



## INDEPENDENT AUDITOR'S REPORT

### Western Sydney Local Health District

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Western Sydney Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

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

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

#### Basis for Opinion

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

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

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

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

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

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

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

## **Emphasis of Matter - Presentation of Budget Information**

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

## **Chief Executive's Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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



Min Lee  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

7 October 2022  
SYDNEY

# Western Sydney Local Health District

## Statement by the Accountable Authority

for the year ended 30 June 2022



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

1. The financial statements of the Western Sydney Local Health District for the year ended 30 June 2022 have been prepared in accordance with:
  - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
  - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2018*; and
  - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Western Sydney Local Health District's financial position as at 30 June 2022 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Graeme Loy  
**Chief Executive**  
30 September 2022

A handwritten signature in black ink, appearing to be 'G. Loy', written over a faint circular stamp.

Barry Mitrevski  
**Director of Finance**  
30 September 2022

A handwritten signature in black ink, appearing to be 'B. Mitrevski', written over a faint circular stamp.

## Western Sydney Local Health District

### Statement of Comprehensive Income for the year ended 30 June 2022

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget <sup>1</sup>	Actual	Actual	Actual
		2022	2022	2021	2022	2021
Notes		\$000	\$000	\$000	\$000	\$000
<b>Continuing operations</b>						
<b>Expenses excluding losses</b>						
Employee related expenses	2	1,440,501	1,459,903	1,339,651	-	-
Personnel services	3	-	-	-	1,449,859	1,341,403
Visiting medical officers	4	63,845	58,417	52,870	63,845	52,870
Other expenses	5	780,981	769,370	609,200	780,981	609,200
Depreciation and amortisation	6	105,627	106,006	88,511	105,627	88,511
Grants and subsidies	7	10,843	12,340	10,832	10,843	10,832
Finance costs	8	792	1,110	566	792	566
<b>Total expenses excluding losses</b>		<b>2,402,589</b>	<b>2,407,146</b>	<b>2,101,630</b>	<b>2,411,947</b>	<b>2,103,382</b>
<b>Revenue</b>						
Ministry of Health recurrent allocations	11	1,950,671	1,915,139	1,726,494	1,950,671	1,726,494
Ministry of Health capital allocations	11	85,209	88,433	102,101	85,209	102,101
Acceptance by the Crown <sup>2</sup> of employee benefits	15	(9,358)	(9,260)	(1,752)	-	-
Sale of goods and services from contracts with customers	12	182,655	230,255	204,053	182,655	204,053
Investment revenue	13	(261)	2,300	3,769	(261)	3,769
Grants and other contributions	14	71,052	56,903	82,077	71,052	82,077
Other income	16	18,973	23,020	21,605	18,973	21,605
<b>Total revenue</b>		<b>2,298,941</b>	<b>2,306,790</b>	<b>2,138,347</b>	<b>2,308,299</b>	<b>2,140,099</b>
<b>Operating result</b>		<b>(103,648)</b>	<b>(100,356)</b>	<b>36,717</b>	<b>(103,648)</b>	<b>36,717</b>
Gains / (losses) on disposal	17	(2,184)	(475)	46	(2,184)	46
Impairment losses on financial assets	21	(3,367)	(893)	(2,689)	(3,367)	(2,689)
Other gains / (losses)	18	(461)	(450)	-	(461)	-
<b>Net result from continuing operations</b>	<b>38</b>	<b>(109,660)</b>	<b>(102,174)</b>	<b>34,074</b>	<b>(109,660)</b>	<b>34,074</b>
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to net result in subsequent periods</i>						
Changes in revaluation surplus of property, plant and equipment	24	200,871	-	116,949	200,871	116,949
<b>Total other comprehensive income</b>		<b>200,871</b>	<b>-</b>	<b>116,949</b>	<b>200,871</b>	<b>116,949</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>91,211</b>	<b>(102,174)</b>	<b>151,023</b>	<b>91,211</b>	<b>151,023</b>

<sup>1</sup> Unaudited adjusted budget, see Note 37.

<sup>2</sup> Crown represents 'The Crown in right of the State of New South Wales'

The accompanying notes form part of these financial statements.

**Western Sydney Local Health District**  
**Statement of Financial Position as at 30 June 2022**

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget <sup>1</sup>	Actual	Actual	Actual
	Notes	2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	20	100,098	101,189	114,919	100,098	114,919
Receivables	21	79,872	78,471	77,991	79,872	77,991
Inventories	22	18,231	17,263	15,778	18,231	15,778
Financial assets at fair value	23	20,065	21,932	21,494	20,065	21,494
<b>Total current assets</b>		<b>218,266</b>	<b>218,855</b>	<b>230,182</b>	<b>218,266</b>	<b>230,182</b>
<b>Non-current assets</b>						
Receivables	21	2,508	2,725	2,725	2,508	2,725
Property, plant & equipment	24					
- Land and buildings		2,741,183	2,539,128	2,532,489	2,741,183	2,532,489
- Plant and equipment		121,304	129,918	150,177	121,304	150,177
- Infrastructure systems		107,346	98,960	100,265	107,346	100,265
Total property, plant & equipment		2,969,833	2,768,006	2,782,931	2,969,833	2,782,931
Right-of-use assets	25	23,695	25,632	15,490	23,695	15,490
Intangible assets	26	490	132	79	490	79
<b>Total non-current assets</b>		<b>2,996,526</b>	<b>2,796,495</b>	<b>2,801,225</b>	<b>2,996,526</b>	<b>2,801,225</b>
<b>Total assets</b>		<b>3,214,792</b>	<b>3,015,350</b>	<b>3,031,407</b>	<b>3,214,792</b>	<b>3,031,407</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	29	127,814	137,130	97,018	127,814	97,018
Contract liabilities	30	14,852	14,845	14,845	14,852	14,845
Borrowings	31	7,210	6,141	6,239	7,210	6,239
Provisions	32	326,159	313,379	269,660	326,159	269,660
Other current liabilities	33	2,330	2,290	2,290	2,330	2,290
<b>Total current liabilities</b>		<b>478,365</b>	<b>473,785</b>	<b>390,052</b>	<b>478,365</b>	<b>390,052</b>
<b>Non-current liabilities</b>						
Borrowings	31	22,317	30,398	15,805	22,317	15,805
Provisions	32	3,977	3,977	4,427	3,977	4,427
Other non-current liabilities	33	58,456	58,439	60,657	58,456	60,657
<b>Total non-current liabilities</b>		<b>84,750</b>	<b>92,814</b>	<b>80,889</b>	<b>84,750</b>	<b>80,889</b>
<b>Total liabilities</b>		<b>563,115</b>	<b>566,599</b>	<b>470,941</b>	<b>563,115</b>	<b>470,941</b>
<b>Net assets</b>		<b>2,651,677</b>	<b>2,448,751</b>	<b>2,560,466</b>	<b>2,651,677</b>	<b>2,560,466</b>
<b>EQUITY</b>						
Reserves		890,558	689,230	689,228	890,558	689,228
Accumulated funds		1,761,119	1,759,521	1,871,238	1,761,119	1,871,238
<b>Total Equity</b>		<b>2,651,677</b>	<b>2,448,751</b>	<b>2,560,466</b>	<b>2,651,677</b>	<b>2,560,466</b>

<sup>1</sup> Unaudited adjusted budget, see Note 37.

The accompanying notes form part of these financial statements.

**Western Sydney Local Health District**  
**Statement of Changes in Equity for the year ended 30 June 2022**

**PARENT AND CONSOLIDATION**

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2021</b>		<b>1,871,238</b>	<b>689,228</b>	<b>2,560,466</b>
<b>Net result for the year</b>		<b>(109,660)</b>	<b>-</b>	<b>(109,660)</b>
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	24	-	200,871	200,871
Reclassification of revaluation increments / (decrements) to accumulated funds on disposal of assets		(459)	459	-
<b>Total other comprehensive income</b>		<b>(459)</b>	<b>201,330</b>	<b>200,871</b>
<b>Total comprehensive income for the year</b>		<b>(110,119)</b>	<b>201,330</b>	<b>91,211</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase / (decrease) in net assets from equity transfers	34	-	-	-
<b>Balance at 30 June 2022</b>		<b>1,761,119</b>	<b>890,558</b>	<b>2,651,677</b>

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2020</b>		<b>1,900,412</b>	<b>508,742</b>	<b>2,409,154</b>
Prior Period Adjustment - Cumberland Hospital*		(63,537)	63,537	-
<b>Restated balance at 1 July 2020</b>		<b>1,836,875</b>	<b>572,279</b>	<b>2,409,154</b>
<b>Net result for the year</b>		<b>34,074</b>	<b>-</b>	<b>34,074</b>
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	24	-	116,949	116,949
<b>Total other comprehensive income</b>		<b>-</b>	<b>116,949</b>	<b>116,949</b>
<b>Total comprehensive income for the year</b>		<b>34,074</b>	<b>116,949</b>	<b>151,023</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase / (decrease) in net assets from equity transfers	34	289	-	289
<b>Balance at 30 June 2021</b>		<b>1,871,238</b>	<b>689,228</b>	<b>2,560,466</b>

\*In accordance with Ministry of Health direction the District recorded a 100% devaluation decrement in 2017 for land, buildings and infrastructure of the Eastern section of the Cumberland Hospital Campus. The assets were then transferred to Urban Growth NSW at the nominal value of \$1.00.

The Asset Revaluation Reserve (ARR) associated with the East Cumberland campus was \$63.8m lower than the Net Book Value of the assets' revaluation decrement. The decrement was applied to the ARR for the land and building asset classes. The District has subsequently reclassified the deficit in the ARR to equity at the Ministry's request.

**The accompanying notes form part of these financial statements.**



**Western Sydney Local Health District**  
**Statement of Cash Flows for the year ended 30 June 2022**

	Notes	Consolidated Actual 2022 \$000	Consolidated Budget <sup>1</sup> 2022 \$000	Consolidated Actual 2021 \$000	Parent Actual 2022 \$000	Parent Actual 2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related		(1,418,347)	(1,424,328)	(1,343,552)	-	-
Suppliers for goods and services		(847,571)	(855,119)	(734,382)	(847,571)	(734,382)
Grants and subsidies		(10,258)	(11,756)	(12,039)	(10,258)	(12,039)
Finance costs		(792)	(1,110)	(566)	(792)	(566)
Personnel services		-	-	-	(1,418,347)	(1,343,552)
<b>Total payments</b>		<b>(2,276,968)</b>	<b>(2,292,313)</b>	<b>(2,090,539)</b>	<b>(2,276,968)</b>	<b>(2,090,539)</b>
<b>Receipts</b>						
Ministry of Health recurrent allocations		1,950,671	1,915,139	1,726,494	1,950,671	1,726,494
Ministry of Health capital allocations		85,209	88,433	102,101	85,209	102,101
Reimbursements from the Crown <sup>2</sup>		20,163	20,163	17,970	20,163	17,970
Sale of goods and services		183,014	232,603	211,057	183,014	211,057
Interest received		1,168	2,258	1,111	1,168	1,111
Grants and other contributions		46,054	38,860	79,498	46,054	79,498
Other		65,691	68,737	107,561	65,691	107,561
<b>Total receipts</b>		<b>2,351,970</b>	<b>2,366,193</b>	<b>2,245,792</b>	<b>2,351,970</b>	<b>2,245,792</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	38	<b>75,002</b>	<b>73,880</b>	<b>155,253</b>	<b>75,002</b>	<b>155,253</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of property, plant and equipment		39	(121,728)	271	39	271
Purchases of property, plant and equipment and intangibles		(82,150)	37,654	(149,129)	(82,150)	(149,129)
Purchases of financial assets		-	(438)	-	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(82,111)</b>	<b>(84,512)</b>	<b>(148,858)</b>	<b>(82,111)</b>	<b>(148,858)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings and advances		(748)	2,252	(726)	(748)	(726)
Payment of principal portion of lease liabilities		(6,964)	(5,350)	(5,583)	(6,964)	(5,583)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(7,712)</b>	<b>(3,098)</b>	<b>(6,309)</b>	<b>(7,712)</b>	<b>(6,309)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(14,821)</b>	<b>(13,730)</b>	<b>86</b>	<b>(14,821)</b>	<b>86</b>
Opening cash and cash equivalents	20	114,919	114,919	114,833	114,919	114,833
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	20	<b>100,098</b>	<b>101,189</b>	<b>114,919</b>	<b>100,098</b>	<b>114,919</b>

<sup>1</sup> Unaudited adjusted budget, see Note 37.

<sup>2</sup> Crown represents 'The Crown in right of the State of New South Wales'

The accompanying notes form part of these financial statements.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**1. Statement of Significant Accounting Policies**

**a) Reporting entity**

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

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

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

- \* The parent entity comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in Note 28), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- \* The Western Sydney Local Health District Special Purpose Service Entity, which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

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

These consolidated financial statements for the year ended 30 June 2022 have been authorised for issue by the Chief Executive on 30 September 2022.



**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**1. Statement of Significant Accounting Policies**

**b) Basis of preparation**

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

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

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

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

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

The Commonwealth has entered a National Partnership Agreement (NPA), in response to the COVID-19 pandemic, with States and Territories, including NSW which has been extended through until 31 December 2022. The Agreement delivers funding to public hospitals and provides stability and certainty of funding while ensuring access to health services in public hospitals.

The 2022-23 Ministry of Health budget included over \$33.5 billion in expense and capital for the NSW Health Cluster. Appropriation revenue of \$18.7 billion was enshrined in legislation on 21 June 2022 in Part 2, Division 4 and Part 3 of the *Appropriation (Parliament) Bill 2022*.

The District has received an additional \$274.50 million (2021: \$146.57 million) through Ministry of Health allocations as financial support for COVID-19 activity, see Note 11.

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

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

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**1. Statement of Significant Accounting Policies**

**b) Basis of preparation (continued)**

Western Sydney Local Health District has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409*. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

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

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

**c) Statement of Compliance**

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

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

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

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

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

**e) Foreign currency translation**

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

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

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

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

**f) Comparative Information**

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

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**1. Statement of Significant Accounting Policies**

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

**(i) Effective for the first time in 2021-22**

The accounting policies applied in 2021-22 are consistent with those of the previous financial year.

Several amendments and interpretations apply for the first time in 2021-22, but do not have an impact on the financial statements of the District.

**(ii) Issued but not yet effective**

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

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

The COVID-19 pandemic has resulted in significant changes in the District activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2021-22 and increased disclosures are presented in the following notes:

- \* Note 1b) Basis of preparation
- \* Note 5 Operating expenses
- \* Note 7 Grants and subsidies
- \* Note 11 Ministry of Health allocations
- \* Note 12 Sale of goods and services from contracts with customers
- \* Note 14 Grants and other contributions
- \* Note 18 Other gains / (losses)
- \* Note 21 Receivables
- \* Note 22 Inventories
- \* Note 25 Leases
- \* Note 27 Fair value measurement of non-financial assets
- \* Note 29 Payables
- \* Note 32 Provisions
- \* Note 37 Adjusted budget review
- \* Note 43 Events after the reporting period

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**2. Employee related expenses**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Salaries and wages (including annual leave and allocated days off)	1,316,842	1,212,211	-	-
Superannuation - defined benefit plans	5,457	5,798	-	-
Superannuation - defined contribution plans	120,245	105,329	-	-
Long service leave	(19,819)	1,780	-	-
Redundancies	360	441	-	-
Workers' compensation insurance	17,449	13,852	-	-
Fringe benefits tax	(33)	240	-	-
	<b>1,440,501</b>	<b>1,339,651</b>	<b>-</b>	<b>-</b>

Refer to Note 32 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$0.06 million (2021: \$0.82 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

The long service leave in 2021 was impacted by significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

**3. Personnel services**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	1,316,842	1,212,211
Superannuation - defined contribution plans	-	-	120,245	105,329
Long service leave	-	-	(5,004)	9,330
Redundancies	-	-	360	441
Workers' compensation insurance	-	-	17,449	13,852
Fringe benefits tax	-	-	(33)	240
	<b>-</b>	<b>-</b>	<b>1,449,859</b>	<b>1,341,403</b>

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

Personnel services of \$0.06 million (2021: \$0.82 million) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

**4. Visiting medical officers**

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing speciality input in a number of disciplines throughout the District's hospitals. VMO expenses of \$63.85 million (2021: \$52.87 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**5. Other expenses**

	<b>Consolidated 2022 \$000</b>	<b>Consolidated 2021 \$000</b>	<b>Parent 2022 \$000</b>	<b>Parent 2021 \$000</b>
Advertising	169	176	169	176
Auditor's remuneration - audit of financial statements	235	235	235	235
Blood and blood products	16,719	12,523	16,719	12,523
Consultancies	15	86	15	86
Contractors	8,734	995	8,734	995
Domestic supplies and services	27,146	20,492	27,146	20,492
Drug supplies*	114,111	83,960	114,111	83,960
Food supplies	29,092	27,687	29,092	27,687
Fuel, light and power	17,146	15,903	17,146	15,903
Patient transport costs	15,774	13,755	15,774	13,755
Information management expenses	55,769	49,849	55,769	49,849
Insurance	3,408	2,742	3,408	2,742
Maintenance (see Note 5 (b))	59,404	64,179	59,404	64,179
Medical and surgical supplies	127,563	110,939	127,563	110,939
Motor vehicle expenses	1,032	1,471	1,032	1,471
Postal and telephone costs	4,408	4,563	4,408	4,563
Printing and stationery	4,252	4,545	4,252	4,545
Rates and charges	2,064	1,576	2,064	1,576
Hosted services purchased from entities controlled by the immediate parent	62	-	62	-
Specialised services (dental, radiology, pathology and allied health)	101,420	91,216	101,420	91,216
Staff related costs	22,880	12,358	22,880	12,358
Travel related costs	2,059	955	2,059	955
Other (see Note 5 (a))	167,519	88,995	167,519	88,995
	<b>780,981</b>	<b>609,200</b>	<b>780,981</b>	<b>609,200</b>

\* Drug supplies includes \$18.70 million (2021: \$Nil) of COVID-19 vaccinations administered by vaccination hubs within the District. Refer to Note 22 for further details on COVID-19 vaccines.

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

**Western Sydney Local Health District**  
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**5. Other expenses (continued)**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>(a) Other</b>				
Contract for patient services	84,038	42,226	84,038	42,226
Corporate support services	10,450	10,407	10,450	10,407
Courier and freight	548	655	548	655
Isolated patient travel and accommodation assistance scheme	26	6	26	6
Legal services	615	241	615	241
Membership/professional fees	1,252	910	1,252	910
Quality assurance / accreditation	224	39	224	39
Security services	19,733	10,392	19,733	10,392
Expenses relating to short-term leases	667	600	667	600
Expenses relating to leases of low-value assets	3,673	2,516	3,673	2,516
Variable lease payments, not included in lease liabilities	-	4	-	4
Data Records & Storage	1,954	2,049	1,954	2,049
Chaplaincy	656	692	656	692
Other Management Services	18,851	8,947	18,851	8,947
IntraHealth Other Expense	15,438	1,601	15,438	1,601
Other miscellaneous	9,394	7,710	9,394	7,710
	<b>167,519</b>	<b>88,995</b>	<b>167,519</b>	<b>88,995</b>
<b>(b) Reconciliation of total maintenance expense</b>				
Maintenance contracts	12,180	10,130	12,180	10,130
New / replacement equipment under \$10,000	18,656	25,654	18,656	25,654
Repairs maintenance / non contract	30,100	30,209	30,100	30,209
Other	(1,532)	(1,814)	(1,532)	(1,814)
Maintenance expense - contracted labour and other (non-employee related) in Note 5	<b>59,404</b>	<b>64,179</b>	<b>59,404</b>	<b>64,179</b>
Employee related/personnel services maintenance expense included in Notes 2 and 3.	5,868	4,884	5,868	4,884
	<b>65,272</b>	<b>69,063</b>	<b>65,272</b>	<b>69,063</b>



**5. Other expenses (continued)**

**Recognition and Measurement**

***Maintenance expense***

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

***Operating expenses***

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 29.

***Insurance***

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

***Lease expense***

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

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

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**6. Depreciation and amortisation**

	<b>Consolidated 2022 \$000</b>	<b>Consolidated 2021 \$000</b>	<b>Parent 2022 \$000</b>	<b>Parent 2021 \$000</b>
Depreciation - buildings	74,330	62,455	74,330	62,455
Depreciation - plant and equipment	20,342	17,644	20,342	17,644
Depreciation - infrastructure systems	3,859	2,572	3,859	2,572
Depreciation - right-of-use buildings	299	316	299	316
Depreciation - right-of-use plant and equipment	6,772	5,486	6,772	5,486
Amortisation - intangible assets	25	38	25	38
	<b>105,627</b>	<b>88,511</b>	<b>105,627</b>	<b>88,511</b>

Refer to Note 24 Property, plant and equipment, Note 25 Leases, and Note 26 Intangible assets for recognition and measurement policies on depreciation and amortisation.

**7. Grants and subsidies**

	<b>Consolidated 2022 \$000</b>	<b>Consolidated 2021 \$000</b>	<b>Parent 2022 \$000</b>	<b>Parent 2021 \$000</b>
Non-government organisations	7,903	7,686	7,903	7,686
Grants to research organisations	10	313	10	313
Grants to entities controlled by the immediate parent*	2,452	1,936	2,452	1,936
Other grants*	478	897	478	897
	<b>10,843</b>	<b>10,832</b>	<b>10,843</b>	<b>10,832</b>

\* The District granted COVID-19 vaccines to other NSW Health entities and to third parties for nil consideration at current replacement cost. Refer to Note 22 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines provided to NSW Health entities under grants to entities controlled by the immediate parent was \$1.20 million (2021: \$Nil) and to external third parties under other grants was \$0.13 million (2021: \$Nil).

**Recognition and Measurement**

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**8. Finance costs**

	<b>Consolidated</b>	<b>Consolidated</b>	<b>Parent</b>	<b>Parent</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Interest expense from lease liabilities	619	371	619	371
Interest expense from financial liabilities at amortised	173	195	173	195
	<b>792</b>	<b>566</b>	<b>792</b>	<b>566</b>

**Recognition and Measurement**

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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**9. Revenue**

**Recognition and Measurement**

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

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

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

**10. Summary of compliance**

The Appropriation Act 2021 (Appropriations Act) appropriates the sum of \$15,786,793,288 to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2021–22. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including Western Sydney Local Health District.

The responsible Minister for each GSF agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the Government Sector Finance Act, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency. The spending authority of the responsible Minister(s) from deemed appropriation money has been delegated or sub-delegated to officers of the District for its own services.

A summary of compliance is disclosed in the financial statements of the Annual Report of NSW Health. It has been prepared on the basis of aggregating the spending authorities of both the Minister for Health for the services of the Ministry of Health and the responsible Ministers for the services of the entities the principal department is administratively responsible for that receives or recovers deemed appropriation money. It reflects the status at the point in time this disclosure statement is being made. The District's spending authority and expenditure is included in the summary of compliance.

The delegations and sub-delegations for FY21/22 and FY20/21, authorising officers of the District to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of the District. However, as it relates to expenditure in reliance on a sum appropriated through an annual Appropriations Act, the delegation/sub-delegations are referable to the overall authority to spend set out in the relevant Appropriations Act. The individual transaction limits have been properly observed. The information in relation to the limit from the Appropriations Act is disclosed in the summary of compliance table included in the financial statements of the Annual Report of NSW Health.

**11. Ministry of Health allocations**

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

The District recognised additional Ministry of Health recurrent allocations of \$273.46 million (2021: \$143.68 million) and Ministry of Health capital allocations of \$1.04 million (2021: \$2.89 million) to cover costs incurred for the preparation, diagnosis, treatment and vaccination of COVID-19 patients.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**11. Ministry of Health allocations (continued)**

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

**12. Sale of goods and services from contracts with customers**

**(a) Sale of goods comprise the following:**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Sale and recovery of pharmaceutical supplies	47,322	48,969	47,322	48,969
Sale of prostheses	5,454	6,749	5,454	6,749
Other	165	192	165	192
	<b>52,941</b>	<b>55,910</b>	<b>52,941</b>	<b>55,910</b>

**(b) Rendering of services comprise the following:**

<b>Patients</b>				
Patient Fees:				
- Inpatient fees	69,275	73,265	69,275	73,265
- Nursing home fees	391	372	391	372
- Non inpatient fees	4,542	4,809	4,542	4,809
Department of Veterans' Affairs	3,723	6,461	3,723	6,461
Motor Accident Authority third party	11,645	16,422	11,645	16,422
<b>Staff</b>				
Private use of motor vehicles	-	5	-	5
Salary packaging fee	14	(13)	14	(13)
Meals and accommodation	69	124	69	124
Child care fees	1,143	1,136	1,143	1,136
<b>General community</b>				
Cafeteria / kiosk	13	11	13	11
Car parking	5,883	7,592	5,883	7,592
Clinical services (excluding clinical drug trials)	252	450	252	450
Commercial activities	7	63	7	63
Fees for conferences and training	382	341	382	341
Fees for medical records	400	383	400	383
<b>Non-NSW Health entities</b>				
Services to other organisations	3	1	3	1
<b>Entities controlled by the immediate parent</b>				
Shared corporate service revenues	22	53	22	53
<b>Other</b>				
Infrastructure fees - annual charge	9,089	12,499	9,089	12,499
Infrastructure fees - monthly facility charge	15,325	21,993	15,325	21,993
Other	7,536	2,176	7,536	2,176
	<b>129,714</b>	<b>148,143</b>	<b>129,714</b>	<b>148,143</b>
	<b>182,655</b>	<b>204,053</b>	<b>182,655</b>	<b>204,053</b>

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

**Recognition and Measurement**

**Sale of goods**

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

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



**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**12. Sale of goods and services from contracts with customers (continued)**

**Recognition and Measurement (continued)**

**Rendering of services**

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

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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

**Recognition and Measurement (continued)**

**Rendering of services (continued)**

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

Refer to Note 30 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the District expects to recognise the unsatisfied portion as revenue.

**Western Sydney Local Health District**  
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**13. Investment revenue**

	<b>Consolidated 2022 \$000</b>	<b>Consolidated 2021 \$000</b>	<b>Parent 2022 \$000</b>	<b>Parent 2021 \$000</b>
Interest income from financial assets at amortised cost	1,168	1,111	1,168	1,111
Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss	(1,429)	2,658	(1,429)	2,658
	<b>(261)</b>	<b>3,769</b>	<b>(261)</b>	<b>3,769</b>

**Recognition and Measurement**

***Interest income***

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**14. Grants and other contributions**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity</b>				
Grants to acquire / construct non-financial asset	-	34,197	-	34,197
<b>Other grants with sufficiently specific performance obligations</b>				
Cancer Institute grants received from an entity controlled by the immediate parent	8,161	9,243	8,161	9,243
Clinical trials and research grants	16,603	16,091	16,603	16,091
Commonwealth government grants received for community based services	9,861	11,291	9,861	11,291
Commonwealth government grants other	764	94	764	94
Grants from entities controlled by the ultimate parent	521	323	521	323
Other grants from entities controlled by the immediate parent	5,112	1,865	5,112	1,865
Other grants	4,731	4,235	4,731	4,235
<b>Grants without specific performance obligations</b>				
Clinical trial and research grants	-	50	-	50
Commonwealth government grants other*	19,243	1,249	19,243	1,249
Grants from entities controlled by the ultimate parent	-	1,181	-	1,181
Other grants from entities controlled by the immediate parent*	4,720	1,385	4,720	1,385
Donations	1,336	873	1,336	873
	<b>71,052</b>	<b>82,077</b>	<b>71,052</b>	<b>82,077</b>

\* The District received the majority of COVID-19 vaccines directly from the Commonwealth government and the remainder were received from other NSW Health entities and external third parties. All COVID-19 vaccines were received for nil consideration and recorded at current replacement cost at the time of receipt. Refer to Note 22 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines received from the Commonwealth government under Commonwealth government grants other was \$18.07 million (2021: \$Nil), from NSW Health entities under other grants from entities controlled by the immediate parent was \$2.56 million (2021: \$Nil) and from external third parties under other grants was \$Nil (2021: \$Nil).

**14. Grants and other contributions**

**Recognition and Measurement (continued)**

***Grants and other contributions (continued)***

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

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

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

Refer to Note 30 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 District obtains control over the granted assets (e.g. cash).

***Volunteer services***

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

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

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

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

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Superannuation - defined benefit plans	5,457	5,797	-	-
Long service leave provision	(14,815)	(7,549)	-	-
	<b>(9,358)</b>	<b>(1,752)</b>	-	-

**16. Other income**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Other income comprises the following:				
Commissions	298	415	298	415
Discounts	247	217	247	217
Insurance refunds	1,233	2,223	1,233	2,223
Rental income				
- other rental income	8,776	6,444	8,776	6,444
Other	8,419	12,306	8,419	12,306
	<b>18,973</b>	<b>21,605</b>	<b>18,973</b>	<b>21,605</b>

**Recognition and Measurement**

**Other Income**

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



**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**17. Gains / (losses) on disposal**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Gains / (losses) on disposals of:</b>				
<b>Property, plant and equipment</b>				
Written down value of assets disposed	2,306	121,954	2,306	121,954
Less: proceeds from disposal	39	271	39	271
Less: proceeds received in advance for disposal	-	121,728	-	121,728
<b>Net gains / (losses) on disposal</b>	<b>(2,267)</b>	<b>45</b>	<b>(2,267)</b>	<b>45</b>
<b>Right-of-use assets</b>				
Written down value of assets disposed	2,316	13	2,316	13
Less: lease liabilities extinguished	2,399	14	2,399	14
<b>Net gains / (losses) on disposal*</b>	<b>83</b>	<b>1</b>	<b>83</b>	<b>1</b>
<b>Total gains / (losses) on disposal</b>	<b>(2,184)</b>	<b>46</b>	<b>(2,184)</b>	<b>46</b>

\* \$0.12 million of the net gains / (losses) on disposal is a result of the derecognition of the right-of-use asset of \$2.26 million and the lease liability of \$2.38 million with Property NSW, an entity of the ultimate parent as at 30 June 2022. Please refer to Note 25 for further details on the derecognition.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**18. Other gains / (losses)**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Inventory write down*	(450)	-	(450)	-
Foreign exchange gains / (losses)	(11)	-	(11)	-
	<b>(461)</b>	<b>-</b>	<b>(461)</b>	<b>-</b>

\* Inventory write down includes COVID-19 vaccine wastage of \$0.42 million (2021: \$Nil) and impairment of \$0.03 million (2021: \$Nil). Refer to Note 22 for further details on COVID-19 vaccines.

**Recognition and Measurement**

*Impairment losses on non-financial assets*

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

- Note 21 Receivables
- Note 22 Inventories
- Note 24 Property, plant and equipment
- Note 25 Leases
- Note 26 Intangible assets

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

The District receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The District determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 28 Restricted assets.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**20. Cash and cash equivalents**

	<b>Consolidated 2022 \$000</b>	<b>Consolidated 2021 \$000</b>	<b>Parent 2022 \$000</b>	<b>Parent 2021 \$000</b>
Cash at bank and on hand	100,098	114,919	100,098	114,919
	<b>100,098</b>	<b>114,919</b>	<b>100,098</b>	<b>114,919</b>

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

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

Cash and cash equivalents (per Statement of Financial Position)	100,098	114,919	100,098	114,919
	<b>100,098</b>	<b>114,919</b>	<b>100,098</b>	<b>114,919</b>

Refer to Note 41 for details regarding credit risk and market risk arising from financial instruments.

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

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

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

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

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**21. Receivables**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Trade receivables from contracts with customers	55,665	49,898	55,665	49,898
Intra health receivables	17,070	22,584	17,070	22,584
Goods and Services Tax	7,734	6,505	7,734	6,505
Other receivables	6,553	6,133	6,553	6,133
<b>Sub total</b>	<b>87,022</b>	<b>85,120</b>	<b>87,022</b>	<b>85,120</b>
<i>Less: Allowance for expected credit losses*</i>				
- Trade receivables from contracts with customers	(8,838)	(7,888)	(8,838)	(7,888)
- Other receivables	(771)	(395)	(771)	(395)
<b>Sub total</b>	<b>77,413</b>	<b>76,837</b>	<b>77,413</b>	<b>76,837</b>
Prepayments	2,459	1,154	2,459	1,154
	<b>79,872</b>	<b>77,991</b>	<b>79,872</b>	<b>77,991</b>

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Trade receivables from contracts with customers</b>				
Balance at the beginning of the year	(7,888)	(7,522)	(7,888)	(7,522)
Amounts written off during the year	2,035	2,448	2,035	2,448
(Increase) / decrease in allowance recognised in the net result <sup>1</sup>	(2,985)	(2,814)	(2,985)	(2,814)
<b>Balance at the end of the year</b>	<b>(8,838)</b>	<b>(7,888)</b>	<b>(8,838)</b>	<b>(7,888)</b>
<b>Other receivables</b>				
Balance at the beginning of the year	(395)	(559)	(395)	(559)
Amounts written off during the year	6	39	6	39
(Increase) / decrease in allowance recognised in the net result	(382)	125	(382)	125
<b>Balance at the end of the year</b>	<b>(771)</b>	<b>(395)</b>	<b>(771)</b>	<b>(395)</b>
	<b>(9,609)</b>	<b>(8,283)</b>	<b>(9,609)</b>	<b>(8,283)</b>

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Non-current</b>				
Prepayments	2,508	2,725	2,508	2,725
	<b>2,508</b>	<b>2,725</b>	<b>2,508</b>	<b>2,725</b>

<sup>1</sup> Includes total impairment loss of \$2.98 million (2021: \$2.81 million) recognised on receivables from contracts with customers.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**21. Receivables (continued)**

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

Current and non-current include:

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Patient fees - compensable	4,428	4,508	4,428	4,508
Patient fees - ineligible	28,516	21,911	28,516	21,911
Patient fees - inpatient & other	12,479	8,232	12,479	8,232
	<b>45,423</b>	<b>34,651</b>	<b>45,423</b>	<b>34,651</b>

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 41.

	Consolidated 2022 \$000	Consolidated' 2021 \$000	Parent 2022 \$000	Parent' 2021 \$000
Contract receivables	70,914	69,931	70,914	69,931
<b>Total contract receivables</b>	<b>70,914</b>	<b>69,931</b>	<b>70,914</b>	<b>69,931</b>

<sup>1</sup> Prior year figures have been restated lower by \$0.331 million as a result of items previously classified under contract receivables in error.

**Recognition and Measurement**

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

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

**Subsequent measurement**

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

**Impairment**

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

In response to the COVID-19 pandemic, the District has changed the terms and conditions with its counterparties to offer deferred payment terms and rent relief to some tenants. The District has a rental receivables balance amount of \$0.67 million as at 2022 (2021: \$0.83 million). The expected impacts on the recoverability of these receivables is not considered significant.

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



**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**22. Inventories**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
<b>Held-for-distribution</b>				
Drug supplies	12,783	10,687	12,783	10,687
Medical and surgical supplies	5,242	5,022	5,242	5,022
Engineering supplies	186	30	186	30
Other including goods in transit	47	39	47	39
<b>Sub total</b>	<b>18,258</b>	<b>15,778</b>	<b>18,258</b>	<b>15,778</b>
Less: Allowance for impairment				
- Drug supplies	(27)	-	(27)	-
	<b>18,231</b>	<b>15,778</b>	<b>18,231</b>	<b>15,778</b>

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

**Recognition and Measurement**

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

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

At the beginning of 2021, the rollout of the Commonwealth government's COVID-19 vaccine program began, with the aim of offering free vaccines to all Australians. The District played a key role in the rollout within NSW, including in relation to logistics, vaccination delivery, safety and reporting. The Commonwealth assumed the responsibility for procuring and distributing vaccines to all states and territories. COVID-19 vaccines were received for nil consideration and were provided to the public free of charge. On the basis that the District controls the inventory once it is received from the Commonwealth, the value of the inventory received, administered / granted and wasted were recognised by the District.



**22. Inventories (continued)**

**Recognition and Measurement**

The value attributable to the vaccines received was measured at its fair value based on replacement cost. The District was unsuccessful in obtaining cost information from the Commonwealth because of non-disclosure agreements signed by the Commonwealth and the pharmaceutical companies supplying the COVID-19 vaccines. An internal valuation was undertaken based on publicly available information to estimate the replacement cost of the COVID-19 vaccines received by the District.

The value of the vaccines received and administered / granted during the financial year ended 30 June 2022 was \$20.63 million (2021: \$Nil) and \$20.04 million (2021: \$Nil), respectively. \$0.42 million (2021: \$Nil) of vaccines were written-off and another \$0.03 million (2021: \$Nil) impaired during the year. COVID-19 vaccine closing inventory balance as at 30 June 2022 was \$0.16 million (2021: \$Nil) which is included as part of the inventory drug supplies.

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

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**23. Financial assets at fair value**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
TCorplM Funds Investment Facilities	20,065	21,494	20,065	21,494
	<b>20,065</b>	<b>21,494</b>	<b>20,065</b>	<b>21,494</b>

Refer to Note 41 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

**Recognition and Measurement**

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

*Classification and measurement*

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

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

*Financial assets at fair value through profit or loss*

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

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. TCorplM 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 TCorplM Funds that are presented in 'investment revenue' in the period in which it arises.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**24. Property, plant and equipment**

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

**PARENT AND CONSOLIDATION**

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2020 - fair value</b>				
Gross carrying amount	3,290,669	242,854	82,546	3,616,069
Less: accumulated depreciation and impairment	837,474	137,720	43,278	1,018,472
<b>Net carrying amount</b>	<b>2,453,195</b>	<b>105,134</b>	<b>39,268</b>	<b>2,597,597</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2021</b>				
Net carrying amount at beginning of year	2,453,195	105,134	39,268	2,597,597
Additions	202,870	60,457	7,529	270,856
Disposals	(121,888)	(66)	-	(121,954)
Equity transfers - transfers in / (out)	289	-	-	289
Transfers within NSW Health entities through Statement of Comprehensive Income	-	1,865	-	1,865
Net revaluation increments less revaluation decrements	115,898	-	1,051	116,949
Depreciation expense	(62,455)	(17,644)	(2,572)	(82,671)
Reclassifications	(55,420)	431	54,989	-
<b>Net carrying amount at end of year</b>	<b>2,532,489</b>	<b>150,177</b>	<b>100,265</b>	<b>2,782,931</b>

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 27.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**24. Property, plant and equipment (continued)**

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

**PARENT AND CONSOLIDATION**

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2021 - fair value</b>				
Gross carrying amount	3,479,564	302,717	149,043	3,931,324
Less: accumulated depreciation and impairment	947,075	152,540	48,778	1,148,393
<b>Net carrying amount</b>	<b>2,532,489</b>	<b>150,177</b>	<b>100,265</b>	<b>2,782,931</b>
<b>Year ended 30 June 2022</b>				
Net carrying amount at beginning of year	2,532,489	150,177	100,265	2,782,931
Additions*	88,363	(6,240)	2	82,125
Reclassification to intangibles	-	(369)	-	(369)
Disposals	(2,234)	(72)	-	(2,306)
Equity transfers - transfers in / (out)	-	-	-	-
Transfers within NSW Health entities through Statement of Comprehensive Income	5,030	82	-	5,112
Net revaluation increments less revaluation decrements	192,425	-	8,446	200,871
Depreciation expense	(74,330)	(20,342)	(3,859)	(98,531)
Reclassifications	(560)	(1,932)	2,492	-
<b>Net carrying amount at end of year</b>	<b>2,741,183</b>	<b>121,304</b>	<b>107,346</b>	<b>2,969,833</b>

\* Negative addition in Plant and Equipment includes a \$12.93 million transfer of WIP from the District to the Sydney Childrens Hospital, an entity controlled by the immediate parent.

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2022 - fair value</b>				
Gross carrying amount	3,843,018	288,107	164,558	4,295,683
Less: accumulated depreciation and impairment	1,101,835	166,803	57,212	1,325,850
<b>Net carrying amount</b>	<b>2,741,183</b>	<b>121,304</b>	<b>107,346</b>	<b>2,969,833</b>

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 27.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**24. Property, plant and equipment (continued)**

**(b) Property, plant and equipment held and used by the District**

**PARENT AND CONSOLIDATION**

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2020 - fair value</b>				
Gross carrying amount	3,290,669	242,854	82,546	3,616,069
Less: accumulated depreciation and impairment	837,474	137,720	43,278	1,018,472
<b>Net carrying amount</b>	<b>2,453,195</b>	<b>105,134</b>	<b>39,268</b>	<b>2,597,597</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2021</b>				
Net carrying amount at beginning of year	2,453,195	105,134	39,268	2,597,597
Additions	150,269	60,457	7,529	218,255
Disposals	(121,888)	(66)	-	(121,954)
Equity transfers - transfers in / (out)	289	-	-	289
Transfers within NSW Health entities through Statement of Comprehensive Income	-	1,865	-	1,865
Net revaluation increment less revaluation decrements	115,898	-	1,051	116,949
Depreciation expense	(62,017)	(17,644)	(2,572)	(82,233)
Reclassifications	(55,420)	431	54,989	-
<b>Net carrying amount at end of year</b>	<b>2,480,326</b>	<b>150,177</b>	<b>100,265</b>	<b>2,730,768</b>

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 27.

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2022

**24. Property, plant and equipment (continued)**

**(b) Property, plant and equipment held and used by the District (continued)**

**PARENT AND CONSOLIDATION**

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2021 - fair value</b>				
Gross carrying amount	3,426,963	302,717	149,043	3,878,723
Less: accumulated depreciation and impairment	946,637	152,540	48,778	1,147,955
<b>Net carrying amount</b>	<b>2,480,326</b>	<b>150,177</b>	<b>100,265</b>	<b>2,730,768</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2022</b>				
Net carrying amount at beginning of year	2,480,326	150,177	100,265	2,730,768
Additions*	88,363	(6,240)	2	82,125
Reclassification to intangibles	-	(369)	-	(369)
Disposals	(2,234)	(72)	-	(2,306)
Transfers within NSW Health entities through Statement of Comprehensive Income	5,030	82	-	5,112
Net revaluation increments less revaluation decrements	192,425	-	8,446	200,871
Depreciation expense	(73,015)	(20,342)	(3,859)	(97,216)
Reclassifications	(560)	(1,932)	2,492	-
<b>Net carrying amount at end of year</b>	<b>2,690,335</b>	<b>121,304</b>	<b>107,346</b>	<b>2,918,985</b>

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

\* Negative addition in Plant and Equipment includes a \$12.93 million transfer of WIP from the District to the Sydney Childrens Hospital, an entity controlled by the immediate parent.

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2022 - fair value</b>				
Gross carrying amount	3,790,417	288,107	164,558	4,243,082
Less: accumulated depreciation and impairment	1,100,082	166,803	57,212	1,324,097
<b>Net carrying amount</b>	<b>2,690,335</b>	<b>121,304</b>	<b>107,346</b>	<b>2,918,985</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 27.



**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**24. Property, plant and equipment (continued)**

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

**PARENT AND CONSOLIDATION**

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2020 - fair value</b>				
Gross carrying amount	-	-	-	-
Less: accumulated depreciation and impairment	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2021</b>				
Net carrying amount at beginning of year	-	-	-	-
Additions	52,601	-	-	52,601
Depreciation expense	(438)	-	-	(438)
<b>Net carrying amount at end of year</b>	<b>52,163</b>	<b>-</b>	<b>-</b>	<b>52,163</b>

	Land and Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Infrastructure Systems \$000	Total \$000
<b>At 1 July 2021 - fair value</b>				
Gross carrying amount	52,601	-	-	52,601
Less: accumulated depreciation and impairment	438	-	-	438
<b>Net carrying amount</b>	<b>52,163</b>	<b>-</b>	<b>-</b>	<b>52,163</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>Year ended 30 June 2022</b>				
Net carrying amount at beginning of year	52,163	-	-	52,163
Depreciation expense	(1,315)	-	-	(1,315)
<b>Net carrying amount at end of year</b>	<b>50,848</b>	<b>-</b>	<b>-</b>	<b>50,848</b>

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

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>At 30 June 2022 - fair value</b>				
Gross carrying amount	52,601	-	-	52,601
Less: accumulated depreciation and impairment	1,753	-	-	1,753
<b>Net carrying amount</b>	<b>50,848</b>	<b>-</b>	<b>-</b>	<b>50,848</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 27.



**24. Property, plant and equipment (continued)**

**Recognition and Measurement**

***Acquisition of property, plant and equipment***

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

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

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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 34).

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

***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.

**24. Property, plant and equipment (continued)**

***Depreciation of property, plant and equipment***

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

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

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

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

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

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles and furniture and fittings.

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

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

***Right-of-use assets acquired by lessees***

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

Further information on leases is contained in Note 25.

**24. Property, plant and equipment (continued)**

***Revaluation of property, plant and equipment***

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 27 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The District conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure. 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 District uses CBRE Valuations Pty Ltd, an independent professionally qualified valuer for market indices.

The last comprehensive revaluation was completed on 31 December 2020 and was based on an independent assessment.

Indices were subsequently obtained from CBRE Valuations Pty Ltd as at 30 June 2022, which suggested a cumulative increase in market price of 3% for land and an increase in construction costs of 8.7% for building and infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment of \$200.87 million for land, building and infrastructure.

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

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

## **24. Property, plant and equipment (continued)**

### ***Revaluation of property, plant and equipment (continued)***

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

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

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

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

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

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

### ***Impairment of property, plant and equipment***

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

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

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

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

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

### ***Derecognition of property, plant and equipment***

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

## 25. Leases

### (a) Entity as a lessee

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

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

Potential future cash outflows of \$0 have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$0.

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

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

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

The corresponding right-of-use assets and lease liabilities have been derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition is recognised in 'Gains/(Losses) on disposal' (refer to Note 17). From 1 July 2022, the accommodation charges will be recognised as expenses when incurred over the agreement duration.

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

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**25. Leases (continued)**

**(a) Entity as a lessee (continued)**

**Right-of-use assets under leases**

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

**PARENT AND CONSOLIDATION**

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2021	2,558	12,932	15,490
Additions	-	18,041	18,041
Reassessments	-	(449)	(449)
Disposals*	(2,257)	(59)	(2,316)
Depreciation expense	(299)	(6,772)	(7,071)
<b>Balance at 30 June 2022</b>	<b>2</b>	<b>23,693</b>	<b>23,695</b>

\* Disposal includes derecognition of the right-of-use assets of \$2.26 million with Property NSW as at the 30 June 2022.

**PARENT AND CONSOLIDATION**

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2020	2,516	16,512	19,028
Additions	-	1,733	1,733
Reassessments	358	186	544
Disposals	-	(13)	(13)
Depreciation expense	(316)	(5,486)	(5,802)
<b>Balance at 30 June 2021</b>	<b>2,558</b>	<b>12,932</b>	<b>15,490</b>

**Western Sydney Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**25. Leases (continued)**

**(a) Entity as a lessee (continued)**

**Lease liabilities**

The following table presents liabilities under leases.

**PARENT AND CONSOLIDATION**

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Balance at 1 July	16,290	19,610
Additions	18,041	1,733
Interest expenses	619	370
Payments	(7,583)	(5,953)
Terminations / derecognition*	(2,399)	(14)
Other adjustments	(448)	544
<b>Balance at 30 June</b>	<b>24,520</b>	<b>16,290</b>

\* Terminations / derecognition includes derecognition of lease liabilities of \$2.38 million with Property NSW as at 30 June 2022.

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

**PARENT AND CONSOLIDATION**

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Depreciation expense of right-of-use assets	7,071	5,802
Interest expense on lease liabilities	619	371
Expenses relating to short-term leases	667	600
Expenses relating to leases of low-value assets	3,673	2,516
Variable lease payments, not included in the measurement of lease liabilities	-	4
(Gains) / losses on disposal*	(83)	-
<b>Total amount recognised in the statement of comprehensive income</b>	<b>11,947</b>	<b>9,293</b>

\* (Gains) / losses on disposal includes \$0.12 million of net gains on disposal as a result of the derecognition of leases with Property NSW as at 30 June 2022.

The District had total cash outflows for leases of \$11.92 million for the year ended 30 June 2022 (2021: \$9.07 million).



**25. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

The District entered into a number of leases, with lease terms ranging from 1 to 99 years with various New South Wales Government entities including Planning and Environment Commission and New South Wales Land and Housing Corporation for the use of community health buildings. The contract specifies lease payments of \$1 per annum. The leased premises are used by the District to provide different community health services. The community health buildings account for a small portion of the similar assets the District is using for the purpose of providing community services. Therefore it does not have a significant impact on the District's operations.

**Recognition and Measurement**

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

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

*i. Right-of-use assets*

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

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:

	<b>Useful lives</b>
Plant and equipment	1 to 9 years
Motor vehicles and other equipment	1 to 4 years

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

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

*ii. Lease liabilities*

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

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

**25. Leases (continued)**

**(a) Entity as a lessee (continued)**

*ii. Lease liabilities (continued)*

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

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

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

The District's lease liabilities are included in borrowings in Note 31.

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

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

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

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

**25. Leases (continued)**

**(b) Entity as a lessor**

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

The District has a 25 year operating lease with the University of Sydney for the use of some space within the Central Acute Services Building. The full amount has been received and is currently held in Income in Advance with monthly releases to lease income which commenced in March 2021.

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

**Lessor for finance leases**

**Recognition and Measurement**

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

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

**Lessor for operating leases**

**Recognition and Measurement**

**Lessor for operating leases**

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

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**26. Intangible assets**

**PARENT AND CONSOLIDATION**

	<b>Software \$000</b>	<b>Total \$000</b>
<b>At 1 July 2020</b>		
Cost (gross carrying amount)	985	985
Less: accumulated amortisation and impairment	868	868
<b>Net carrying amount</b>	<b>117</b>	<b>117</b>

	<b>Software \$000</b>	<b>Total \$000</b>
<b>Year ended 30 June 2021</b>		
Net carrying amount at beginning of year	117	117
Amortisation (recognised in depreciation and amortisation)	(38)	(38)
<b>Net carrying amount at end of year</b>	<b>79</b>	<b>79</b>

	<b>Software \$000</b>	<b>Total \$000</b>
<b>At 1 July 2021</b>		
Cost (gross carrying amount)	984	984
Less: accumulated amortisation and impairment	905	905
<b>Net carrying amount</b>	<b>79</b>	<b>79</b>

	<b>Software \$000</b>	<b>Total \$000</b>
<b>Year ended 30 June 2022</b>		
Net carrying amount at beginning of year	79	79
Additions - acquired separately	67	67
Reclassifications from plant and equipment	369	369
Amortisation (recognised in depreciation and amortisation)	(25)	(25)
<b>Net carrying amount at end of year</b>	<b>490</b>	<b>490</b>

**Western Sydney Local Health District**  
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**26. Intangible assets (continued)**

**PARENT AND CONSOLIDATION**

	<b>Software \$000</b>	<b>Total \$000</b>
<b>At 30 June 2022</b>		
Cost (gross carrying amount)	1,420	1,420
Less: accumulated amortisation and impairment	930	930
<b>Net carrying amount</b>	<b>490</b>	<b>490</b>

**Recognition and Measurement**

The District recognises intangible assets only if it is probable that future economic benefits will flow to the District and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the District'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 District's intangible assets are amortised using the straight-line method over a period of four years.

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

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

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

**27. Fair value measurement of non-financial assets**

**PARENT AND CONSOLIDATION**

**Fair value measurement and hierarchy**

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

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

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

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

**(a) Fair value hierarchy**

	Level 1	Level 2	Level 3	Total Fair Value
<b>2022</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment (Note 24)				
- Land and buildings	-	101,742	2,461,674	2,563,416
- Infrastructure systems	-	-	107,346	107,346
	-	<b>101,742</b>	<b>2,569,020</b>	<b>2,670,762</b>

There were no transfers between level 1 and 2 during the year ended 30 June 2022.

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 24.

	Level 1	Level 2	Level 3	Total Fair Value
<b>2021</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment (Note 24)				
- Land and buildings	-	89,728	2,191,912	2,281,640
- Infrastructure systems	-	-	92,795	92,795
	-	<b>89,728</b>	<b>2,284,707</b>	<b>2,374,435</b>

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

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 24.

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

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

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

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 24 reconciliation).

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

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

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

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

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

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



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

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

**PARENT AND CONSOLIDATION**

<b>2022</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
<b>Fair value as at 1 July 2021</b>	2,191,912	92,795	2,284,707
Additions*	169,798	9,964	179,762
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	175,325	8,446	183,771
Disposals	(2,234)	-	(2,234)
Depreciation expense	(73,127)	(3,859)	(76,986)
<b>Fair value as at 30 June 2022</b>	<b>2,461,674</b>	<b>107,346</b>	<b>2,569,020</b>

\* Additions include assets previously carried at cost which have been revalued under the level 3 fair value hierarchy for the first time as a result of a comprehensive revaluation or an interim desktop revaluation.

There were no transfers between level 2 or 3 during the year ended 30 June 2022.

<b>2021</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
<b>Fair value as at 1 July 2020</b>	1,653,669	39,268	1,692,937
Additions*	482,613	55,048	537,661
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 24)	114,077	1,051	115,128
Transfers to Level 2	(1,293)	-	(1,293)
Depreciation expense	(57,443)	(2,572)	(60,015)
Equity transfers - transfers in / (out)	289	-	289
<b>Fair value as at 30 June 2021</b>	<b>2,191,912</b>	<b>92,795</b>	<b>2,284,707</b>

\* Additions include assets previously carried at cost which have been revalued under the level 3 fair value hierarchy for the first time as a result of a comprehensive revaluation or an interim desktop revaluation.

There were no transfers between level 2 or 3 during the year ended 30 June 2021.

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**28. Restricted assets**

**PARENT AND CONSOLIDATION**

The District's financial statements include the following assets which are restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2022.

<b>Category</b>	<b>1 July 2021</b>	<b>Revenue</b>	<b>Expense</b>	<b>2022</b>
	<b>Opening</b>			<b>Closing</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Community welfare	779	8	4	783
Facility improvements	11,513	1,798	756	12,555
Patient welfare	1,283	49	41	1,291
Private practice disbursements (No.2 Accounts)	83,034	8,793	21,897	69,930
Public contributions	521	17	88	450
Research	17,808	1,284	1,929	17,163
Staff welfare	110	21	17	114
Training and education including conferences	13,010	748	749	13,009
	<b>128,058</b>	<b>12,718</b>	<b>25,481</b>	<b>115,295</b>

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

<b>Category</b>	<b>Purpose</b>
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients' privacy and dignity.
Private practice disbursements (No.2 Accounts)	Staff specialists' private practice arrangements to improve the level of clinical services provided.
Public contributions	Donations or legacies received without any donor-specified conditions as to its use.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.

**Unclaimed monies**

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

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

**Western Sydney Local Health District**  
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**29. Payables**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Accrued salaries, wages and on-costs	21,736	23,909	-	-
Salaries and wages deductions	308	435	-	-
Payroll and fringe benefits tax	607	757	-	-
Accrued liability - purchase of personnel services	-	-	22,651	25,101
Creditors	34,032	21,950	34,032	21,950
Other creditors				
- Payables to entities controlled by the immediate parent	29,572	17,183	29,572	17,183
- Other	41,559	32,784	41,559	32,784
	<b>127,814</b>	<b>97,018</b>	<b>127,814</b>	<b>97,018</b>

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 41.

**Recognition and Measurement**

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

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

**Western Sydney Local Health District**  
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**30. Contract liabilities**

	<b>Consolidated</b>	<b>Consolidated</b>	<b>Parent</b>	<b>Parent</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Current</b>				
Contract liabilities	14,852	14,845	14,852	14,845
	<b>14,852</b>	<b>14,845</b>	<b>14,852</b>	<b>14,845</b>

**Recognition and Measurement**

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2022 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2022. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

	<b>Consolidated</b>	<b>Consolidated</b>	<b>Parent</b>	<b>Parent</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Revenue recognised that was included in the contract liability balance at the beginning of the year	14,845	20,263	14,845	20,263

**Western Sydney Local Health District**  
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**31. Borrowings**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Other loans and deposits	772	748	772	748
Lease liabilities (see Note 25)	6,438	5,491	6,438	5,491
	<b>7,210</b>	<b>6,239</b>	<b>7,210</b>	<b>6,239</b>
<b>Non-current</b>				
Other loans and deposits	4,235	5,006	4,235	5,006
Lease liabilities (see Note 25)	18,082	10,799	18,082	10,799
	<b>22,317</b>	<b>15,805</b>	<b>22,317</b>	<b>15,805</b>

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

Final repayment of loan is scheduled for 30 June 2028.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 41.

**Recognition and Measurement**

Borrowings represents interest bearing liabilities mainly raised through NSW Treasury Corporation (Energy Efficient Loans), lease liabilities, service concession arrangement liabilities and other interest bearing liabilities.

*Financial liabilities at amortised cost*

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

Borrowings are classified as current liabilities unless the District has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 41 (b) for derecognition policy.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading such as derivative financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term or on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are economic hedges classified as at fair value through profit or loss unless they are designated as effective hedging instruments.

Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- the liabilities are part of a group of financial liabilities, that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

**Western Sydney Local Health District**  
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**31. Borrowings (continued)**

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

The changes in fair value of liabilities designated at fair value through profit or loss are recorded in profit or loss with the exception that movements in fair value due to changes in the entity's own credit risk are recorded in other comprehensive income and do not get recycled to net result.

**Changes in liabilities arising from financing activities**

**PARENT AND CONSOLIDATION**

	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
<b>1 July 2020</b>	<b>6,480</b>	<b>19,610</b>	<b>26,090</b>
Cash flows	(726)	(5,583)	(6,309)
New leases	-	1,733	1,733
Lease terminations	-	(14)	(14)
Lease reassessments	-	544	544
<b>30 June 2021</b>	<b>5,754</b>	<b>16,290</b>	<b>22,044</b>
<b>1 July 2021</b>	<b>5,754</b>	<b>16,290</b>	<b>22,044</b>
Cash flows	(747)	(6,964)	(7,711)
New leases	-	18,042	18,042
Lease terminations*	-	(2,399)	(2,399)
Lease reassessments	-	(449)	(449)
<b>30 June 2022</b>	<b>5,007</b>	<b>24,520</b>	<b>29,527</b>

\* Lease terminations include the derecognition of lease liabilities of \$2.38 million with Property NSW as at the 30 June 2022. Please refer to Note 25 for further details on the derecognition.

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



**Western Sydney Local Health District**  
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**32. Provisions**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Annual leave - obligations expected to be settled within 12 months	124,203	118,777	-	-
Annual leave - obligations expected to be settled after 12 months	117,447	97,814	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	2,441	2,887	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	37,766	41,874	-	-
Provision for other employee benefits*	43,408	8,308	-	-
Provision for personnel services liability	-	-	325,265	269,660
	<b>325,265</b>	<b>269,660</b>	<b>325,265</b>	<b>269,660</b>
<b>Other Provisions</b>				
Other	894	-	894	-
	<b>894</b>	<b>-</b>	<b>894</b>	<b>-</b>
<b>Total current provisions</b>	<b>326,159</b>	<b>269,660</b>	<b>326,159</b>	<b>269,660</b>
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave consequential on-costs	3,977	4,427	-	-
Provision for personnel services liability	-	-	3,977	4,427
<b>Total non-current provisions</b>	<b>3,977</b>	<b>4,427</b>	<b>3,977</b>	<b>4,427</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	325,265	269,660	-	-
Provisions - non-current	3,977	4,427	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 29)	22,044	24,344	-	-
Liability - purchase of personnel services	-	-	351,286	298,431
	<b>351,286</b>	<b>298,431</b>	<b>351,286</b>	<b>298,431</b>

\* Provision for other employee benefits includes a one-off payment to employees of \$33.90 million (2021: \$Nil) for the recognition of service during the COVID-19 pandemic.

**Western Sydney Local Health District**  
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**32. Provisions (continued)**

**Movements in provisions (other than employee benefits)**

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Other</b>				
- Additional provisions recognised*	894	-	894	-
<b>Carrying amount at end of period</b>	<b>894</b>	<b>-</b>	<b>894</b>	<b>-</b>

\* Additional provisions recognised of \$0.89 million in 2022, includes a one-off payment to visiting medical officers of \$0.89 million (2021: \$Nil) and affiliated health organisations of \$Nil (2021: \$Nil) for the recognition of service during the COVID-19 pandemic.

The majority of the 'other' provision represent various contractual related obligations. The District 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.

**Recognition and Measurement**

**Employee benefits and other provisions**

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 20.58% are applied to the value of leave payable at 30 June 2022 (comparable on-costs for 30 June 2021 were 19.98%). The District has assessed the actuarial advice based on the District's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the District does not expect to settle the liability within 12 months as the District does not have an unconditional right to defer settlement.

### **32. Provisions (continued)**

#### **Recognition and Measurement (continued)**

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

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

#### **Long service leave and superannuation**

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

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

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

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

#### **Consequential on-costs**

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

#### **Other provisions**

Other provisions are recognised when: the District 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 District expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when the District has a detailed formal plan, and the District 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.

**Western Sydney Local Health District**  
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**33. Other liabilities**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
<b>Current</b>				
Unearned revenue	2,240	2,200	2,240	2,200
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	90	90	90	90
	<b>2,330</b>	<b>2,290</b>	<b>2,330</b>	<b>2,290</b>
<b>Non-current</b>				
Unearned revenue	58,456	60,657	58,456	60,657
	<b>58,456</b>	<b>60,657</b>	<b>58,456</b>	<b>60,657</b>

Unearned revenue was derived from the following:

The University of Sydney contributed \$22.89 million in advance for the use of Nominated space at the Westmead Innovation Centre over 40 years. It also contributed \$40.70 million for the use of the Central Acute Services Building over 25 years. The University started occupying both spaces in March 2021 and the District has amortised income received in advance for the period between March 21 and June 22.

**PARENT AND CONSOLIDATION**

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

	2022 \$'000	2021 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	90	11,552
Add: receipt of cash during the financial year	-	22,735
Deduct: income recognised during the financial year	-	34,197
<b>Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity</b>	<b>90</b>	<b>90</b>

Refer to Note 14 for a description of the District's obligations under transfers received to acquire or construct non-financial assets to be controlled by the District.

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

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**34. Equity**

**Revaluation surplus**

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 24.

**Accumulated funds**

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

**Reserves**

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

**Increase / (decrease) in net assets from equity transfers**

**Equity transfers effected in the 2021/22 year were:**

- (a) Nil

**Equity transfers effected in the 2020/21 year were:**

- (b) As at 30 June 2021, an ambulance station located on the grounds of Blacktown Hospital was transferred from Ambulance Service NSW, an entity of the immediate parent to the District for cash consideration of \$289,000. All corresponding asset balances were transferred across at the carrying amounts from the transferee to the transferor.

**Equity transfers effected comprised:**

	2022 \$000	2021 \$000
(a) Transfer of buildings	-	(289)
	-	(289)

**Assets and Liabilities transferred are as follows:**

	2022 \$000	2021 \$000
<b>Assets</b>		
(a) Property, plant and equipment	-	289
<b>Increase / (Decrease) in Net Assets From Equity Transfers</b>	-	289

**Recognition and Measurement**

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

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

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



**Western Sydney Local Health District**  
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**35. Commitments**

**(a) Capital commitments**

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

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Within one year	53,287	35,906	53,287	35,906
Later than one year and not later than five years	28,588	25,934	28,588	25,934
<b>Total (including GST)</b>	<b>81,875</b>	<b>61,840</b>	<b>81,875</b>	<b>61,840</b>

**(b) Contingent asset related to commitments for expenditure**

The total 'Capital expenditure commitments' of \$81.88 million as at 30 June 2022 includes input tax credits of \$7.44 million that are expected to be recoverable from the Australian Taxation Office (2021: \$5.62 million).

**36. Contingent liabilities and contingent assets**

**PARENT AND CONSOLIDATION**

Except detailed in Note 35(b) the District is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

**Western Sydney Local Health District**  
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**37. Adjusted budget review**

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

**PARENT AND CONSOLIDATION**

**Net result**

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

Favourable variances in Employee Related Expenses \$19m, Allocations from the Ministry \$33m, Grants Expenses \$2m and Grants revenue \$14m offset by unfavourable variances in VMO costs (\$5m), Other expenses (\$12m), User Charges (\$47m), Investment Revenue (\$3m), Building write-offs due to demolition (\$2m) and Bad Debt write offs/provisions (\$3m). The remainder consists of small variances and rounding.

**Assets and liabilities**

Land & Buildings were above budget by \$202m due to application of desktop revaluation indices whilst Payables were lower than budget by \$10m, Borrowings were lower than budget by \$8m and Provisions (notably Annual Leave) exceeded budget by (\$24m). The remainder consists of small variances and rounding.

**Cash flows**

Cashflow related to Employee Related Expenses was below budget by \$6m while Payments to Suppliers were below budget by \$7m. Favourable variances in Ministry Subsidy \$33m and Grants Received \$7m were offset by decreased receipts from Sales of Goods and Services (\$50m) and Other Receipts (\$3m). Repayments of Lease Principal amounts exceeded budget by (\$5m). The remainder consists of small variances and rounding.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 30 July 2021 are as follows:

	<b>\$000</b>
Initial allocation, July 2021	1,630,508
COVID-19 Budget relief	273,457
Silver Chain Social Impact Investment	9,195
SRP- NFC Funding allocations to SCHN & WSLHD	7,705
SRP Cell and gene therapies supplementation FY2021-22	5,636
Built Capacity	4,732
Special Leave YTD March FY2021/22	4,123
Assertive Community Care	2,020
Safeguards Child and Adolescent Mental Health Response Teams	1,260
Virtual Mental Health	1,212
Mental Health Recovery Package	1,041
2021-22 Defined Benefit Superannuation	984
Termination costs due to vaccination requirements	823
Flood Impact FY22	800



**37. Adjusted budget review (continued)**

AN-ACC Expense and Revenue Budget FY2021-22	714
s100 High Cost Drugs Co-Payment reimbursement for FY2021/22	677
Patient Experience Officers	660
Nurse and Midwifery Strategy Reserve	599
Dental Services for the Aboriginal community at WS	531
Budget Supp Release to LHDs & Budget Adjustment for Dental Waitlist Recovery Funds	500
Hyperemesis Gravidarum	452
Wellbeing and Health In-reach Nurse WHIN Coordinator Tranche 2 and program activities From FY2021/22 to	390
Wellbeing and Health In-Reach Nurse (WHIN) Coordinators	390
Pathways to Community Living Initiative (PCLI) – PCLI Stage Two Clinical Enhancement	372
Voluntary Redundancy Reimbursement	360
COHS Additional Supplementation for Dental Waitlist Reduction	332
Workplace Culture & Safety Funding	324
Dental NPA and Base Services	322
2022 Aged Care Assessment Program (ACAP)	298
Enhanced Bereavement Services	270
Mental Health Program Retraction FY2021-22	(1,788)
Depreciation Adjustment	(4,899)
2020-21 Year End Adjustment - Salaries Accrual	(26,987)
Other budget adjustments individually < \$200k	(1,874)
<b>Balance as per Statement of Comprehensive Income</b>	<b>1,915,139</b>

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**38. Reconciliation of cash flows from operating activities to net result**

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Consolidated 2022 \$000	Consolidated <sup>1</sup> 2021 \$000	Parent 2022 \$000	Parent <sup>1</sup> 2021 \$000
Net cash used on operating activities	75,002	155,253	75,002	155,253
Depreciation and amortisation expense	(105,627)	(88,511)	(105,627)	(88,511)
Allowance for impairment	(3,817)	(2,689)	(3,817)	(2,689)
(Increase) / decrease in other liabilities	2,160	(3,757)	2,160	(3,757)
Decrease / (increase) in provisions	(56,050)	(36,820)	(56,050)	(36,820)
Increase / (decrease) in inventory	2,454	3,468	2,454	3,468
Increase / (decrease) in prepayments and other assets	3,852	(41,802)	3,852	(41,802)
Decrease / (increase) in payables	(29,164)	38,944	(29,164)	38,944
Decrease / (increase) in contract liabilities	(7)	5,419	(7)	5,419
Net gain / (loss) on sale of property, plant and equipment	(2,267)	45	(2,267)	45
Net gain / (loss) on disposal of right-of-use assets	83	1	83	1
Increase / (decrease) in financial instruments at fair value	(1,429)	2,658	(1,429)	2,658
Assets donated or brought to account (Note 39)	5,150	1,865	5,150	1,865
<b>Net result</b>	<b>(109,660)</b>	<b>34,074</b>	<b>(109,660)</b>	<b>34,074</b>

<sup>1</sup> 'Increase / (decrease) in Inventory' and 'Increase / (decrease) in financial instruments at fair value' has been disaggregated from 'Increase / (decrease) in prepayments and other assets' in the current year. The prior period comparatives have been restated to reflect this change.

**39. Non-cash financing and investing activities**

	Consolidated 2022 \$000	Consolidated 2021 \$000	Parent 2022 \$000	Parent 2021 \$000
Assets donated or brought to account	5,150	1,865	5,150	1,865
Property, plant and equipment acquired by a lease	18,041	1,733	18,041	1,733
	<b>23,191</b>	<b>3,598</b>	<b>23,191</b>	<b>3,598</b>

**Western Sydney Local Health District**  
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**40. Trust funds**

**PARENT AND CONSOLIDATION**

The District holds trust funds of \$9.8 million (2021: \$11.4 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

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

Category	1 July 2021			30 June 2022
	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Patient Trust	444	225	(323)	346
Refundable Deposits	201	38	(48)	191
Private Patient Trust Funds	2	49,895	(49,897)	0
Third Party Funds	10,748	2,079	(3,602)	9,225
<b>Total trust funds</b>	<b>11,395</b>	<b>52,237</b>	<b>(53,870)</b>	<b>9,762</b>

Category	1 July 2020			30 June 2021
	Opening equity \$'000	Revenue \$000	Expense \$000	Closing equity \$'000
Patient Trust	482	730	(768)	444
Refundable Deposits	174	27	-	201
Private Patient Trust Funds	29	57,844	(57,871)	2
Third Party Funds	9,918	5,028	(4,198)	10,748
<b>Total trust funds</b>	<b>10,603</b>	<b>63,629</b>	<b>(62,837)</b>	<b>11,395</b>

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 42.

**Western Sydney Local Health District**  
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**41. Financial instruments**

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

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

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

**(a) Financial instrument categories**

**PARENT AND CONSOLIDATION**

Class	Category	Carrying	Carrying
		Amount 2022 \$000	Amount 2021 \$000
<b>Financial assets</b>			
Cash and cash equivalents (Note 20)	Amortised cost	100,098	114,919
Receivables (Note 21) <sup>1</sup>	Amortised cost	69,679	70,332
Financial assets at fair value (Note 23)	Fair value through profit or loss - mandatory classification	20,065	21,494
<b>Total financial assets</b>		<b>189,842</b>	<b>206,745</b>
<b>Financial liabilities</b>			
Borrowings (Note 31)	Financial liabilities measured at amortised cost	29,527	22,044
Payables (Note 29) <sup>2</sup>	Financial liabilities measured at amortised cost	127,207	96,261
<b>Total financial liabilities</b>		<b>156,734</b>	<b>118,305</b>

**Notes**

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

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

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

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

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

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

**41. Financial instruments (continued)**

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

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

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

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

**(c) Offsetting financial instruments**

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

**(d) Financial risk**

**i. Credit risk**

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

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

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

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

**Cash and cash equivalents**

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned daily on restricted financial asset cash on hand and bank balances only. The TCorpIM Cash Fund is discussed in market risk below.

**Accounting policy for impairment of trade receivables and other financial assets**

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

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

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

**41. Financial instruments (continued)**

**(d) Financial risk (continued)**

**i. Credit risk (continued)**

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

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

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

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

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

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

**PARENT AND CONSOLIDATION**

	<b>Current</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt;91 days</b>	<b>Total</b>
<b>30 June 2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected credit loss rate	0.04%	0.16%	2.25%	8.24%	41.10%	15.44%
Estimated total gross carrying amount <sup>1</sup>	32,012	3,491	2,217	1,607	22,891	62,218
Expected credit loss	12	6	50	132	9,409	9,609
<b>30 June 2021</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected credit loss rate	0.46%	4.78%	0.51%	36.20%	40.24%	14.78%
Estimated total gross carrying amount <sup>1</sup>	28,146	3,528	4,416	1,535	18,406	56,031
Expected credit loss	130	169	23	556	7,406	8,283

**Notes**

The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 Financial Instruments: Disclosures.

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2022 and 30 June 2021.



**41. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

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

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

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

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

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

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

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

**Western Sydney Local Health District**  
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**41. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

**PARENT AND CONSOLIDATION**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	EIR <sup>3</sup> %	Nominal Amount <sup>1</sup> \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
<b>2022</b>								
Payables:								
- Creditors <sup>2</sup>		127,207	-	-	127,207	127,207	-	-
Borrowings:								
- Other loans and deposits	3.10%	5,006	5,006	-	-	772	3,335	899
- Lease liabilities	3.18%	26,218	26,218	-	-	6,205	13,903	6,110
		<b>158,431</b>	<b>31,224</b>	<b>-</b>	<b>127,207</b>	<b>134,184</b>	<b>17,238</b>	<b>7,009</b>
<b>2021</b>								
Payables:								
- Creditors <sup>2</sup>		96,261	-	-	96,261	96,261	-	-
Borrowings:								
- Other loans and deposits	3.10%	5,754	5,754	-	-	748	2,972	2,034
- Lease liabilities	2.11%	16,583	16,583	-	-	5,286	9,938	1,359
		<b>118,598</b>	<b>22,337</b>	<b>-</b>	<b>96,261</b>	<b>102,295</b>	<b>12,910</b>	<b>3,393</b>

**Notes:**

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

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

<sup>3</sup> Weighted Average Effective Interest Rate (EIR).

**Western Sydney Local Health District**  
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**41. Financial instruments (continued)**

**iii. Market risk**

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2021. The analysis assumes that all other variables remain constant.

*Interest Rate Risk*

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

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

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

**PARENT AND CONSOLIDATION**

	<b>2022</b>		<b>2021</b>	
	<b>\$000</b>		<b>\$000</b>	
	<b>-1%</b>	<b>1%</b>	<b>-1%</b>	<b>1%</b>
Net result	(906)	906	(1,144)	1,144
Equity	(906)	906	(1,144)	1,144

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**41. Financial instruments (continued)**

**iii. Market risk (continued)**

*Other price risk - TCorpIM Funds*

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

<b>Facility</b>	<b>Investment Sectors</b>	<b>Investment Horizon</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
TCorpIM Medium Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	3 years to 7 years	9,085	9,684
TCorpIM Long Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	7 years and over	10,980	11,810

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

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

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

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

	<b>Change in unit price</b>		<b>Impact on net result</b>	
	<b>2022 %</b>	<b>2021 %</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
TCorpIM Medium Term Growth Fund	10%	10%	909	968
TCorpIM Long Term Growth Fund	10%	10%	1,098	1,181

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**41. Financial instruments (continued)**

**(e) Fair value measurement**

**i. Fair value compared to carrying amount**

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

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

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

**ii. Fair value recognised in the Statement of Financial Position**

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2022 Total \$'000
<b>Financial assets at fair value</b>				
TCorpIM Funds	-	20,065	-	20,065
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2021 Total \$'000
<b>Financial assets at fair value</b>				
TCorpIM Funds	-	21,494	-	21,494

*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, 2 or 3 during the year ended 30 June 2022.

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



**42. Related party disclosures**

**PARENT AND CONSOLIDATION**

**(a) Key management personnel compensation**

Key management personnel compensation is as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	447	503
Post-employment benefits	41	56
	<b>488</b>	<b>559</b>

During the financial year, the District obtained key management personnel services from the immediate parent and incurred \$438,000 (2021: \$451,000) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

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

**(c) Transactions with the ultimate parent**

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

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

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

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

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



**42. Related party disclosures (continued)**

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

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

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

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

- Revenue from recurrent and capital allocations
- Various grants and contributions towards research and other projects
- Rental income from ICPMR facilities
- Other revenue for the utilisation of interpreter services

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

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

*Assets and liabilities as follows:*

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

**43. Events after the reporting period**

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

**END OF AUDITED FINANCIAL STATEMENTS**