,875,593	27,037	7,902,630
Other income	13	42,815	-	42,815
Total revenue		23,028,955	27,037	23,055,992
Operating result		694,006	27,037	721,043
Gains / (losses) on disposal	14	(5)	-	(5)
Other gains / (losses)	15	9,956	-	9,956
Net result from continuing operations		703,957	27,037	730,994
Net result from discontinued operations		-	-	-
Net result		703,957	27,037	730,994
Other comprehensive income				
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		703,957	27,037	730,994

Ministry of Health

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

17. Prior Period Errors (continued)

Statement of Financial Position as at 1 July 2019 and 30 June 2020
CONSOLIDATED

	Notes	Actual 1 July 2019 $000	Actual 2020 $000	Adjustment 2020 $'000	Restated 2020 $'000
ASSETS					
Current assets					
Cash and cash equivalents	19	1,316,849	2,658,959	-	2,658,959
Receivables	20	888,069	1,270,638	-	1,270,638
Contract assets	21		2,031		2,031
Inventories	22	177,646	921,933	-	921,933
Financial assets at fair value	23	121,328	157,609	-	157,609
Other financial assets	24	255,336	100,592	-	100,592
		2,759,228	5,111,762	-	5,111,762
Non-current assets held for sale	28	55,578	9,087	-	9,087
Total current assets		2,814,806	5,120,849	-	5,120,849
Non-current assets					
Receivables	20	22,808	123,548	-	123,548
Financial assets at fair value	23	32,088	32,005	-	32,005
Property, plant and equipment					-
- Land and buildings	25	18,177,865	19,793,783	-	19,793,783
- Plant and equipment	25	1,232,185	1,264,800	-	1,264,800
- Infrastructure systems	25	463,797	510,076	-	510,076
Total property, plant and equipment		19,873,847	21,568,659	-	21,568,659
Right-of-use assets	26	-	1,186,464	-	1,186,464
Intangible assets	27	704,238	715,886	-	715,886
Other non-current assets		67,302	62,037	-	62,037
Total non-current assets		20,700,283	23,688,599	-	23,688,599
Total assets		23,515,089	28,809,448	-	28,809,448

Ministry of Health

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

17. Prior Period Errors (continued)

Statement of Financial Position as at 1 July 2019 and 30 June 2020 (continued)
CONSOLIDATED

	Notes	Actual 1 July 2019 $000	Actual 2020 $000	Adjustment 2020 $'000	Restated 2020 $'000
LIABILITIES					
Current liabilities					
Payables	31	1,810,245	1,844,106	-	1,844,106
Contract liabilities	32	-	425,763	(27,037)	398,726
Borrowings	33	11,917	172,785	-	172,785
Provisions	34	2,309,387	2,560,496	-	2,560,496
Other current liabilities	35	108,690	90,382	-	90,382
Total current liabilities		4,240,239	5,093,532	(27,037)	5,066,495
Non-current liabilities					
Contract liabilities	32	-	97	-	97
Borrowings	33	1,090,175	2,089,914	-	2,089,914
Provisions	34	41,720	44,025	-	44,025
Other non-current liabilities	35	182,842	264,012	-	264,012
Total non-current liabilities		1,314,737	2,398,048	-	2,398,048
Total liabilities		5,554,976	7,491,580	(27,037)	7,464,543
Net assets		17,960,113	21,317,868	27,037	21,344,905
EQUITY					
Reserves		6,937,950	7,289,257	-	7,289,257
Accumulated funds		11,022,163	14,028,611	27,037	14,055,648
Total equity		17,960,113	21,317,868	27,037	21,344,905

Ministry of Health

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

17. Prior Period Errors (continued)

Statement of Financial Position as at 1 July 2019 and 30 June 2020
PARENT

	Notes	Actual 1 July 2019 $000	Actual 2020 $000	Adjustment 2020 $'000	Restated 2020 $'000
ASSETS					
Current assets					
Cash and cash equivalents	19	334,204	728,371	-	728,371
Receivables	20	349,550	297,845	-	297,845
Inventories	22	32,873	25,803	-	25,803
Other financial assets	24	16,041	744,176	-	744,176
Total current assets		732,668	1,796,195	-	1,796,195
Non-current assets					
Other financial assets	24	14,651	11,072	-	11,072
Property, plant and equipment					
- Land and buildings	25	132,577	186,497	-	186,497
- Plant and equipment	25	2,077	4,697	-	4,697
- Infrastructure systems	25	1,067	961	-	961
Total property, plant and equipment		135,721	192,155	-	192,155
Right-of-use assets	26	-	511,160	-	511,160
Intangible assets	27	877	1,756	-	1,756
Total non-current assets		151,249	716,143	-	716,143
Total assets		883,917	2,512,338	-	2,512,338

Ministry of Health

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

17. Prior Period Errors (continued)

Statement of Financial Position as at 1 July 2019 and 30 June 2020 (continued)
PARENT

	Notes	Actual 1 July 2019 $000	Actual 2020 $000	Adjustment 2020 $'000	Restated 2020 $'000
LIABILITIES					
Current liabilities					
Payables	31	397,797	449,170	-	449,170
Contract liabilities	32	-	373,005	(27,037)	345,968
Borrowings	33	-	11,853	-	11,853
Provisions	34	18,869	22,831	-	22,831
Other current liabilities	35	54,442	-	-	-
Total current liabilities		471,108	856,859	(27,037)	829,822
Non-current liabilities					
Borrowings	33	-	499,673	-	499,673
Provisions	34	713	534	-	534
Other non-current liabilities	35	43,694	-	-	-
Total non-current liabilities		44,407	500,207	-	500,207
Total liabilities		515,515	1,357,066	(27,037)	1,330,029
Net assets		368,402	1,155,272	27,037	1,182,309
EQUITY					
Reserves		133,744	133,744	-	133,744
Accumulated funds		234,658	1,021,528	27,037	1,048,565
Total equity		368,402	1,155,272	27,037	1,182,309

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

18. Outcomes of the Consolidated Entity

The NSW 2020-21 Budget Papers disaggregated the Ministry of Health's financial information by 'Outcome' as a way to identify each major activity undertaken by the entity during the financial year. The Budget Papers were previously prepared by Program Group under an earlier Outcome Budgeting structure. The former program group statements have been restated by outcome in line with the recent budget papers.

(a) Outcome statements of the Consolidated Entity

CONSOLIDATED

CONSOLIDATED ENTITY EXPENSES AND INCOME	Outcome 1 *		Outcome 2 *		Outcome 3 *		Outcome 4 *		Outcome 5 *		Not Attributable ***		Total	
	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000
Continuing operations														
Expenses excluding losses														
Employee related expenses	8,113,447	8,024,816	3,724,096	3,715,312	2,161,928	2,140,840	534,335	528,804	567,343	589,781	-	-	15,101,149	14,999,553
Operating expenses	4,315,737	3,978,760	1,934,663	1,729,062	958,733	882,634	343,331	283,688	213,343	222,295	-	-	7,765,807	7,096,439
Depreciation and amortisation	569,654	545,395	303,196	282,125	204,125	194,843	33,588	31,470	29,320	28,198	-	-	1,139,883	1,082,031
Grants and subsidies	684,246	595,602	666,345	639,767	84,768	77,733	32,721	27,685	203,591	167,738	-	-	1,671,671	1,508,525
Finance costs	64,374	61,762	34,278	33,598	17,413	17,495	2,753	2,548	5,390	5,331	-	-	124,208	120,734
Total expenses excluding losses	13,747,458	13,206,335	6,662,578	6,399,864	3,426,967	3,313,545	946,728	874,195	1,018,987	1,013,343	-	-	25,802,718	24,807,282
Revenue														
Appropriations ***	-	-	-	-	-	-	-	-	-	-	15,016,407	14,926,529	15,016,407	14,926,529
Acceptance by the Crown of employee benefits and other liabilities	(13,581)	353,483	7,660	183,417	1,127	89,192	2,423	27,094	844	27,348	-	-	(1,527)	680,534
Sale of goods and services from contracts with customers	1,689,290	1,786,904	944,220	732,501	157,098	144,465	6,934	5,443	8,538	7,389	-	-	2,806,080	2,676,702
Investment revenue	13,703	13,032	5,336	5,075	1,998	1,903	633	603	760	724	-	-	22,430	21,337
Grants and other contributions	5,622,665	6,272,529	2,086,253	1,883,200	862,185	816,715	282,283	246,608	294,810	307,690	-	-	9,148,196	9,526,742
Other income	62,239	106,117	23,659	37,097	9,135	13,880	2,759	4,401	6,105	5,282	-	-	103,897	166,777
Total revenue	7,374,316	8,532,065	3,067,128	2,841,290	1,031,543	1,066,155	295,032	284,149	311,057	348,433	15,016,407	14,926,529	27,095,483	27,998,621
Gains / (losses) on disposal	-	-	-	-	-	-	-	-	-	-	(33,815)	(13,891)	(33,815)	(13,891)
Impairment losses on financial assets	-	-	-	-	-	-	-	-	-	-	(85,973)	(41,251)	(85,973)	(41,251)
Other gains / (losses)	-	-	-	-	-	-	-	-	-	-	(867,163)	(2,012)	(867,163)	(2,012)
Net result from continuing operations	(6,373,142)	(4,674,270)	(3,595,450)	(3,558,574)	(2,395,424)	(2,247,390)	(651,696)	(590,046)	(707,930)	(664,910)	14,029,456	14,869,375	305,814	3,134,185
Net result from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result	(6,373,142)	(4,674,270)	(3,595,450)	(3,558,574)	(2,395,424)	(2,247,390)	(651,696)	(590,046)	(707,930)	(664,910)	14,029,456	14,869,375	305,814	3,134,185
Other comprehensive income														
Items that will not be reclassified to net result in subsequent periods														
Changes in revaluation surplus of property, plant and equipment	153,831	152,650	81,876	78,964	55,122	54,534	9,070	8,808	7,918	7,892	-	-	307,817	302,848
Change in revaluation surplus of other assets	-	(5)	-	(2)	-	(2)	-	-	-	-	-	-	-	(9)
Total other comprehensive income	153,831	152,645	81,876	78,962	55,122	54,532	9,070	8,808	7,918	7,892	-	-	307,817	302,839
Total comprehensive income	(6,219,311)	(4,521,625)	(3,513,574)	(3,479,612)	(2,340,302)	(2,192,858)	(642,626)	(581,238)	(700,012)	(657,018)	14,029,456	14,869,375	613,631	3,437,024

** The name and purpose of each outcome is summarised in Note 18 (b).*

*** Outcome balances have been restated in 2020. See Note 1(h) and Note 17 for details regarding restated prior year balances for the consolidated entity.*

**** Appropriations are made on an entity basis and not to individual outcomes. Consequently, appropriations are included in the 'Not Attributable' column.*

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

18. Outcomes of the Consolidated Entity (continued)
(a) Outcome statements of the Consolidated Entity (continued)

CONSOLIDATED

CONSOLIDATED ENTITY ASSETS AND LIABILITIES	Outcome 1 *		Outcome 2 *		Outcome 3 *		Outcome 4 *		Outcome 5 *		Not Attributable		Total	
	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000
ASSETS														
Current assets														
Cash and cash equivalents	1,082,137	1,415,516	524,447	685,967	269,755	355,161	74,522	93,700	80,210	108,615	-	-	2,031,071	2,658,959
Receivables	751,921	848,249	420,282	347,720	69,926	68,578	3,086	2,584	3,800	3,507	-	-	1,249,015	1,270,638
Contract assets	1,081	1,355	604	556	100	110	4	4	5	6			1,794	2,031
Inventories	353,330	516,901	158,391	224,631	78,491	114,667	28,109	36,855	17,466	28,879	-	-	635,787	921,933
Financial assets at fair value	86,178	83,905	41,766	40,660	21,483	21,052	5,935	5,554	6,388	6,438	-	-	161,750	157,609
Other Financial Assets	1,638	53,551	793	25,951	408	13,436	113	3,545	121	4,109	-	-	3,073	100,592
Non-current assets held for sale	1,416	4,581	754	2,369	508	1,636	84	264	73	237	-	-	2,835	9,087
Total current assets	2,277,701	2,924,058	1,147,037	1,327,854	440,671	574,640	111,853	142,506	108,063	151,791	-	-	4,085,325	5,120,849
Non-current assets														
Receivables	21,335	75,966	11,926	31,140	1,984	6,141	88	231	108	314	-	-	35,441	113,792
Financial assets at fair value	17,114	17,038	8,294	8,257	4,266	4,275	1,179	1,128	1,269	1,307	-	-	32,122	32,005
Other Financial Assets	44,951	43,747	21,785	21,201	11,205	10,977	3,096	2,896	3,332	3,357	-	-	84,369	82,178
Property, plant and equipment														
- Land and buildings	10,755,175	10,039,846	5,724,400	5,193,468	3,853,915	3,586,742	634,149	579,303	553,569	519,072	-	-	21,521,208	19,918,431
- Plant and equipment	688,163	639,207	366,273	330,653	246,591	228,357	40,576	36,882	35,420	33,048	-	-	1,377,023	1,268,147
- Infrastructure systems	308,562	257,102	164,231	132,996	110,567	91,850	18,193	14,835	15,882	13,293	-	-	617,435	510,076
Right-of-use assets	543,193	598,035	289,112	309,355	194,643	213,648	32,028	34,507	27,958	30,919	-	-	1,086,934	1,186,464
Intangible assets	344,602	360,840	183,414	186,658	123,482	128,911	20,319	20,821	17,737	18,656	-	-	689,554	715,886
Total non-current assets	12,723,095	12,031,781	6,769,435	6,213,728	4,546,653	4,270,901	749,628	690,603	655,275	619,966	-	-	25,444,086	23,826,979
TOTAL ASSETS	15,000,796	14,955,839	7,916,472	7,541,582	4,987,324	4,845,541	861,481	833,109	763,338	771,757	-	-	29,529,411	28,947,828
LIABILITIES														
Current liabilities														
Payables	1,045,866	1,033,936	468,842	449,320	232,337	229,364	83,202	73,720	51,701	57,766	-	-	1,881,948	1,844,106
Contract liabilities	43,384	262,527	16,097	78,818	6,653	34,182	2,178	10,321	2,275	12,878			70,587	398,726
Borrowings	92,753	92,498	44,952	44,826	23,122	23,209	6,388	6,123	6,875	7,098	-	-	174,090	173,754
Provisions	1,532,163	1,369,875	703,267	634,222	408,264	365,452	100,905	90,269	107,138	100,678	-	-	2,851,737	2,560,496
Other current liabilities	72,483	50,777	35,128	24,607	18,069	12,740	4,992	3,361	5,373	3,896	-	-	136,045	95,381
Total current liabilities	2,786,649	2,809,613	1,268,286	1,231,793	688,445	664,947	197,665	183,794	173,362	182,316	-	-	5,114,407	5,072,463
Non-current liabilities														
Contract liabilities	-	64	-	19	-	8	-	3	-	3	-	-	-	97
Borrowings	1,123,246	1,118,608	544,371	542,083	280,003	280,665	77,353	74,046	83,257	85,832	-	-	2,108,230	2,101,234
Provisions	33,672	23,553	15,456	10,905	8,973	6,284	2,218	1,552	2,355	1,731	-	-	62,674	44,025
Other non-current liabilities	178,243	177,258	86,384	85,900	44,433	44,475	12,275	11,734	13,212	13,601	-	-	334,547	332,968
Total non-current liabilities	1,335,161	1,319,483	646,211	638,907	333,409	331,432	91,846	87,335	98,824	101,167	-	-	2,505,451	2,478,324
TOTAL LIABILITIES	4,121,810	4,129,096	1,914,497	1,870,700	1,021,854	996,379	289,511	271,129	272,186	283,483	-	-	7,619,858	7,550,787
NET ASSETS	10,878,986	10,826,743	6,001,975	5,670,882	3,965,470	3,849,162	571,970	561,980	491,152	488,274	-	-	21,909,553	21,397,041

** The name and purpose of each outcome is summarised in Note 18 (b).*

*** Outcome balances have been restated in 2020. See Note 1(h) and Note 17 for details regarding restated prior year balances for the consolidated entity.*

Ministry of Health

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

18. Outcomes of the Consolidated Entity (continued)

(b) Outcome name and purpose of the Consolidated Entity

Outcome name	Outcome purpose
Outcome 1 - People receive high-quality, safe care in our hospitals	This outcome reflects the state's responsibility to manage and administer public hospitals. When people are admitted to a hospital in NSW they can expect world-class medical and surgical care within clinically recommended timeframes.
Outcome 2 - People can access care in out of hospital settings to manage their health and wellbeing	This outcome reflects that healthcare extends beyond the hospital and needs to connect across settings to reduce the burden of chronic disease, assist people with conditions to live well and avoid complications, support people to recover from illness and injury, and prevent avoidable hospitalisations. NSW Health services funded to achieve this outcome include non-admitted and community based services, sub-acute services, hospital in the home, and dental services.
Outcome 3 - People receive timely emergency care	NSW Health often provides the first point of contact for those needing access to emergency healthcare and is responsible for managing and administering ambulance and emergency services.
Outcome 4 - Keeping people healthy through prevention and health promotion	This outcome reflects that preventive and population health is critical to keeping people healthier. It covers a range of functions NSW Health is responsible for including to protect and promote public health, control infectious diseases, reduce preventive diseases and death, help people manage their own health, and promote equitable health outcomes in the community.
Outcome 5 - Our people and systems are continuously improving to deliver the best health outcomes and experiences	A skilled workforce with access to world leading education and training, and a system that harnesses research and digital innovation essential to continuously improving outcomes and experiences of care across the system. These enablers are delivered by a range of statutory bodies and system managers.

Ministry of Health

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

19. Cash and cash equivalents

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Cash at bank and on hand	1,848,096	2,382,810	160,068	728,371
Short-term deposits	182,975	276,149	-	-
	2,031,071	2,658,959	160,068	728,371

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

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:

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Cash and cash equivalents (per Statement of Financial Position)	2,031,071	2,658,959	160,068	728,371
	2,031,071	2,658,959	160,068	728,371

Refer to Note 44 for details regarding credit risk and market risk arising from financial instruments.

20. Receivables

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent[1] 2020 $000
Current				
Trade receivables from contracts with customers	893,580	533,578	385,298	177,857
Receivables from controlled health entities	-	-	26,636	14,993
Goods and Services Tax	161,606	163,823	12,738	24,229
Other receivables	130,378	191,073	14,469	72,214
	1,185,564	888,474	439,141	289,293
Less: allowance for expected credit losses*				
- Trade receivables from contracts with customers	(102,130)	(63,349)	-	-
- Other receivables	(3,903)	(4,468)	-	-
	1,079,531	820,657	439,141	289,293
Prepayments	169,484	449,981	4,708	8,552
Current receivables	1,249,015	1,270,638	443,849	297,845

[1] Trade receivables from contracts with customers has been restated $165.13 million higher and other receivables has been restated $165.13 million lower as receivables from interstate patient flows has been reclassified in the prior year for the consolidated entity and parent entity.

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

20. Receivables (continued)

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Non-current				
Trade receivables from contracts with customers	43	66	-	-
Other receivables	41	31	-	-
	84	97	-	-
Less: allowance for expected credit losses*				
- Trade receivables from contracts with customers	(40)	(62)	-	-
- Other receivables	(19)	(23)	-	-
	25	12	-	-
Prepayments	35,416	113,780	-	-
Non-current receivables	35,441	113,792	-	-

** Movement in the allowance for expected credit losses*

Trade receivables from contracts with customers and other receivables

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Balance at the beginning of the year	(67,902)	(61,479)	-	-
Amounts written off during the year	47,783	34,828	-	-
(Increase) / decrease in allowance recognised in net result[1]	(85,973)	(41,251)	-	-
Balance at the end of the year	(106,092)	(67,902)	-	-

[1] Includes impairment loss of $84.1 million (2019: $38.7 million) recognised on trade receivables from contracts with customers.

Allowance for expected credit losses of $106.1 million (2020: $67.9 million) includes an allowance on trade receivables from contracts with customers of $102.2 million (2020: $63.4 million) and other receivables of $3.9 million (2020: $4.5 million).

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 44.

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 consolidated entity 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.

Ministry of Health

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

20. Receivables (continued)

Recognition and Measurement (continued)

Impairment

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

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

21. Contract assets

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Current				
Contract assets	1,794	2,031	276	-
	1,794	2,031	276	-

Recognition and Measurement

Contract assets relate to the consolidated entity's right to consideration in exchange for goods and services transferred to customers / works completed, but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the consolidated entity issues an invoice to the customer. The balance of the contract assets relates to grants and other contributions for work completed but not yet invoiced as future work is required to be completed before the consolidated entity has the rights to invoice. Once all performance obligations are met and the consolidated entity has rights to invoice for the payment to be made, the contract asset is transferred to receivables.

The contract asset balance has slightly reduced during the year due to the varying billing arrangements from contracts existing at different reporting dates.

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Contract receivables (included in Note 20)	896,658	539,384	411,935	192,850
	896,658	539,384	411,935	192,850

[1] *Contract receivables has been restated $165.13 million higher in the prior year for the consolidated entity and parent entity due to the reclassification of interstate patient flows from other receivables to sale of goods and services from contracts with customers.*

Ministry of Health

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

22. Inventories

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Current				
Held-for-distribution				
Drug supplies	85,378	76,639	29,760	23,566
Medical and surgical supplies	1,102,267	679,650	2,017	2,237
Food and hotel supplies	3,138	3,772	-	-
Goods in transit	-	139,115	-	-
Other	3,733	22,757	-	-
	1,194,516	921,933	31,777	25,803
Less: Allowance for impairment				
- Medical and surgical supplies	(558,729)	-	-	-
	635,787	921,933	31,777	25,803

The majority of the inventory is held for consumption in the ordinary activities of the consolidated entity and upon consumption, are expensed in food supplies, medical and surgical supplies and pharmaceutical supplies (Note 3).

The consolidated entity has been holding higher levels of medical and surgical supplies since the outbreak of COVID-19. Medical and surgical supplies are also consumed as part of the normal services provided by the consolidated entity.

Recognition and Measurement

Material inventories are held for distribution (consumed in the ordinary activities of the consolidated entity). Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount or any loss of operating capacity due to obsolescence. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

In the current year, the consolidated entity has written-off $217 million (2020: $Nil) of inventories and made an allowance for impairment of $558.7 million (2020: $Nil). Written-off items consist of inventory categories that are in unserviceable condition (does not meet the clinical requirements) and have no alternative use before they expire. Allowance for impairment was based on a consumption forecast model, on inventory categories that are likely to expire before they are consumed.

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 consolidated entity would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Ministry of Health

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

23. Financial assets at fair value

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Current				
TCorpIM Funds Investment facilities	161,750	157,609	-	-
	161,750	157,609	-	-
Non-current				
TCorpIM Funds Investment facilities	32,122	32,005	-	-
	32,122	32,005	-	-

Refer to Note 44 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 consolidated entity's financial assets at fair value are classified, at initial recognition, at fair value through profit or loss.

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 Instruments (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.

Ministry of Health

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

24. Other financial assets

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Current				
Other loans and deposits	3,000	100,592	-	-
Receivables on finance leases as lessor (Note 26)	73	-	-	-
Intra health loans receivable	-	-	308,232	744,176
	3,073	100,592	308,232	744,176
Non-current				
Receivables on finance leases as lessor (Note 26)	84,369	82,178	-	-
Intra health loans receivable	-	-	7,205	11,072
	84,369	82,178	7,205	11,072

[1] Non-current other financial assets - receivables on finance leases as lessor has been restated to be $72.42 million higher in the prior year for the consolidated entity. Refer to Note 1(h) for further details.

The majority of intra health loans receivable within the parent entity is the result of cash advances provided to HealthShare NSW to make all payments to employees and most payments to suppliers of goods and services and grants and subsidies on behalf of the controlled entities.

Refer to Note 44 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

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

Other financial assets are initially measured at fair value plus any transaction costs.

Subsequent measurement

Financial assets at amortised cost

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

Impairment

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

Ministry of Health

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

24. Other financial assets (continued)

Impairment (continued)

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

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

The consolidated entity uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the deposits and to estimate ECLs. These estimates are performed at every reporting date.

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

Ministry of Health

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

25. Property, plant and equipment

(a) Total property, plant and equipment

CONSOLIDATED

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2019 - fair value				
Gross carrying amount	26,702,521	2,717,188	950,276	30,369,985
Less: accumulated depreciation and impairment	(8,401,352)	(1,482,218)	(486,479)	(10,370,049)
Net carrying amount	18,301,169	1,234,970	463,797	19,999,936

	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	18,177,865	1,232,185	463,797	19,873,847
De-recognition of service concession asset under AASB 116	(662,636)	(36,615)	(23,537)	(722,788)
Recognition of service concession assets on initial application of AASB 1059	823,499	39,400	23,537	886,436
De-recognition of finance lease assets on initial application of AASB 16	(37,559)	-	-	(37,559)
Adjusted net carrying amount at beginning of year	18,301,169	1,234,970	463,797	19,999,936
Additions	1,919,557	334,267	14,535	2,268,359
Reclassifications to intangibles	-	(975)	-	(975)
Reclassification from other financial assets	9,986	-	-	9,986
Reclassification from assets held for sale	44,658	-	288	44,946
Disposals	(45,153)	(16,592)	(151)	(61,896)
Equity transfers in/(out)[(ii)]	(23,300)	-	-	(23,300)
Net revaluation increment less revaluation decrements[(i)]	267,135	-	35,713	302,848
Depreciation expense	(578,353)	(239,359)	(25,538)	(843,250)
Other reclassifications within property, plant and equipment	22,732	(44,164)	21,432	-
Net carrying amount at end of year	19,918,431	1,268,147	510,076	21,696,654

(i) Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).

(ii) Further details regarding equity transfers are disclosed in Note 36(a).

Ministry of Health

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

25. Property, plant and equipment (continued)

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

CONSOLIDATED

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2020 - fair value				
Gross carrying amount	28,838,975	2,828,680	997,922	32,665,577
Less: accumulated depreciation and impairment	(8,920,544)	(1,560,533)	(487,846)	(10,968,923)
Net carrying amount	19,918,431	1,268,147	510,076	21,696,654

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
Year ended 30 June 2021				
Net carrying amount at beginning of year	19,918,431	1,268,147	510,076	21,696,654
Additions	2,091,179	408,929	42,290	2,542,398
Reclassifications to intangibles	-	(2,294)	-	(2,294)
Reclassification to right-of-use assets	(427)	-	-	(427)
Reclassification from/(to) assets held for sale	3,544	-	(483)	3,061
Disposals	(45,123)	(11,770)	(993)	(57,886)
Equity transfers in/(out)[(ii)]	(99,749)	-	(1,370)	(101,119)
Net revaluation increment less revaluation decrements[(i)]	294,357	3	13,457	307,817
Depreciation expense	(607,736)	(235,588)	(29,214)	(872,538)
Other reclassifications within property, plant and equipment	(33,268)	(50,404)	83,672	-
Net carrying amount at end of year	21,521,208	1,377,023	617,435	23,515,666

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 30 June 2021 - fair value				
Gross carrying amount	31,219,657	3,041,014	1,146,858	35,407,529
Less: accumulated depreciation and impairment	(9,698,449)	(1,663,991)	(529,423)	(11,891,863)
Net carrying amount	21,521,208	1,377,023	617,435	23,515,666

(i) Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).

(ii) Further details regarding equity transfers are disclosed in Note 36(a).

The net carrying amount of service concession assets included in each class of property, plant and equipment as at 30 June 2021:

- land and buildings $765.88 million (2020: $783.07 million)
- plant and equipment $31.13 million (2020: $35.42 million)
- infrastructure systems $22.8 million (2020: $23.56 million)

During the current period, the net carrying amount of $0.76 million (2020: $Nil)) for existing assets of the consolidated entity has been reclassified as service concession assets.

Ministry of Health

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

25. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the consolidated entity

CONSOLIDATED

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
At 1 July 2019 - fair value				
Gross carrying amount	26,468,111	2,717,188	950,276	30,135,575
Less: accumulated depreciation and impairment	(8,300,201)	(1,482,218)	(486,479)	(10,268,898)
Net carrying amount	18,167,910	1,234,970	463,797	19,866,677

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
Year ended 30 June 2020				
Net carrying amount at beginning of year	18,044,606	1,232,185	463,797	19,740,588
De-recognition of service concession asset under AASB 116	(662,636)	(36,615)	(23,537)	(722,788)
Recognition of service concession assets on initial application of AASB 1059	823,499	39,400	23,537	886,436
De-recognition of finance lease assets on initial application of AASB 16	(37,559)	-	-	(37,559)
Adjusted net carrying amount at beginning of year	18,167,910	1,234,970	463,797	19,866,677
Additions	1,919,234	334,267	14,535	2,268,036
Reclassifications to intangibles	-	(975)	-	(975)
Reclassification from other financial assets	9,986	-	-	9,986
Reclassification from assets held for sale	44,658	-	288	44,946
Disposals	(45,153)	(16,592)	(151)	(61,896)
Equity transfers in/(out)[(ii)]	(23,300)	-	-	(23,300)
Net revaluation increment less revaluation decrements[(i)]	266,241	-	35,713	301,954
Depreciation expense	(572,186)	(239,359)	(25,538)	(837,083)
Other reclassifications within property, plant and equipment	21,169	(44,164)	21,432	(1,563)
Net carrying amount at end of year	19,788,559	1,268,147	510,076	21,566,782

(i) Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).

(ii) Further details regarding equity transfers are disclosed in Note 36(a).

Ministry of Health

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

25. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the consolidated entity (continued)

CONSOLIDATED

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2020 - fair value				
Gross carrying amount	28,573,580	2,828,680	997,922	32,400,182
Less: accumulated depreciation and impairment	(8,785,021)	(1,560,533)	(487,846)	(10,833,400)
Net carrying amount	19,788,559	1,268,147	510,076	21,566,782

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
Year ended 30 June 2021				
Net carrying amount at beginning of year	19,788,559	1,268,147	510,076	21,566,782
Additions	2,038,334	408,929	42,290	2,489,553
Reclassifications to intangibles	-	(2,294)	-	(2,294)
Reclassification to right-of-use assets	(427)	-	-	(427)
Reclassification from/(to) assets held for sale	3,544	-	(483)	3,061
Disposals	(45,123)	(11,770)	(993)	(57,886)
Equity transfers in/(out)[(ii)]	(99,749)	-	(1,370)	(101,119)
Net revaluation increment less revaluation decrements[(i)]	292,699	3	13,457	306,159
Depreciation expense	(601,716)	(235,588)	(29,214)	(866,518)
Other reclassifications within property, plant and equipment	(40,009)	(50,404)	83,454	(6,959)
Net carrying amount at end of year	21,336,112	1,377,023	617,217	23,330,352

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 30 June 2021 - fair value				
Gross carrying amount	30,895,464	3,041,014	1,146,387	35,082,865
Less: accumulated depreciation and impairment	(9,559,352)	(1,663,991)	(529,170)	(11,752,513)
Net carrying amount	21,336,112	1,377,023	617,217	23,330,352

(i) *Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).*

(ii) *Further details regarding equity transfers are disclosed in Note 36(a).*

Ministry of Health

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

25. Property, plant and equipment (continued)

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

CONSOLIDATED

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2019 - fair value				
Gross carrying amount	234,410	-	-	234,410
Less: accumulated depreciation and impairment	(101,151)	-	-	(101,151)
Net carrying amount	133,259	-	-	133,259

	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	133,259	-	-	133,259
Additions	323	-	-	323
Net revaluation increment less revaluation decrements[(i)]	894	-	-	894
Depreciation expense	(6,167)	-	-	(6,167)
Other reclassifications within property, plant and equipment	1,563	-	-	1,563
Net carrying amount at end of year	129,872	-	-	129,872

(i) *Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).*

Ministry of Health

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

25. Property, plant and equipment (continued)

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

CONSOLIDATED

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2020 - fair value				
Gross carrying amount	265,395	-	-	265,395
Less: accumulated depreciation and impairment	(135,523)	-	-	(135,523)
Net carrying amount	129,872	-	-	129,872

	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	129,872	-	-	129,872
Additions	52,845	-	-	52,845
Net revaluation increment less revaluation decrements(i)	1,658	-	-	1,658
Depreciation expense	(6,020)	-	-	(6,020)
Other reclassifications within property, plant and equipment	6,741	-	218	6,959
Net carrying amount at end of year	185,096	-	218	185,314

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 30 June 2021 - fair value				
Gross carrying amount	324,193	-	471	324,664
Less: accumulated depreciation and impairment	(139,097)	-	(253)	(139,350)
Net carrying amount	185,096	-	218	185,314

(i) *Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).*

Ministry of Health

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

25. Property, plant and equipment (continued)
(a) Total property, plant and equipment
PARENT

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2019 - fair value				
Gross carrying amount	203,927	8,338	3,879	216,144
Less: accumulated depreciation and impairment	(71,350)	(6,261)	(2,812)	(80,423)
Net carrying amount	132,577	2,077	1,067	135,721

	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	132,577	2,077	1,067	135,721
Additions	57,990	3,063	-	61,053
Disposals	(36,640)	(6)	(151)	(36,797)
Equity transfers in/(out)[(ii)]	36,640	-	151	36,791
Depreciation expense	(4,070)	(437)	(106)	(4,613)
Net carrying amount at end of year	186,497	4,697	961	192,155

(ii) *Further details regarding equity transfers are disclosed in Note 36(a).*

Ministry of Health

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

25. Property, plant and equipment (continued)

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

PARENT

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2020 - fair value				
Gross carrying amount	314,103	10,081	3,879	328,063
Less: accumulated depreciation and impairment	(127,606)	(5,384)	(2,918)	(135,908)
Net carrying amount	186,497	4,697	961	192,155

	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	186,497	4,697	961	192,155
Additions	26	4,107	-	4,133
Disposals	(11,036)	(394)	-	(11,430)
Transfers to NSW Health entities	-	(4,133)	-	(4,133)
Equity transfers in/(out)(ii)	11,036	2	-	11,038
Net revaluation increment less revaluation decrements(i)	(1,202)	-	-	(1,202)
Depreciation expense	(5,663)	(357)	(97)	(6,117)
Net carrying amount at end of year	179,658	3,922	864	184,444

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
As at 30 June 2021				
Gross carrying amount	312,927	6,579	3,879	323,385
Less: accumulated depreciation and impairment	(133,269)	(2,657)	(3,015)	(138,941)
Net carrying amount	179,658	3,922	864	184,444

(i) *Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).*

(ii) *Further details regarding equity transfers are disclosed in Note 36(a).*

The parent entity does not have any service concession assets for the periods ended 30 June 2021 and 30 June 2020. During the current period, no existing assets of the parent entity have been reclassified as service concession assets.

Ministry of Health

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

25. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the parent entity

PARENT

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
At 1 July 2019 - fair value				
Gross carrying amount	134,428	8,338	3,879	146,645
Less: accumulated depreciation and impairment	(40,280)	(6,261)	(2,812)	(49,353)
Net carrying amount	94,148	2,077	1,067	97,292

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
Year ended 30 June 2020				
Net carrying amount at beginning of year	94,148	2,077	1,067	97,292
Additions	57,990	3,063	-	61,053
Disposals	(36,640)	(6)	(151)	(36,797)
Equity transfers in/(out)[(ii)]	36,640	-	151	36,791
Depreciation expense	(1,524)	(437)	(106)	(2,067)
Other reclassifications within property, plant and equipment	(2,603)	-	-	(2,603)
Net carrying amount at end of year	148,011	4,697	961	153,669

(ii) *Further details regarding equity transfers are disclosed in Note 36(a).*

Ministry of Health

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

25. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the parent entity (continued)

PARENT

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
At 1 July 2020 - fair value				
Gross carrying amount	200,215	10,081	3,879	214,175
Less: accumulated depreciation and impairment	(52,204)	(5,384)	(2,918)	(60,506)
Net carrying amount	148,011	4,697	961	153,669

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
Year ended 30 June 2021				
Net carrying amount at beginning of year	148,011	4,697	961	153,669
Additions	26	4,107	-	4,133
Disposals	(11,036)	(394)	-	(11,430)
Transfers to NSW Health entities	-	(4,133)	-	(4,133)
Equity transfers in/(out)(ii)	11,036	2	-	11,038
Net revaluation increment less revaluation decrements(i)	(1,202)	-	-	(1,202)
Depreciation expense	(3,226)	(357)	(97)	(3,680)
Other reclassifications within property, plant and equipment	3,544	-	-	3,544
Net carrying amount at end of year	147,153	3,922	864	151,939

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
At 30 June 2021 - fair value				
Gross carrying amount	207,018	6,579	3,879	217,476
Less: accumulated depreciation and impairment	(59,865)	(2,657)	(3,015)	(65,537)
Net carrying amount	147,153	3,922	864	151,939

(i) *Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 29(b).*

(ii) *Further details regarding equity transfers are disclosed in Note 36(a).*

Ministry of Health

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

25. Property, plant and equipment (continued)

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

PARENT

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
At 1 July 2019 - fair value				
Gross carrying amount	69,499	-	-	69,499
Less: accumulated depreciation and impairment	(31,070)	-	-	(31,070)
Net carrying amount	38,429	-	-	38,429

	Land and Buildings	Plant and Equipment	Infrastructure systems	Total
	$000	$000	$000	$000
Year ended 30 June 2020				
Net carrying amount at beginning of year	38,429	-	-	38,429
Depreciation expense	(2,546)	-	-	(2,546)
Other reclassifications within property, plant and equipment	2,603	-	-	2,603
Net carrying amount at end of year	38,486	-	-	38,486

Ministry of Health

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

25. Property, plant and equipment (continued)

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

PARENT

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 1 July 2020 - fair value				
Gross carrying amount	113,888	-	-	113,888
Less: accumulated depreciation and impairment	(75,402)	-	-	(75,402)
Net carrying amount	38,486	-	-	38,486

	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	38,486	-	-	38,486
Depreciation expense	(2,437)	-	-	(2,437)
Other reclassifications within property, plant and equipment	(3,544)	-	-	(3,544)
Net carrying amount at end of year	32,505	-	-	32,505

	Land and Buildings $000	Plant and Equipment $000	Infrastructure systems $000	Total $000
At 30 June 2021 - fair value				
Gross carrying amount	105,909	-	-	105,909
Less: accumulated depreciation and impairment	(73,404)	-	-	(73,404)
Net carrying amount	32,505	-	-	32,505

Ministry of Health

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

25. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer in Note 36).

Land and buildings which are owned by the Health Administration Corporation or the State and operated by the parent or its controlled entities are deemed to be controlled by the parent and its controlled entities and are recognised as such in the financial statements.

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

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

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 consolidated entity.

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

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	3-40 years
Plant and equipment	4-20 years
Infrastructure systems	40 years

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

25. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Depreciation of property, plant and equipment (continued)

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

Further information on leases is contained at Note 26.

Service concession assets

The consolidated entity has adopted AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) from 1 July 2020. However, comparatives for the year ended 30 June 2020 have been adjusted retrospectively to reflect AASB 1059. Note 1(h) details changes in the consolidated entity’s accounting policies and a summary of impacts on the first time adoption. This note provides disclosures required under the new accounting standard and relates to the consolidated entity’s service concession arrangements in place during the current year.

Service concession arrangements (SCAs) are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

Based on the consolidated entity’s assessment, the following arrangements fall in the scope of AASB 1059:

Ministry of Health

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

25. Property, plant and equipment (continued)
Recognition and Measurement (continued)
Service concession assets (continued)

Description	Public Hospitals
Name and description of the SCA	Northern Beaches Hospital and Hawkesbury Hospital are two public hospitals built under two separate Public Private Partnership (PPP) arrangements that are now treated as part of service concession arrangements.
Period of arrangement	Northern Beaches Public Hospital 20 years (2018 - 2038) Northern Beaches Car Park 40 years (2018 - 2058) Hawkesbury Hospital 28 years (1994 - 2022)
Terms of the arrangement	The consolidated entity has contracted HealthScope (Operator for Northern Beaches Hospital) and St John of God Health Care (Operator for Hawkesbury Hospital) to build, operate and manage the hospitals and the car park for the duration of the arrangement. The construction of both hospitals was funded by the consolidated entity. Northern Beaches Hospital was paid upfront on completion of the construction works, while Hawkesbury Hospital was paid over time under a financing arrangement with the Operator. There are no remaining future construction payments. The Operator has fully funded the Northern Beaches car park, and the consolidated entity has granted rights to the Operator to operate and generate revenue from that car park. Annual service level agreements are entered into for the delivery of public health services at both hospitals with the Operator, which is funded by the consolidated entity, paid on a monthly basis.
Rights and obligations	The consolidated entity is obligated to provide both operators access to the hospital and the carpark. The operators are responsible for the delivery of health services to public patients at the hospital which the consolidated entity is obligated to pay for under the annual service agreements. At the end of the arrangement, the operators are obligated to return all assets back to the consolidated entity. For Northern Beaches Hospital, the consolidated entity will be sharing a portion of the hospital facilities with the private operator for an additional term of 20 years after the expiry of the concession period. The consolidated entity is required to issue a notice outlining what shared services will be provided by different parties. The consolidated entity has the right to extend the Northern Beaches Hospital arrangement for up to five years, by way of giving three years notice to the operator. For Hawkesbury Hospital, the right to extend has already been exercised prior to 1 July 2019 with no further rights available in the existing agreement.
Changes in arrangement occurring during 2020	Nil
Changes in arrangement occurring during 2021	Nil

Carrying amounts of SCA	Existing asset 2021 $000	New asset* 2021 $000	Existing asset 2020 $000	New asset* 2020 $000
Northern Beaches Public Hospital	592,427	-	610,696	-
Northern Beaches Car Park	-	49,381	-	50,698
Hawkesbury Hospital	59,113	3,609	60,477	3,346

** New asset brought onto balance sheet on transition of AASB 1059.*

Ministry of Health

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

25. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Service concession assets (continued)

Description	Hospital car parks	
Name and description of the SCA	Consist of three arrangements:	
	- Multi-storey carparks at Royal North Shore Hospital, RNSH P1 and RNSH P2	
	- Prince of Wales Hospital car parks	
	- St George Hospital car parks	
Period of arrangement	RNSH P1 car park	26.5 years (2010 - 2036)
	RNSH P2 car park	22 years (2014 - 2036)
	Prince of Wales hospital car park	25 years (1997 - 2022)
	St George hospital car park	25 years (1999 - 2024)
Terms of the arrangement	The consolidated entity has contracted Infrashore (Operator) to build RNSH P2 car park and manage both RNSH P1 and P2 car parks for the duration of the arrangement. The construction of the RNSH P2 car park is funded by the consolidated entity, paid in instalments under a financing arrangement for the duration of the term. RNSH P1 car park was an existing carpark of the consolidated entity. The other two car parks (Prince of Wales hospital car park and St George hospital car park) were funded by the International Parking Group (Operator) which was contracted by the consolidated entity to build, manage and operate both car parks for the duration of the arrangement. For all these car parks, the consolidated entity has granted rights to the Operator to operate and generate revenue from the car parks. Upon grant of this right, the Operator has paid an upfront license fee to the consolidated entity.	
Rights and obligations	The consolidated entity is obliged to provide the operators with access to the carparks and obligated to pay for the construction of the RNSH P2 car park under the financing arrangement with the Operator. The operators are responsible for operating the car parks and at the end of the arrangement, return all assets back to the consolidated entity. There are currently no provisions for extension of the term in the existing contract.	
Changes in arrangement occurring during 2020	Nil	
Changes in arrangement occurring during 2021	Nil	

Carrying amounts of SCA	Existing asset 2021 $000	New asset* 2021 $000	Existing asset 2020 $000	New asset* 2020 $000
RNSH P1 Car Park	7,140	16,376	7,140	17,505
RNSH P2 Car Park	2,671	19,139	2,671	19,710
St George Hospital Car Park	3,548	6,223	3,445	6,207
Prince of Wales Hospital Car	-	50,364	-	50,239

** New asset brought onto balance sheet on transition of AASB 1059.*

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

25. Property, plant and equipment (continued)
Recognition and Measurement (continued)
Service concession assets (continued)

Description	Hospital facilities
Name and description of the SCA	Consist of two arrangements: Mental Health Recovery Centre - 10 bed residential Mental Health Sub-Acute Unit in Broken Hill that provides services to people across the Far West Local Health District. The Far West Mental Health Recovery Centre (Centre) is owned by the consolidated entity and operated by Neami Limited under a service agreement. Mercy Care Centre Young - 26 bed purpose-built sub-acute rehabilitation and palliative care unit in Young that provides services to the people of Young and surrounding regions. The Mercy Care Centre Young is owned by the consolidated entity and operated by Mercy Health under a 20 year lease agreement and annual service agreements.
Period of arrangement	Mental Health Recovery Centre 5 years (2019 to 2023) Mercy Care Centre Young 20 years (2004 to 2024)
Terms of the arrangement	The consolidated entity has separately contracted Neami Limited (Operator for Mental Health Recovery Centre) and Mercy Health (Operator for Mercy Care Centre Young) to manage respective facilities for the duration of the arrangement. Separate funding arrangements have also been agreed to compensate the respective operators for managing the facilities. The capital assets associated with the arrangement have been provided by the consolidated entity to the operators.
Rights and obligations	The consolidated entity is obligated to provide both operators with access to the respective facilities. The operators are responsible for the delivery of specified services to patients at the respective facilities. The consolidated entity is obligated to pay for those services under the funding agreements. At the end of the arrangement, the operators are obliged to return all assets back to the consolidated entity. There is no provision for an extension of the terms, however they can be separately negotiated.
Changes in arrangement occurring during 2020	Nil
Changes in arrangement occurring during 2021	Nil

Carrying amounts of SCA	Existing asset 2021 $000	New asset* 2021 $000	Existing asset 2020 $000	New asset* 2020 $000
Mental Health Recovery Centre	4,885	-	4,815	-
Mercy Care Centre Young	4,937		5,100	-

** New asset brought onto balance sheet on transition of AASB 1059.*

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

25. Property, plant and equipment (continued)
Recognition and Measurement (continued)
Service concession assets (continued)

i. Initial recognition

For arrangements within the scope of AASB 1059, the entity recognises a service concession asset when it controls the asset. Where the asset is provided by the operator, or is an upgrade to or a major component replacement of an existing asset of the entity, the asset is recognised at current replacement cost based on AASB 13 *Fair Value Measurement* principles.

Where the asset is an existing asset of the entity, the asset is reclassified as a service concession asset and remeasured at current replacement cost at the date of reclassification. Any difference between the previous carrying amount and current replacement cost is recognised as if it is a revaluation of the asset.

ii. Subsequent to initial recognition

Subsequent to the initial recognition or reclassification, the service concession asset is measured at current replacement cost and accounted for in accordance with the depreciation and impairment requirements of AASB 116 *Property, Plant and Equipment and* AASB 136 *Impairment of Assets.*

iii. At the end of the arrangement

At the end of a service concession arrangement:

- the consolidated entity accounts for the asset in accordance with other AAS, with the entity reclassifying the asset based on its nature or function;
- reference to fair value reverts from the mandated current replacement cost under AASB 1059 to the appropriate approach under AASB 13; and
- the asset is only derecognised when the entity loses control of the asset in accordance with AASB 116.

Revaluations of property, plant and equipment

Physical non-current assets are valued in accordance with the TPP 14-01 *Valuation of Physical Non-Current Assets at Fair Value* (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* (AASB 13) and AASB 116 *Property, Plant and Equipment* (AASB 116).

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 participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 29 for further information regarding fair value.

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

25. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Revaluations of property, plant and equipment (continued)

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 consolidated entity conducts a comprehensive revaluation at least every three years on a rotational basis for its land and buildings and infrastructure. Interim desktop revaluations are conducted between comprehensive revaluations for those assets, where cumulative changes to indicators suggest fair value may differ materially from carrying value. The consolidated entity uses an independent professionally qualified valuer for such revaluations.

The last comprehensive revaluation for the parent entity was completed on 31 December 2018 and was based on an independent assessment.

Comprehensive revaluations are conducted annually in December on a rolling basis and are based on an independent assessment. A schedule of revaluations has been developed which rolls over every three years. Interim or out of schedule revaluations are conducted where cumulative changes to indicators suggest fair value may differ materially from carrying value. No interim or out of schedule revaluations were completed in the current year. The consolidated entity uses an external professionally qualified valuer to conduct the interim revaluations.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The consolidated entity 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 at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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

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

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

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.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Property, plant and equipment (continued)

Recognition and Measurement (continued)

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 consolidated entity 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 consolidated entity 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.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Leases

(a) Entity as a lessee

The consolidated entity leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 10 years (parent entity: 1 to 30 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 consolidated entity 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 consolidated entity 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 $297.85 million (2020: $304.6 million) (parent entity: $2.5 million, 2020: $12.3 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 $5.7 million (2020: $Nil) (parent entity: $Nil, 2020: $Nil).

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

The consolidated entity 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.

Ministry of Health

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

26. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

The following table presents right-of-use assets that do not meet the definition of investment property.

There are no right-of-use assets that meet the definition of investment property.

CONSOLIDATED

	Land and Buildings $000	Plant and Equipment $000	Total $000
Balance at 1 July 2020	873,073	313,391	1,186,464
Additions	25,113	47,052	72,165
Reassessments	109,301	3,228	112,529
Disposals	(7,408)	(1,588)	(8,996)
Depreciation expense	(89,841)	(86,613)	(176,454)
Impairment losses (recognised in 'Other gains / (losses)')	(99,201)	-	(99,201)
Reclassifications from property, plant and equipment	427	-	427
Balance at 30 June 2021	811,464	275,470	1,086,934

	Land and Buildings $000	Plant and Equipment $000	Total $000
Balance at 1 July 2019	430,881	328,003	758,884
Additions	520,754	62,755	583,509
Reassessments	3,656	904	4,560
Disposals	(1,510)	(787)	(2,297)
Depreciation expense	(77,810)	(77,484)	(155,294)
Impairment losses (recognised in 'Other gains / (losses)')	(2,898)	-	(2,898)
Balance at 30 June 2020	873,073	313,391	1,186,464

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

26. Leases (continued)
(a) Entity as a lessee (continued)
Right-of-use assets under leases (continued)

PARENT

	Land and Buildings $000	Plant and Equipment $000	Total $000
Balance at 1 July 2020	511,160	-	511,160
Additions	-	80	80
Reassessments	72,181	-	72,181
Depreciation expense	(22,745)	(31)	(22,776)
Impairment losses (recognised in 'Other gains / (losses)')	(92,526)	-	(92,526)
Equity transfers - transfers In / (out)(i)	(7,797)	18	(7,779)
Balance at 30 June 2021	460,273	67	460,340

(i) *Further details regarding equity transfers are disclosed in Note 36(c).*

	Land and Buildings $000	Plant and Equipment $000	Total $000
Balance at 1 July 2019	22,335	-	22,335
Additions	497,630	-	497,630
Depreciation expense	(8,805)	-	(8,805)
Balance at 30 June 2020	511,160	-	511,160

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases:

CONSOLIDATED

	2021 $000	2020 $000
Balance at 1 July	1,197,742	755,090
Additions	71,094	582,601
Interest expenses	25,475	13,617
Payments	(187,454)	(155,798)
Terminations	(8,681)	(2,328)
Other adjustments	112,529	4,560
Balance at 30 June 2021	1,210,705	1,197,742

PARENT

	2021 $000	2020 $000
Balance at 1 July	511,526	22,335
Additions	80	497,630
Interest expenses	12,342	303
Payments	(23,399)	(8,742)
Equity transfers - transfers in / (out)[(i)]	(8,049)	-
Other adjustments	72,181	-
Balance at 30 June 2021	564,681	511,526

(i) *Further details regarding equity transfers are disclosed in Note 36(c).*

'Other adjustments' in the consolidated entity and the parent entity represent lease reassessments as a result of a change in event or circumstance of a lease. The majority of the balance relates to a building lease at 1 Reserve Road St Leonards (parent entity) which was reassessed upwards by $69.2 million.

Ministry of Health

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

26. Leases (continued)

(a) Entity as a lessee (continued)

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

CONSOLIDATED

	2021 $000	2020 $000
Depreciation expense of right-of-use assets	176,454	155,294
Interest expense on lease liabilities	25,475	13,617
Expenses relating to short-term leases	29,013	37,762
Expenses relating to leases of low-value assets	19,330	18,170
Variable lease payments not included in the measurement of lease liabilities	1,144	925
(Gains) / losses on disposal	101	(32)
Impairment of right-of-use assets	99,201	2,898
Total amount recognised in the statement of comprehensive income	350,718	228,634

The consolidated entity had total cash outflows for leases of $236.94 million for the year ending 30 June 2021 (2020: $212.66 million).

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

PARENT

	2021 $000	2020 $000
Depreciation expense of right-of-use assets	22,776	8,805
Interest expense on lease liabilities	12,342	303
Expenses relating to short-term leases	3	46
Expenses relating to leases of low-value assets	787	39
Impairment of right-of-use assets	92,526	-
Total amount recognised in the statement of comprehensive income	128,434	9,193

The parent entity had total cash outflows for leases of $24.19 million for the year ending 30 June 2021 (2020: $8.83 million).

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

The consolidated entity entered into a number of leases, with lease terms ranging from 1 to 99 years with various organisations, including local councils, health charities, Catholic churches and other NSW State entities for the use of various community health buildings. There are also some leases for the use of various helipads across the state. These contracts generally specify lease payments of $Nil or negligible amounts per annum, and the leased premises are used by the consolidated entity to provide different community health services and access to helipads. These community health buildings and helipads account for a small portion of similar assets used by the consolidated entity for the purposes of providing health services. Therefore, these lease arrangements do not have a significant impact on the consolidated entity's operations.

Ministry of Health

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

26. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and measurement

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

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

	Useful lives
Land and buildings	1 to 40 years
Plant and machinery	1 to 10 years
Motor vehicles and other equipment	1 to 10 years
Aeromedical	1 to 10 years

If ownership of the leased asset transfers to the consolidated entity 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 consolidated entity 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 consolidated entity 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.

Impairment losses for right-of-use assets

The market rent for some of the office accommodation property leases were negatively impacted by COVID-19, indicating the carrying amount of such right-of-use assets exceeded their recoverable amounts. Impairment losses in the consolidated entity of $99.20 million (2020: $Nil) and the parent entity of $92.53 million (2020: $Nil) were recognised during the year to write down the carrying amount of affected leases to its recoverable amount.

In 2020, an impairment loss in the consolidated entity of $2.9 million was recognised in relation to a lease that had become onerous in nature.

Impairment losses for right-of-use assets are included in 'Other gains / (losses)' in the Statement of Comprehensive Income.

Ministry of Health

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

26. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and measurement (continued)

ii. Lease liabilities

At the commencement date of the lease, the consolidated entity 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 consolidated entity; and
- payments of penalties for terminating the lease, if the lease term reflects the entity 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 consolidated entity does not borrow funds in the market. Instead it receives 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 consolidated entity is using TCorp rates as its incremental borrowing rate. 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 consolidated entity's lease liabilities are included in borrowings in Note 33.

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

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

Ministry of Health

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

26. Leases (continued)

(b) Entity as a lessor

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

The consolidated entity also leases land and buildings to non-government organisations (NGO's) and universities under operating leases arrangements. Generally there are no rental payments as the consolidated entity provides market rental assistance grants which offset the rental payments.

The consolidated entity has also leased levels 5 and 6 in the Bright Alliance Building at South Eastern Sydney Local Health District's Randwick campus to the University of NSW for 40 years, which is treated as a finance lease. All lease payments have been paid upfront and the asset has been derecognised from non-current assets.

The consolidated entity'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 finance leases

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

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Within one year	75	-	-	-
One to two years	78	-	-	-
Two to three years	47	-	-	-
Total (excluding GST)	200	-	-	-

Reconciliation of net investment in leases

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Future undiscounted rentals receivable	200	-	-	-
Unguaranteed residual amounts - undiscounted	313,686	313,686	-	-
Less: unearned finance income	(229,444)	(231,508)	-	-
Net investment in finance lease	84,442	82,178	-	-

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

26. Leases (continued)

(b) Entity as a lessor (continued)

Recognition and Measurement

Lessor for finance leases

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

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

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

Lessor for operating leases

Future minimum rental receivables (undiscounted) under non-cancellable operating leases as at 30 June are as follows:

PARENT AND CONSOLIDATION

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Within one year	13,362	9,904	1,393	280
One to two years	10,546	7,942	1,042	264
Two to three years	9,394	6,380	1,067	55
Three to four years	8,865	6,207	1,074	56
Four to five years	8,597	5,828	1,049	44
Later than five years	125,679	86,738	9,165	149
Total (excluding GST)	176,443	122,999	14,790	848

Recognition and Measurement

Lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other 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.

Leases not yet commenced to which the lessee is committed

Ambulance Service of NSW has entered into a 10 year contract with Pel-Air Aviation Pty Ltd to provide aeromedical services. The contract has a lease component for the right-to-use of the contracted aircrafts. The lease has not yet commenced and as a result, no right-of-use asset or liability has been recognised at the reporting date. On commencement, approximately $111 million of right-of-use asset and lease liability is expected to be recognised by the consolidated entity.

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

27. Intangible assets
CONSOLIDATED

	Software $000	Total $000
At 1 July 2019		
Cost (gross carrying amount)	1,117,836	1,117,836
Less: accumulated amortisation and impairment	(413,598)	(413,598)
Net carrying amount	704,238	704,238

	Software $000	Total $000
Year ended 30 June 2020		
Net carrying amount at beginning of year	704,238	704,238
Additions	94,170	94,170
Reclassifications from property, plant and equipment	975	975
Disposals	(10)	(10)
Amortisation (recognised in depreciation and amortisation)	(83,487)	(83,487)
Net carrying amount at the end of the year	715,886	715,886

	Software $000	Total $000
At 1 July 2020		
Cost (gross carrying amount)	1,210,616	1,210,616
Less: accumulated amortisation and impairment	(494,730)	(494,730)
Net carrying amount	715,886	715,886

	Software $000	Total $000
Year ended 30 June 2021		
Net carrying amount at beginning of year	715,886	715,886
Additions	63,145	63,145
Reclassifications from property, plant and equipment	2,294	2,294
Disposals	(880)	(880)
Amortisation (recognised in depreciation and amortisation)	(90,891)	(90,891)
Net carrying amount at the end of the year	689,554	689,554

	Software $000	Total $000
At 30 June 2021		
Cost (gross carrying amount)	1,265,650	1,265,650
Less: accumulated amortisation and impairment	(576,096)	(576,096)
Net carrying amount	689,554	689,554

Ministry of Health

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

27. Intangible assets (continued)

PARENT

	Software $000	Total $000
At 1 July 2019		
Cost (gross carrying amount)	1,772	1,772
Less: accumulated amortisation and impairment	(895)	(895)
Net carrying amount	877	877

	Software $000	Total $000
Year ended 30 June 2020		
Net carrying amount at beginning of year	877	877
Additions	1,251	1,251
Amortisation (recognised in depreciation and amortisation)	(372)	(372)
Net carrying amount at the end of the year	1,756	1,756

	Software $000	Total $000
At 1 July 2020		
Cost (gross carrying amount)	3,023	3,023
Less: accumulated amortisation and impairment	(1,267)	(1,267)
Net carrying amount	1,756	1,756

	Software $000	Total $000
Year ended 30 June 2021		
Net carrying amount at beginning of year	1,756	1,756
Additions	1,977	1,977
Amortisation (recognised in depreciation and amortisation)	(604)	(604)
Net carrying amount at the end of the year	3,129	3,129

	Software $000	Total $000
At 30 June 2021		
Cost (gross carrying amount)	4,801	4,801
Less: accumulated amortisation and impairment	(1,672)	(1,672)
Net carrying amount	3,129	3,129

Ministry of Health

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

27. Intangible assets (continued)

Recognition and Measurement

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

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

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

The consolidated entity's intangible assets are amortised using the straight-line method over a period of four years. Computer software developed or acquired by the consolidated entity are recognised as intangible assets.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

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

Ministry of Health

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

28. 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	2,352	9,087	-	-
Infrastructure systems	483	-	-	-
	2,835	9,087	-	-

Further details regarding the fair value measurement are disclosed in Note 29.

Recognition and Measurement

The consolidated entity 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.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Fair value measurement of non-financial assets

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 consolidated entity 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 consolidated entity 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

CONSOLIDATED	Level 1	Level 2	Level 3	Total Fair Value
	$000	$000	$000	$000
2021				
Land and buildings(i)	-	730,275	16,044,981	16,775,256
Infrastructure systems(i)	-	1,044	571,293	572,337
Non-current assets held for sale (Note 28)	-	2,835	-	2,835
	-	734,154	16,616,274	17,350,428
2020				
Land and buildings(i)	-	711,356	15,666,540	16,377,896
Infrastructure systems(i)	-	384	484,046	484,430
Non-current assets held for sale (Note 28)	-	9,087	-	9,087
	-	720,827	16,150,586	16,871,413

(i) Leasehold improvements, work in progress and newly completed buildings are carried at cost, therefore excluded from figures above and as a result the balances in Note 25 will not reconcile with balances disclosed above.

There were no transfers between Level 1 and 2 during the year ended 30 June 2021 and 2020.

Ministry of Health

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

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

(a) Fair value hierarchy (continued)

PARENT	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
2021				
Land and buildings(i)	-	5,030	119,550	124,580
Infrastructure systems(i)	-	-	573	573
	-	5,030	120,123	125,153
2020				
Land and buildings(i)	-	5,030	123,478	128,508
Infrastructure systems(i)	-	-	655	655
	-	5,030	124,133	129,163

(i) Leasehold improvements, work in progress and newly completed buildings are carried at cost, therefore excluded from figures above and as a result the balances in Note 25 will not reconcile with balances disclosed above.

There were no transfers between Level 1 and 2 during the year ended 30 June 2021 and 2020.

(b) Valuation techniques, inputs and processes

The consolidated entity obtains independent valuations for its non-financial assets at least every three years. The valuer used by the consolidated entity is independent of the respective entities.

At the end of each reporting period, the consolidated entity updates its assessment of the fair value of each category of non-financial assets, taking into account the most recent independent valuations. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, the consolidated entity considers information from other sources, such as the indices provided by the Valuer General. These fair value adjustments are reflected in Note 25 Total property, plant and equipment - reconciliation.

The valuations techniques used maximise the use of observable inputs where available and rely as little as possible on entity or asset specific estimates. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the measurement in its entirety. If significant inputs required to measure fair value of an asset are observable, the asset is included in level 2 of the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3 of the fair value hierarchy. All resulting fair value estimates for non-financial assets are included in level 3 with the exception of some land and buildings and non-current assets held for sale included in level 2.

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

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

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

The non-financial assets categorised in (a) above have been measured based on the following valuation techniques and inputs:

- For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre. All commercial and non-restricted land is included in level 2 as these land valuations have a high level of observable inputs, although these lands are not identical. The majority of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.
- For buildings and infrastructure systems, 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 and commercial properties are valued on a market approach and are included in level 2.
- Non-current assets held for sale are a non-recurring item that is measured at the lesser of its carrying amount or fair value less cost to sell. These assets are categorised as level 2 except when an asset was a level 3 asset prior to transfer to non-current assets held for sale, and continues to be recognised as a level 3 asset where the carrying amount is less than the fair value (less cost) to sell.

Level 3 disclosures:

The fair value of buildings computed by suitably qualified independent valuers using a methodology known as the depreciated replacement cost valuation technique. The following table highlights the key unobservable (level 3) inputs assessed during the valuation process, the relationship to the estimated fair value and the sensitivity to changes in unobservable inputs.

Assets	Valuation Techniques	Valuation Inputs
Land under specialised building(s)	Market approach	This valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for restrictions specific for the property (e.g. mandated use and/or zoning).
Specialised Buildings	Depreciated replacement cost approach	This valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of building on a rate per square metre basis; depreciated to reflect the building's remaining useful life which is determined by a number of factors including asset condition and asset life.
Non-Specialised Buildings	Depreciated replacement cost approach	This valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of building on a rate per square metre basis; depreciated to reflect the building's remaining useful life.
Infrastructure systems	Depreciated replacement cost approach	This valuation method involves establishing the current replacement cost of the modern equivalent infrastructure asset on a rate per square metre basis; depreciated to reflect the assets remaining useful life.

Ministry of Health

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

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

(c) Reconciliation of recurring Level 3 fair value measurements

CONSOLIDATED

	Land and Buildings	Infrastructure Systems	Other Assets	Total Level 3 Recurring
	$000	$000	$000	$000
2021				
Fair value as at 1 July 2020	15,666,540	484,046	-	16,150,586
Additions	759,486	100,715	-	860,201
Revaluation increments / decrements recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment'	292,905	13,681	-	306,586
Transfers from Level 2	46,468	-	-	46,468
Transfers to Level 2	(7,689)	(483)	-	(8,172)
Disposals	(46,047)	(517)	-	(46,564)
Depreciation expense	(567,603)	(28,289)	-	(595,892)
Equity transfers in/(out) - Note 36 (a)(ii)	(99,749)	(1,370)	-	(101,119)
Reclassification	670	3,510	-	4,180
Fair value as at 30 June 2021	16,044,981	571,293	-	16,616,274

Ministry of Health

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

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

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

CONSOLIDATED

	Land and Buildings $000	Infrastructure Systems $000	Other Assets $000	Total Level 3 Recurring $000
2020				
Fair value as at 1 July 2019	13,599,570	424,401	67,302	14,091,273
De-recognition of service concession asset under AASB 116	(662,635)	(23,538)	-	(686,173)
Recognition of service concession assets on initial application of AASB 1059	823,499	23,538	(9,179)	837,858
De-recognition of privately financed projects on withdrawal of TPP 06-8	-	-	(57,901)	(57,901)
De-recognition of finance lease assets on initial application of AASB 16	(33,796)	-	-	(33,796)
Adjusted fair value as at 1 July 2019	13,726,638	424,401	222	14,151,261
Additions	1,776,355	45,679	(213)	1,821,821
Revaluation increments / decrements recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment'	287,408	35,613	-	323,021
Revaluation increments / decrements recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of other assets'	-	-	(9)	(9)
Transfers from Level 2	431,424	-	-	431,424
Transfers to Level 2	(2,169)	-	-	(2,169)
Disposals	(13,883)	(151)	-	(14,034)
Depreciation expense	(549,424)	(25,059)	-	(574,483)
Reclassification	10,191	3,563	-	13,754
Fair value as at 30 June 2020	15,666,540	484,046	-	16,150,586

Ministry of Health

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

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

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

PARENT

	Land and Buildings $000	Infrastructure Systems $000	Other Assets $000	Total Level 3 Recurring $000
2021				
Fair value as at 1 July 2020	123,478	655	-	124,133
Disposals	(8,142)	-	-	(8,142)
Depreciation expense	(3,928)	(82)	-	(4,010)
Equity transfers	8,142	-	-	8,142
Fair value as at 30 June 2021	119,550	573	-	120,123

	Land and Buildings $000	Infrastructure Systems $000	Other Assets $000	Total Level 3 Recurring $000
2020				
Fair value as at 1 July 2019	127,547	761	-	128,308
Disposals	(5,888)	(151)	-	(6,039)
Depreciation expense	(4,069)	(106)	-	(4,175)
Equity transfers	5,888	151	-	6,039
Fair value as at 30 June 2020	123,478	655	-	124,133

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

30. Restricted assets

The financial statements include the following assets which are restricted 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.

CONSOLIDATED	30 June 2020			30 June 2021
	Opening equity	Revenue	Expense	Closing equity
	$000	$000	$000	$000
Category				
Community welfare	16,363	16,389	(14,932)	17,820
Facility improvements	399,496	335,787	(115,553)	619,730
Hold Funds in Perpetuity	14,588	1,295	(1,172)	14,711
Patient welfare	90,390	23,326	(25,718)	87,998
Private practice disbursements (No.2 Accounts)	470,219	107,261	(70,797)	506,683
Public contributions	34,910	8,723	(6,075)	37,558
Research	200,143	99,787	(74,703)	225,227
Staff welfare	19,622	2,633	(2,126)	20,129
Training and education including conferences	92,308	12,210	(11,706)	92,812
Other[1]	8,570	13	-	8,583
Total Restricted Assets	1,346,609	607,424	(322,782)	1,631,251

[1] *Other - opening equity balance has been restated to be $8.6 million higher as the cash and cash equivalent balance of the Graythwaite Charitable Trust are subject to restrictions imposed by the requirements of the Trust Deed and therefore not available for general use by the Graythwaite Charitable Trust.*

PARENT	30 June 2020			30 June 2021
	Opening equity	Revenue	Expense	Closing equity
	$000	$000	$000	$000
Category				
Facility improvements	56,839	16,745	(37,799)	35,785
Total Restricted Assets	56,839	16,745	(37,799)	35,785

Ministry of Health

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

30. Restricted assets (continued)

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.
Hold 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	Staff specialists' private practice arrangements to improve the level of clinical services provided (No. 2 Accounts).
Public contributions	Donations, gifts, bequests or legacies received without any donor-specified conditions as to its use. Such contributions are restricted as a result of the requirements of the Accounts and Audit Determination for Public Health Entities in NSW.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.
Other	This does not meet the definition of any of the above categories.

Unclaimed monies

All money and personal effects of patients which are left in the custody of the consolidated entity by any patient who is discharged or dies in 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 respective health entity.

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.

Ministry of Health

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

31. Payables

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Accrued salaries, wages and on-costs	311,768	486,799	2,061	1,859
Salaries and wages deductions	53,120	50,064	15	15
Payroll tax and fringe benefits tax	3,330	2,729	895	27
Trade operating creditors	761,847	747,351	297,744	278,125
Interest	16	16	-	-
Other creditors				
- Capital works	223,201	165,275	-	-
- Payables to controlled health entities	-	-	153,047	122,941
- Other	528,666	391,872	72,346	46,203
Total current payables	1,881,948	1,844,106	526,108	449,170

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 44.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the consolidated entity 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.

Ministry of Health

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

32. Contract liabilities

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent[1] 2020 $000
Current				
Contract liabilities	70,587	398,726	24,100	345,968
	70,587	398,726	24,100	345,968
Non-current				
Contract liabilities	-	97	-	-
	-	97	-	-

[1] Current contract liabilities has been restated to be $27.04 million lower in the prior year for the consolidated and parent entity. Refer to Note 17 for further details.

Recognition and Measurement

Contract liabilities are in respect of consideration received in advance from the sale of goods and services from contracts with customers and grants and other contributions.

The balance of contract liabilities at 30 June 2021 has reduced significantly as a large portion of the 2020 contract liability balance related to funding received from the Commonwealth under the National Partnership Agreement on COVID-19 Response. Most of the funding was received in the last quarter of 2020 in response to the COVID-19 pandemic. All unused funding from 2019-20 has now either been used in the current year or has been refunded to the Commonwealth. The contract liability in the current year under the same agreement is significantly lower as the funding provided by the Commonwealth is closely aligned to the activity and the specific performance obligations within the agreement.

Apart from the impacts of the National Partnership Agreement on COVID-19 Response, there has been no other significant movements in the contract liability balance. The remaining balance relates to a number of smaller grants and other contributions and sales of goods and services from contracts with customers that are still to satisfy the specific performance obligations within the contracts. Revenue from contract liabilities will be recognised when the specific performance obligations have been met.

The contract liability has significantly decreased during the year because the specific performance obligations within the contracts were satisfied.

	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	228,314	28,936	226,104	-
Revenue recognised from performance obligations satisfied in previous periods	2,329	2,265	-	-
Transaction price allocated to the remaining performance obligations from contracts with customers	206,847	435,715	70,700	289,265

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. Contract liabilities (continued)

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

CONSOLIDATED

Specific revenue class	2022 $000	2023 $000	2024 $000	**≥ 2025** $000
Sales of goods and services from contracts with customers	34,494	-	-	-
Grants and other contributions	133,843	29,579	7,829	1,102
	168,337	29,579	7,829	1,102

PARENT

Specific revenue class	2022 $000	2023 $000	2024 $000	**≥ 2025** $000
Grants and other contributions	58,994	10,303	1,403	-
	58,994	10,303	1,403	-

Ministry of Health

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

33. Borrowings

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Current				
Other loans and deposits	7,437	5,978	-	-
Lease liabilities (see Note 26)	151,464	154,584	8,424	11,853
Service concession financial liabilities*	1,358	1,273	-	-
Public, Private Partnerships (PPP)				
Long Bay Forensic Hospital	2,683	2,426	-	-
Calvary Mater Newcastle Hospital	2,169	1,818	-	-
Orange Hospital & Associated Health Services	2,779	2,131	-	-
Royal North Shore Hospital Redevelopment	6,200	5,544	-	-
	174,090	173,754	8,424	11,853
Non-Current				
Other loans and deposits	47,146	40,739	-	-
Lease liabilities (see Note 26)	1,059,241	1,043,158	556,257	499,673
Service concession financial liabilities*	31,077	32,436	-	-
Public, Private Partnerships (PPP)				
Long Bay Forensic Hospital	64,293	66,974	-	-
Calvary Mater Newcastle Hospital	64,922	67,091	-	-
Orange Hospital & Associated Health Services	153,917	156,697	-	-
Royal North Shore Hospital Redevelopment	687,634	694,139	-	-
	2,108,230	2,101,234	556,257	499,673

[1] Borrowings - current Public, Private Partnerships has been restated to be $0.30 million lower, non-current Public, Private Partnerships has been restated to be $21.12 million lower, current service concession financial liabilities has been restated to be $1.27 million higher and non-current service concession financial liabilities* has been restated to be $32.44 million higher in the prior year for the consolidated entity. Refer to Note 1(h) for further details.*

* This relates to contractual payments made to the operator, refer to Note 25 for further details on the consolidated entity's service concession arrangements.

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

The Public, Private Partnerships (PPP) relate to the provision of service-enabling infrastructure that includes private sector delivering a combination of design, construction, financing, maintenance, operations and delivery of clinical and non-clinical services. Payments are made by the consolidated entity to the private sector entities on the basis of delivery of assets or service delivery. The liability to pay private sector entities is based on financing arrangements involving Consumer Price Index (CPI)-linked finance and fixed finance.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 44.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

33. Borrowings (continued)

Recognition and Measurement

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

Financial liabilities at fair value through profit or loss

The consolidated entity 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.

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

The consolidated entity 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. However, refer to Note 39 regarding disclosures on contingent liabilities.

Ministry of Health

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

33. Borrowings (continued)

Changes in liabilities arising from financing activities

CONSOLIDATED

	Other loans and deposits	Leases	Service concession arrangements	Total liabilities from financing activities
	$000	$000	$000	$000
1 July 2019	1,068,229	33,863	-	1,102,092
Recognised on adoption of AASB 16	-	721,227	-	721,227
Recognised on adoption of AASB 1059	(21,653)	-	34,900	13,247
Adjusted 1 July 2019	1,046,576	755,090	34,900	1,836,566
Cash flows	(3,039)	(142,181)	(1,191)	(146,411)
New leases	-	582,601	-	582,601
Lease terminations	-	(2,328)	-	(2,328)
Lease reassessments	-	4,560	-	4,560
30 June 2020	1,043,537	1,197,742	33,709	2,274,988
Cash flows	(4,357)	(161,979)	(1,274)	(167,610)
New leases	-	71,094	-	71,094
Lease terminations	-	(8,681)	-	(8,681)
Lease reassessments	-	112,529	-	112,529
30 June 2021	1,039,180	1,210,705	32,435	2,282,320

PARENT

	Leases	Service concession arrangements	Total liabilities from financing activities
	$000	$000	$000
1 July 2019	-	-	-
Recognised on adoption of AASB 16	22,335	-	22,335
Adjusted 1 July 2019	22,335	-	22,335
Cash flows	(8,439)	-	(8,439)
New leases	497,630	-	497,630
30 June 2020	511,526	-	511,526
Cash flows	(11,057)	-	(11,057)
New leases	80	-	80
Lease reassessments	72,181	-	72,181
Non-cash changes other	(8,049)	-	(8,049)
30 June 2021	564,681	-	564,681

Ministry of Health

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

34. 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	1,362,843	1,352,630	12,293	11,722
Annual leave - obligations expected to be settled after 12 months	829,197	622,226	6,189	4,971
Long service leave consequential on-costs - obligations expected to be settled within 12 months	34,793	32,295	533	539
Long service leave consequential on-costs - obligations expected to be settled after 12 months	443,581	360,875	6,679	5,599
Allocated days off	75,046	78,940	-	-
Sick leave	230	232	-	-
Death and disability (ambulance officers)	381	-	-	-
Other	9,887	-	-	-
	2,755,958	2,447,198	25,694	22,831
Other Provisions				
Restoration costs	10,323	3,155	-	-
Other	85,456	110,143	-	-
	95,779	113,298	-	-
Total current provisions	2,851,737	2,560,496	25,694	22,831
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	47,312	34,189	713	534
Death and disability (ambulance officers)	-	698	-	-
	47,312	34,887	713	534
Other Provisions				
Restoration costs	15,362	6,734	-	-
Other	-	2,404	-	-
	15,362	9,138	-	-
Total non-current provisions	62,674	44,025	713	534
Aggregate employee benefits and related on-costs				
Provisions - current	2,755,958	2,447,198	25,694	22,831
Provisions - non-current	47,312	34,887	713	534
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 31)	364,888	536,863	2,076	1,874
	3,168,158	3,018,948	28,483	25,239

Ministry of Health

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

34. Provisions (continued)

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Restoration costs

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Carrying amount at beginning of year	9,889	9,724	-	233
- Additional provisions recognised	19,596	1,412	-	23
- Amounts used	(3,800)	(1,247)	-	(256)
Carrying amount at end of year	25,685	9,889	-	-

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

The remaining balance consists of site remediation costs with the majority of the payments not expected to be made until 2023.

Other

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Carrying amount at beginning of year	112,547	103,728	-	-
- Additional provisions recognised	68,887	26,415	-	-
- Amounts used	(11,956)	(17,596)	-	-
- Unused amounts reversed	(84,022)	-	-	-
Carrying amount at end of year	85,456	112,547	-	-

The majority of the 'other' provision represent various contractual related obligations. The consolidated entity has recognised the provision amount by taking into consideration all available information at the reporting date and making best management estimation of the obligation. The timing of the payments will vary for each contractual related obligations.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

34. Provisions (continued)

Recognition and Measurement

Employee benefits and related on-costs

Salaries and wages, annual leave, sick leave, allocated days off (ADOs) 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 ADOs are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is 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, an entity controlled by the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% to 14.03% of nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The consolidated entity has assessed the actuarial advice based on the consolidated entity's circumstances to annual leave and ADOs and has determined that the effect of discounting is immaterial. All annual leave is classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity 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.

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

Long service leave and superannuation

The consolidated entity's liability for long service leave and defined benefit superannuation are assumed by The Crown in right of the State of New South Wales. The consolidated entity 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 and other liabilities'.

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 consolidated entity.

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 an 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 formula specified in the NSW Treasury's, an entity controlled by the ultimate parent entity, Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and Aware Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Ministry of Health

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

34. Provisions (continued)

Recognition and Measurement (continued)

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 payroll tax, workers' compensation insurance premiums and fringe benefits tax.

Other provisions

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

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

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

Ministry of Health

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

35. Other liabilities

	Consolidated 2021 $000	Consolidated[1] 2020 $000	Parent 2021 $000	Parent 2020 $000
Current				
Unearned revenue	110,760	62,742	-	-
Grant of right to operate liability under service concessions*	13,358	13,357	-	-
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	11,454	18,866	-	-
Other	473	416	-	-
	136,045	95,381	-	-
Non-current				
Unearned revenue	101,120	87,983	-	-
Grant of right to operate liability under service concessions*	185,124	198,482	-	-
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	48,067	46,218	-	-
Other	236	285	-	-
	334,547	332,968	-	-

[1] Other liabilities - current unearned revenue has been restated to be $8.36 million lower, non-current unearned revenue has been restated to be $129.53 million lower, current grant of right to operate under service concessions has been restated to be $13.36 million higher and non-current grant of right to operate liability under service concessions* has been restated to be $198.48 million higher in the prior year for the consolidated entity. Refer to Note 1(h) for further details.*

* This is the unearned revenue portion of the revenue from exchange of assets and is progressively reduced over the period of the arrangement. Refer to Note 13 and Note 25 for further information on service concession arrangements.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

35. Other liabilities (continued)

CONSOLIDATED

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

	2021 $000	2020 $000
Opening balance of liabilities arising from transfers to acquire/construct non-financial assets to be controlled by the entity	65,084	-
Liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity recognised upon initial application of AASB 1058	-	61,711
Add: receipt of cash during the financial year	51,821	18,813
Deduct: income recognised during the financial year	57,384	15,440
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	59,521	65,084

Refer to Note 11 for a description of the consolidated entity's obligations under transfers received to acquire or construct non-financial assets to be controlled by the consolidated entity.

The consolidated entity expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period evenly in the next 1 to 2 financial years, as the related asset(s) are constructed. There are also some liabilities in relation to future replacement of capital assets, the timing of revenue recognition is mostly unknown at this stage.

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

36. Equity

Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the consolidated entity's policy on the revaluation of property, plant and equipment as discussed in Note 25.

Accumulated funds

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

Reserves

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

Increase / (decrease) in net assets from equity transfer

		Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Transfer of property, plant and equipment	(a)	(101,119)	(23,300)	11,038	36,792
Transfer of other liabilities	(b)	-	-	-	46,121
Transfer of leases	(c)	-	-	271	-
		(101,119)	(23,300)	11,309	82,913

(a) Transfer of property, plant and equipment

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Carrying amount at transfer date				
Land & buildings	95,314	54,117	11,036	36,641
Infrastructure	567	-	-	151
Plant and equipment	-	-	2	
Fair value at transfer date	101,119	23,300	11,038	36,792

CONSOLIDATED

In 2020-21, the NSW Governor made the *Callan Park* (Special Provisions) (Vesting of Land) Proclamation 2020 to transfer Callan Park 'precinct 1', to the Centennial Park and Moore Park Trust, an entity controlled by the ultimate parent. The transfer was completed on the 16 December 2020 and was treated as an equity transfer. The carrying amount of the assets prior to the transfer was $95.9 million, the fair value at transfer date was $101.1 million.

In 2019-20, the former Manly Hospital site, Darley Road Manly, was transferred at $1 to Property NSW (PNSW), an entity controlled by the ultimate parent. The transfer was completed on 1 March 2020 and was treated as an equity transfer. The carrying amount of the asset prior to the transfer was $54.1 million, the fair value at transfer date was $23.3 million.

PARENT

In 2020-21, in accordance with the Real Property Disposal Framework, the following assets were transferred from Ambulance Service of NSW and Northern Sydney Local Health District, controlled entities to the Ministry of Health, at the fair value of the asset: Griffith ambulance station $1 million, Harden ambulance station $0.2 million, Busby ambulance station $1.7 million and 389 Pittwater Road, Queenscliff $8.1 million.

Ministry of Health

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

36. Equity (continued)

Increase / (decrease) in net assets from equity transfer (continued)

The NSW Multicultural Health Communication Service (MHCS), forming part of South Eastern Sydney Local District, an entity controlled by the immediate parent was co-located with the Ministry of Health in a property at Gladesville. Upon the MHCS vacating the property, a forklift at fair value of $0.02 million was transferred to the Ministry of Health.

In 2019-20, in accordance with the Real Property Disposal Framework, the following assets were transferred from Ambulance Service of NSW and Northern Sydney Local Health District, controlled entities to the Ministry of Health, at the fair value of the asset: Liverpool ambulance station $4.8 million, Kiama ambulance station $0.6 million, Molong ambulance station $0.1 million, 8-10 Murrua Road, North Turramurra $15.0 million, 1 Brookvale Avenue, Brookvale $1.3 million, 8 Woonana Avenue, Wahroonga $3.8 million and 15-29 Twin Road, North Ryde $11.2 million.

(b) Transfer of other liabilities

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Carrying amount at transfer date				
Unearned revenue	-	-	-	46,121
Fair value at transfer date	-	-	-	46,121

PARENT

In 2019-20, the Ministry transferred an unearned income liability to Northern Sydney Local Health District to manage for future periods. The liability is in respect of an upfront securitisation payment received by the Ministry for selling the rights to the Royal North Shore Hospital carpark license fee revenue.

(c) Transfer of leases

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Carrying amount at transfer date				
Right-of-use assets - land and buildings	-	-	(7,797)	-
Right-of-use assets - plant and equipment	-	-	18	-
Lease liabilities	-	-	8,050	-
Fair value at transfer date	-	-	271	-

PARENT

In 2020-21, the following leases were transferred to/from Ministry of Health from/to controlled entities of the Ministry of Health at $Nil consideration:

- two building property leases were transferred to eHealth NSW; and
- two motor vehicle leases were transferred from HealthShare NSW.

All corresponding right-of-use asset and lease liability balances were transferred across at the carrying amounts from the transferee to the transferor.

Ministry of Health

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

36. Equity (continued)

Recognition and Measurement

Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between entities controlled by the ultimate parent is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to 'accumulated funds'. This treatment is consistent with AASB 1004 and Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities.*

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

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

37. Commitments

(a) Capital commitments

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

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Within one year	885,010	1,658,099	-	404
Later than one year and not later than five years	454,330	555,608	-	-
Later than five years	6,871	-	-	-
Total (including GST)	1,346,211	2,213,707	-	404

(b) Input tax receivable related to capital commitments for expenditure

The total of capital 'commitments' payable, i.e. $1,346 million as at 30 June 2021, includes input tax credits of $122.4 million that are expected to be recoverable from the Australian Taxation Office (2020: $201.2 million).

Output tax payable related to commitments for revenue

The total of 'commitments' receivable, i.e. $194 million as at 30 June 2021, includes input tax of $17.6 million that is expected to be payable to the Australian Taxation Office (2020: $12.30 million).

Ministry of Health

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

38. Trust funds

CONSOLIDATED

The consolidated entity holds money in trust in relation to patient trusts, refundable deposits, private patient trust funds and third party funds. As the consolidated entity performs only a custodial role in respect of trust monies, they are excluded from the financial statements as the consolidated entity cannot use them for the achievement of its own objectives. The following is a summary of the transactions in the trust account.

2021	Opening Cash Balance	Add: Receipts	Less: Expenditure	Closing Cash Balance
	$000	$000	$000	$000
Patient Trust	5,451	7,908	(8,451)	4,908
Refundable Deposits	11,119	5,147	(4,507)	11,759
Private Patient Trust Funds	10,909	564,188	(563,146)	11,951
Third Party Funds	23,230	78,439	(60,709)	40,960
Total trust funds	50,709	655,682	(636,813)	69,578

2020	Opening Cash Balance	Add: Receipts	Less: Expenditure	Closing Cash Balance
	$000	$000	$000	$000
Patient Trust	5,665	7,167	(7,381)	5,451
Refundable Deposits	8,671	4,773	(2,325)	11,119
Private Patient Trust Funds	14,115	552,590	(555,796)	10,909
Third Party Funds	11,967	68,055	(56,792)	23,230
Total trust funds	40,418	632,585	(622,294)	50,709

PARENT

The parent entity holds money in a trust in relation to Nationally Funded Centres (NFC) and Health Chief Executives Forum (HCEF) formerly known as Australian Health Ministers' Advisory Council (AHMAC). As the parent entity performs only a custodial role in respect of trust monies, they are excluded from the financial statements as the parent entity cannot use them for the achievement of its own objectives. The following is a summary of the transactions in the trust account.

2021	Opening Cash Balance	Add: Receipts	Less: Expenditure	Closing Cash Balance
	$000	$000	$000	$000
Third Party Funds	-	16,141	-	16,141
Total trust funds	-	16,141	-	16,141

The parent entity did not administer any trust funds on behalf of others in 2020.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

38. Trust funds (continued)

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

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

Any amounts drawn down from trust funds under the private practice arrangements are not included in the key management personnel compensation amounts or disclosed as a related party transaction in Note 45.

Ministry of Health

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

39. Contingent liabilities and contingent assets

CONSOLIDATED

a) Contingent liabilities

A claim has been lodged against the consolidated entity for unspecified compensation in respect of alleged underpayment of employee award entitlements. The consolidated entity is defending the action. It is not practical to estimate the potential effect of these claims at the present time.

b) Contingent assets

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

PARENT

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

40. Interests in associates

Set out below are the associates of Hunter New England Local Health District (HNELHD) as at 30 June 2021 which, in the opinion of management at HNELHD, are material to the group. The proportion of ownership interest held by the group equals the voting rights held by the group.

Name of entity	Place of business and country of incorporation	Class of shares	Ownership interest		Reporting Period	Measurement method	Carrying amount	
			2021 %	2020 %			2021 $000	2020 $000
Hunter Medical Research Institute	Australia	Not applicable	25	25	31 December	Equity method	-	-

Hunter Medical Research Institute is a company limited by guarantee, whose constitution prohibits the distribution of funds to its members. Accordingly the carrying amount has been equity accounted at $Nil value and as such no financial information has been disclosed.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

41. 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[1,2] 2020 $000	Parent 2021 $000	Parent[2] 2020 $000
Net cash used on operating activities	1,915,678	3,663,727	(1,001,704)	1,152,807
Depreciation and amortisation expense	(1,139,883)	(1,082,031)	(29,497)	(13,790)
Allowance for impairment	(861,914)	(41,251)	-	-
Effects of exchange rate changes	(554)	(133)	(579)	(133)
(Increase) / decrease in unearned revenue	(13,639)	(28,344)	-	-
Decrease / (increase) in provisions	(309,889)	(253,416)	(3,045)	(3,782)
Increase / (decrease) in prepayments and other assets	480,394	1,273,354	152,996	(59,153)
Increase / (decrease) in contract assets	(237)	2,031	276	-
Decrease / (increase) in payables	25,901	(49,424)	(77,954)	1,018
Decrease / (increase) in contract liabilities	328,236	(369,880)	321,868	(345,968)
Impairment losses on assets held for sale recognised in 'other gains / (losses)'	-	(456)	-	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(99,201)	(2,898)	(92,526)	-
Net gain / (loss) on sale of property, plant and equipment	(33,714)	(13,923)	(94)	(5)
Net gain / (loss) on disposal of right-of-use assets	(101)	32	-	-
Non-cash revenue items	-	7,502	-	-
Assets donated or brought to account (Note 42)	13,666	28,077	(4,133)	-
Other	1,071	1,218	-	-
Net result	305,814	3,134,185	(734,392)	730,994

[1] *Depreciation and amortisation has been restated to be $6.07 million higher, unearned revenue restated to be $5.00 million lower, prepayments and other assets $1.86 million higher and other $0.21 million lower in the prior year for the consolidated entity. Refer to Note 1(h) for further details.*

[2] *Contract liabilities has been restated to be $27.04 million lower in the prior year for the consolidated and parent entity. Refer to Note 17 for further details.*

42. Non-cash financing and investing activities

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Assets donated or brought to account	13,666	28,077	(4,133)	-
Property, plant and equipment acquired by a lease	72,165	583,509	80	497,630
Property, plant and equipment contributed by external organisation	28,595	1,886	-	-
	114,426	613,472	(4,053)	497,630

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

43. Budget Review - Consolidated

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

NET RESULT

The actual net result ($305.8 million) is lower than the budgeted net result ($1,554 million) by $1,248 million for the year ended 30 June 2021.

A reconciliation of the movements between the actual and budgeted net result is presented below:

	$000
Net result - actual	305,814
NSW Treasury's Triennial actuarial review resulted in changes to the calculation of consequential factors associated with employee entitlements. The impact of this was an additional $64.8 million of expenses, not assumed by the Crown, recognised in employee related expenses.	64,810
Actuarial assessment impact of long service leave on annual leave on-costs resulted in additional employee related expenses of $98.3 million, not assumed by the Crown.	98,327
The consolidated entity had a write-off for $217 million of personal protective equipment inventories that expired and made allowances for impairment of $558.7 million of personal protective equipment as the consumption model indicates the equipment is unlikely to be used before it expires.	775,791
The market rent for some office accommodation leases were negatively impacted by COVID-19, indicating the carrying amount of such right-of-use assets exceeded their recoverable amounts.	99,201
Grants and subsidies to Affiliated Health Organisations and entities controlled by the ultimate parent were higher than expected due to payments for continued COVID-19 support and personal protective equipment being granted free of charge.	115,854
The consolidated entity recognised an insurance expense performance adjustment based on past claim performance resulting in an additional expense to the annual premium.	34,295
Capital expensing of capital works projects was higher than anticipated as a result of multiple projects requiring final fit outs of furniture, fixture and equipment as they neared completion.	47,090
The timing of new capital projects and intangible assets coming into service resulted in increased depreciation and amortisation.	25,903
Other minor variations.	(13,071)
Net result - budget	1,554,014

Ministry of Health

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

43. Budget Review - Consolidated (continued)

ASSETS AND LIABILITIES

The actual net assets ($21,909 million) is lower than the budgeted net assets ($23,332 million) by $1,423 million as at 30 June 2021.

A reconciliation of the movements between significant assets and liabilities is presented below:

	$000
Net assets - actual	21,909,553
The consolidated entity had a write-off for $217 million of personal protective equipment inventories that expired and made allowances for impairment of $558.7 million of personal protective equipment as the consumption model indicates the equipment is unlikely to be used before it expires.	775,791
Lower than anticipated non-current asset revaluations of property, plant and equipment and an equity transfer of Callan Park 'precinct 1', to the Centennial Park and Moore Park Trust, an entity controlled by the ultimate parent, resulted in a lower property, plant and equipment balance.	287,881
The market rent for some office accommodation leases were negatively impacted by COVID-19, indicating the carrying amount of such right-of-use assets exceeded their recoverable amounts.	99,201
NSW Treasury's Triennial actuarial review resulted in changes to the calculation of consequential factors associated with employee entitlements. The impact of this was an additional $64.8 million of provisions.	64,810
The annual leave provision significantly increased during the year as a result of staffing needs to manage the COVID-19 pandemic along with state and international border closures.	152,374
Actuarial assessment impact of long service leave on annual leave on-costs resulted in additional employee related provisions.	98,327
Net movement across several asset and liability classes due to other minor variations.	(55,814)
Net assets - budget	23,332,123

CASH FLOWS

The actual net cash flows from operating activities was lower than the budget by $889 million. This is primarily due to in-year payments being lower than the budgeted year end position for all payments except for payment for grants and subsidies. Similar to payments, receipts are lower than the budgeted year end position.

The net cash flows from investing activities were lower than expected by $301 million. This is attributable to a decrease in proceeds and purchases of property, plant and equipment and intangibles and proceeds and purchases of financial assets. These decreases were slightly offset by an increase in other investing activities.

The net cash flows from financing activities were higher than expected by $2 million. This is attributable to higher repayments of principal portion of lease liabilities and service concession financial liability and lower repayments of borrowings and advances than budgeted.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

44. Financial instruments

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

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

The Secretary of NSW Health 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 consolidated and parent entities, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

CONSOLIDATED

Class	Note	Category	2021 $000	2020 $000
Financial Assets				
Cash and cash equivalents	19	Amortised cost	2,031,071	2,658,959
Receivables[1]	20	Amortised cost	917,950	656,846
Contract assets[2]	21	Amortised cost	1,794	2,031
Financial assets at fair value	23	Fair value through profit or loss - mandatory classification	193,872	189,614
Other financial assets	24	Amortised cost	87,442	182,770
Total financial assets			3,232,129	3,690,220
Financial Liabilities				
Payables[3]	31	Financial Liabilities (at amortised cost)	1,878,618	1,841,377
Borrowings	33	Financial Liabilities (at amortised cost)	2,282,320	2,274,988
Other liabilities[3]	35	Financial Liabilities (at amortised cost)	709	701
Total financial liabilities			4,161,647	4,117,066

Notes

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

[2] *While contract assets are also not financial assets, they are explicitly included in the scope of AASB 7 Financial Instruments: Disclosures for the purpose of the credit risk disclosures.*

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

Ministry of Health

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

44. Financial instruments (continued)

(a) Financial instrument categories (continued)

PARENT

Class	Note	Category	2021 $000	2020 $000
Financial Assets				
Cash and cash equivalents	19	Amortised cost	160,068	728,371
Receivables[1]	20	Amortised cost	426,403	265,064
Contract assets[2]	21	Amortised cost	276	-
Other financial assets	24	Amortised cost	315,437	755,248
Total financial assets			902,184	1,748,683
Financial Liabilities				
Payables[3]	31	Financial Liabilities (at amortised cost)	525,213	449,143
Borrowings	33	Financial Liabilities (at amortised cost)	564,681	511,526
Total financial liabilities			1,089,894	960,669

Notes

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

[2] *While contract assets are also not financial assets, they are explicitly included in the scope of AASB 7 Financial Instruments: Disclosures for the purpose of the credit risk disclosures.*

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

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

When the consolidated entity 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 consolidated entity 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 consolidated entity continuing involvement in the asset. In that case, the consolidated entity 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.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

44. Financial instruments (continued)

(c) Offsetting financial instruments

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

(d) Financial risks

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 consolidated entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

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

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp IM Funds cash facility is discussed in market risk below.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables, contract assets and lease receivables

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

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

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

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The consolidated entity has not identified any relevant factors, and accordingly has not adjusted the historical loss rates.

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

Ministry of Health

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

44. Financial instruments (continued)

(d) Financial risks (continued)

i. Credit risk (continued)

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

CONSOLIDATED

30 June 2021	Current $000	<30 days $000	30-60 days $000	61-90 days $000	>91 days $000	Total $000
Expected credit loss rate	1.11%	7.15%	10.81%	17.20%	55.38%	9.56%
Estimated total gross carrying amount[1]	853,077	44,667	35,110	22,583	154,841	1,110,278
Expected credit loss	9,461	3,194	3,795	3,884	85,758	106,092

30 June 2020	Current $000	<30 days $000	30-60 days $000	61-90 days $000	>91 days $000	Total $000
Expected credit loss rate	0.89%	1.26%	13.68%	35.58%	45.18%	8.39%
Estimated total gross carrying amount[1,3]	430,171	223,016	24,716	13,585	117,469	808,957
Expected credit loss	3,812	2,808	3,381	4,833	53,068	67,902

PARENT

30 June 2021	Current $000	<30 days $000	30-60 days $000	61-90 days $000	>91 days $000	Total $000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount[1,2]	394,988	237	7	6	4,805	400,043
Expected credit loss	-	-	-	-	-	-

30 June 2020	Current $000	<30 days $000	30-60 days $000	61-90 days $000	>91 days $000	Total $000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount[1, 2]	58,435	183,606	904	105	7,021	250,071
Expected credit loss	-	-	-	-	-	-

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore the 'total' will note reconcile to the receivables total in Note 20 and the contract assets total in Note 21.

² The estimated total gross carrying amount for the parent entity also excludes receivables from controlled health entities.

³ Estimated total gross carrying amount has been restated higher by $72.4 million. Refer to Note 1(h) for further details.

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

Ministry of Health

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

44. Financial instruments (continued)

(d) Financial risks (continued)

i. Credit risk (continued)

Other financial assets - Authority Deposits

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

ii. Liquidity risk

Liquidity risk is the risk that the consolidated entity will be unable to meet its payment obligations when they fall due. The consolidated entity 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 effective management of cash, investments and liquid assets and liabilities.

The consolidated entity has negotiated no loan outside of arrangements with the Crown. During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral.

Liquidity risk is minimised by the use of service agreements between the Secretary of NSW Health and controlled health entities. The annual service agreements, requires controlled entities to manage their financial liquidity and in particular, meet benchmarks for the payment of creditors. Where the controlled entities fail to meet service agreement performance standards, the parent as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction.

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

Ministry of Health

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

44. Financial instruments (continued)

(d) Financial risks (continued)

ii. Liquidity risk (continued)

The following table summarises the maturity profile of the consolidated entity's financial liabilities together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities:

			Interest Rate Exposure			Maturity Dates		
	EIR[3]	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Year	1-5 Years	> 5 Years
	%	$000	$000	$000	$000	$000	$000	$000
CONSOLIDATED								
2021								
Payables[2]		1,878,618	-	-	1,878,618	1,878,618	-	-
Borrowings:								
- Other loans and deposits	2.60	59,649	59,649	-	-	8,699	33,075	17,875
- Lease liabilities	2.15	1,498,622	1,498,622	-	-	170,123	459,296	869,203
- Service concession financial liabilities	2.42	39,676	39,676	-	-	2,144	9,149	28,383
- PPP	9.21	2,097,591	117,397	1,980,194	-	119,683	507,068	1,470,840
- Other	-	48	-	-	48	48	-	-
		5,574,204	1,715,344	1,980,194	1,878,666	2,179,315	1,008,588	2,386,301
2020								
Payables[2]		1,841,377	-	-	1,841,377	1,841,377	-	-
Borrowings:								
- Other loans and deposits	2.87	51,878	51,878	-	-	7,202	27,855	16,821
- Lease liabilities	2.09	1,449,237	1,449,237	-	-	173,023	464,823	811,391
- Service concession financial liabilities[4]	2.42	41,766	41,766	-	-	2,089	8,917	30,760
- PPP[4]	9.92	2,213,496	125,380	2,088,116	-	117,318	495,099	1,601,079
- Other	-	63	-	-	63	63	-	-
		5,597,817	1,668,261	2,088,116	1,841,440	2,141,072	996,694	2,460,051

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 consolidated entity can be required to pay. The tables include both interest and principal cash flows and therefore will not agree to the Statement of Financial Position.*

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

[3] *Weighted Average Effective Interest Rate (EIR).*

[4] *Service concession financial liabilities and PPP amounts have been restated in the prior year. Refer to Note 1(h) for further details.*

Ministry of Health

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

44. Financial instruments (continued)
(d) Financial risks (continued)
ii. Liquidity risk (continued)

Maturity analysis and interest rate exposure of financial liabilities:

			Interest Rate Exposure			Maturity Dates		
	EIR[3]	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Year	1-5 Years	> 5 Years
	%	$000	$000	$000	$000	$000	$000	$000
PARENT								
2021								
Payables[2]		525,213	-	-	525,213	525,213	-	-
Borrowings:								
- Lease liabilities	2.29	806,420	806,420	-	-	21,258	78,907	706,255
		1,331,633	806,420	-	525,213	546,471	78,907	706,255
2020								
Payables[2]		449,143	-	-	449,143	449,143	-	-
Borrowings:								
- Lease liabilities	2.29	723,831	723,831	-	-	23,387	82,549	617,895
		1,172,974	723,831	-	449,143	472,530	82,549	617,895

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 consolidated entity can be required to pay. The tables include both interest and principal cash flows and therefore will not agree to the Statement of Financial Position.

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

[3] Weighted Average Effective Interest Rate (EIR).

Ministry of Health

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

44. Financial instruments (continued)

(d) Financial risks (continued)

iii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The consolidated entity's exposures to market risk are primarily through interest rate risk on the consolidated entity's borrowings, foreign currency risk and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The consolidated entity 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, foreign currency 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 consolidated entity 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 reporting date. The analysis was performed on the same basis 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 consolidated entity's interest bearing liabilities.

However, controlled entities are not permitted to borrow external to the Ministry of Health (energy loans which are negotiated through NSW Treasury are excepted).

Both NSW Treasury and Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The consolidated entity 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 of 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 RBA 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.

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

CONSOLIDATED	2021		2020	
	$000		$000	
	-1%	1%	-1%	1%
Net result	(294)	294	(7,557)	7,557
Equity	(294)	294	(7,557)	7,557

PARENT	2021		2020	
	$'000		$'000	
	-1%	1%	-1%	1%
Net result	(4,755)	4,755	(14,836)	14,836
Equity	(4,755)	4,755	(14,836)	14,836

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

44. Financial instruments (continued)

(d) Financial risks (continued)

iii. Market risk (continued)

Foreign exchange risk

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

The consolidated entity manages its foreign exchange risk by maintaining United States (US) dollar denominated bank accounts or buying US currencies from TCorp at the time of purchase commitment in accordance with the consolidated entity's risk management policies.

At year end, the consolidated entity did not hold any foreign currency denominated monetary assets and monetary liabilities, except for cash held in a US dollar denominated bank account. All funds held at year end in foreign currency are expected to be used to settle existing purchase commitments that are denominated in US currency. As a result, the consolidated entity is not exposed to foreign exchange rates fluctuations.

A sensitivity analysis has been disclosed, should the cash and currency held in US dollars not be used for future payment of US denominated inventory purchases and instead used to purchase Australian Dollars. A sensitivity of 10% movement in the exchange rates has been selected for use in the sensitivity analysis at the reporting date, as this is considered reasonable, based on the current Australian dollar level and the historical volatility of the Australian dollar against the US currency. Based on the value of the Australian dollar at the reporting date as compared with the currencies below, adverse or favourable movements in the foreign exchange rates would result in an increase or decrease in the Australian dollar fair value respectively.

CONSOLIDATED

2021		+10%		-10%	
		Net result	Equity	Net result	Equity
	$000	$000	$000	$000	$000
Denominated US Dollars	2,791	(254)	(254)	310	310

2020		+10%		-10%	
		Net result	Equity	Net result	Equity
	$000	$000	$000	$000	$000
Denominated US Dollars	100,729	(9,157)	(9,157)	11,192	11,192

Ministry of Health

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

44. Financial instruments (continued)
(d) Financial risks (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 consolidated entity has no direct equity investments. The consolidated entity holds units in the following TCorpIM Funds trusts:

Facility	Investment Sectors	Investment Horizon	2021 $000	2020 $000
TCorpIM Cash Fund	Cash and fixed income	Up to 1.5 years	182,975	176,398
TCorpIM Short Term Income Fund	Cash and fixed income	1.5 years to 3 years	130,732	130,329
TCorpIM Medium-Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	3 years to 7 years	15,276	14,013
TCorpIM Long-Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	7 years and over	47,865	45,272

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. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds facilities limits the consolidated entity'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 a change in the unit price. This impact is based on a sensitivity rate of 10%, multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM Funds statement). Actual movements in the price risk variables may differ to the sensitivity rate used due to a number of factors. The TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results / equity.

	Change in unit price		Impact on net result / equity	
	2021 %	2020 %	2021 $000	2020 $000
TCorpIM Cash Fund	+/- 10%	+/- 10%	18,298	17,640
TCorpIM Short Term Income Fund	+/- 10%	+/- 10%	13,073	13,033
TCorpIM Medium-Term Growth Fund	+/- 10%	+/- 10%	1,528	1,401
TCorpIM Long-Term Growth Fund	+/- 10%	+/- 10%	4,786	4,527

Ministry of Health

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

44. Financial instruments (continued)

(e) Fair value measurement

i. Fair value compared to carrying amount

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

The consolidated entity's fair value does not differ from the carrying amount.

ii. Fair value recognised in the Statement of Financial Position

TCorpIM Funds Investment Facilities 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 consolidated entity 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 consolidated entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2021	Level 1	Level 2	Level 3	Total
	$000	$000	$000	$000
TCorpIM Funds Investment Facility	-	376,848	-	376,848

2020	Level 1	Level 2	Level 3	Total
	$000	$000	$000	$000
TCorpIM Funds Investment Facility	-	366,012	-	366,012

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 (2020: $Nil).

The value of the TCorpIM Funds Investments is based on the consolidated entity'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.

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

45. Related party disclosures

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	Consolidated 2021 $000	Consolidated 2020 $000	Parent 2021 $000	Parent 2020 $000
Short-term employee benefits	3,239	3,102	3,239	3,102
Post-employment benefits	71	63	71	63
	3,310	3,165	3,310	3,165

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

(b) Transactions and outstanding balances with key management personnel of the consolidated entity and its parent during the financial year

There were no material transactions or outstanding balances with key management personnel of the consolidated entity and its parent during the financial year.

(c) Transactions the consolidated entity had with government related entities during the financial year

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

Operating expenses incurred as follows:

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Cost for mobile radio network services
- Utilities, including electricity, gas and water expenses
- Property lease expenses
- Insurance costs
- Legal and consultancy costs
- Motor vehicle toll expenses
- Grants and subsidies to health cluster agencies
- Personal protective equipment granted to entities of the ultimate parent
- Various grants and other contributions
- Project management costs for capital works projects.

Revenue earned as follows:

- Recurrent and Capital appropriations as per the Appropriations Act
- NSW Treasurer's State Contingency Grant on COVID-19
- Motor Accident Third Party revenue is received from State Insurance Regulatory Authority (SIRA) under a bulk billing agreement
- Clinical services revenue was earned from the NSW Police Force, Transport for NSW and Resilience NSW
- Various grants and other contributions
- Interest income on TCorpIM Funds Investment facilities
- Contract revenue for the construction works

Ministry of Health

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

45. Related party disclosures (continued)

(c) Transactions the consolidated entity had with government related entities during the financial year (continued)

Revenue earned as follows (continued):

- Insurance refunds
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation.

Assets and Liabilities as follows:

- Receivables / payables in respect of the above noted related party revenue and expense transactions
- Some sale proceeds for non-current property, plant and equipment assets
- Right-of-use assets and lease liabilities with Property NSW and Department of Customer Service
- Some term deposits are invested with TCorpIM Funds Investment facilities
- Energy Efficient Government Program loans are held with the Crown.

Transactions the parent entity had with government related entities during the financial year

Further to the above transactions entered into by the consolidated entity, the parent entity entered into the following transactions within the normal course of business with entities it controlled which are consolidated as part of these financial statements:

Operating expenses incurred as follows:

- Grants and subsidies provided to health entities.

Revenue earned as follows:

- Revenue from personnel services provided
- Various grants from Department of Communities and Justice.

Assets and Liabilities as follows:

- Intra-health receivables and payables
- Right-of-use assets and lease liabilities with Property NSW and Department of Customer Service
- Receivable for advances made to health entities.

(d) Individually significant transactions with Government-related entities

Peppercorn Lease 1: Doonside Lease

NSW Land & Housing Corporation (LHC), an entity controlled by the ultimate parent, entered into a lease agreement with Western Sydney Local Health District (WSLHD) for the lease of the land at 32 Birdside Avenue, Doonside for a 99 year period commencing on 2 December 1991 and ending on 1 December 2090. WSLHD pay a lease rental of $1 per year to the LHC.

Peppercorn Lease 2: Mt Druitt Lease

Department of Planning, Industry and Environment (DPIE), an entity controlled by the ultimate parent, has entered into a lease agreement with Western Sydney Local Health District (WSLHD) for lease of the land located at Lots 29 and 30 in Rooty Hill, Cumberland County for a 77 year period commencing from 4 November 1973 to 31 December 2050. WSLHD will pay $1 per year to the DPIE.

Ministry of Health

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

46. 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 at a later stage regional NSW and therefore has impacted the way the consolidated entity has operated since reporting date. Elective surgery was cancelled in public hospitals as they prepared for surges in COVID-19 presentations. Management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of COVID-19 on the consolidated entity after reporting date.

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

END OF AUDITED FINANCIAL STATEMENTS