INDEPENDENT AUDITOR'S REPORT

Health Administration Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Health Administration Corporation (the Corporation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, 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. The consolidated entity comprises the Corporation 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 Corporation's financial position, financial performance and cash flows

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

Basis for Opinion

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

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

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

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

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

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

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

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 39. The note states that AASB 1055 ‘Budgetary Reporting’ is not applicable to the Corporation. It also states that, unlike the requirements in AASB 1055 ‘Budgetary Reporting’ to present original budget information, the Corporation’s financial statements present adjusted budget information.

Secretary’s Responsibilities for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY

Health Administration Corporation

Statement by the Accountable Authority

for the year ended 30 June 2023

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

1. The financial statements of the Health Administration Corporation for the year ended 30 June 2023 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 Health Administration Corporation's financial position as at 30 June 2023 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.

Susan Pearce AM
Secretary, NSW Health

27 October 2023

Steve Carr
Acting Deputy Secretary, Financial Services and Asset Management and Chief Financial Officer, NSW Health

27 October 2023

Health Administration Corporation

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual Restated 2022 $000	Parent Actual 2023 $000	Parent Actual Restated 2022 $000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	2,307,071	2,322,414	2,168,762	-	-
Personnel services	3	-	-	-	2,246,931	2,174,502
Visiting medical officers	4	152	33	151	152	151
Operating expenses	5	2,596,986	2,289,142	3,140,726	2,596,986	3,140,726
Depreciation and amortisation	6	265,342	259,910	259,523	265,342	259,523
Grants and subsidies	7	80,401	84,543	34,816	80,401	34,816
Finance costs	8	9,960	9,014	11,379	9,960	11,379
Payments to Affiliated Health Organisations	9	276	276	448	276	448
Total expenses excluding losses		**5,260,188**	**4,965,332**	**5,615,805**	**5,200,048**	**5,621,545**
Revenue						
Ministry of Health recurrent allocations	12	1,684,413	1,764,488	2,407,854	1,684,413	2,407,854
Ministry of Health capital allocations	12	349,248	283,748	193,603	349,248	193,603
Acceptance by the Crown[2] of employee benefits	16	60,140	60,338	(5,740)	-	-
Sale of goods and services from contracts with customers	13	3,119,344	2,850,183	3,265,578	3,119,344	3,265,578
Investment revenue	14	15,608	3,590	3,817	15,608	3,817
Grants and other contributions	15	123,682	112,798	133,425	123,682	133,425
Other income	17	57,164	64,938	48,327	57,164	48,327
Total revenue		**5,409,599**	**5,140,083**	**6,046,864**	**5,349,459**	**6,052,604**
Operating result		**149,411**	**174,751**	**431,059**	**149,411**	**431,059**
Gains / (losses) on disposal	18	(4,414)	232	7,669	(4,414)	7,669
Impairment losses on financial assets	22	(19,351)	(14,338)	(30,017)	(19,351)	(30,017)
Other gains / (losses)	19	(163,397)	-	(49,057)	(163,397)	(49,057)
Net result from continuing operations		**(37,751)**	**160,645**	**359,654**	**(37,751)**	**359,654**
Net result		**(37,751)**	**160,645**	**359,654**	**(37,751)**	**359,654**
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	25	53,903	-	49,780	53,903	49,780
Total other comprehensive income		**53,903**	**-**	**49,780**	**53,903**	**49,780**
TOTAL COMPREHENSIVE INCOME		**16,152**	**160,645**	**409,434**	**16,152**	**409,434**

[1] Unaudited adjusted budget, see Note 39.

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

See Note 20 for details regarding restated prior year balances for the Corporation.

The accompanying notes form part of these financial statements.

Health Administration Corporation

Statement of Financial Position as at 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual Restated 2022 $000	Consolidated Actual Restated 1 July 2021 $000	Parent Actual 2023 $000	Parent Actual Restated 2022 $000	Parent Actual Restated 1 July 2021 $000
ASSETS								
Current assets								
Cash and cash equivalents	21	758,448	1,021,241	1,095,229	846,099	758,448	1,095,229	846,099
Receivables	22	796,353	558,929	863,305	534,874	796,353	863,305	534,874
Inventories	23	288,023	721,890	684,550	493,599	288,023	684,550	493,599
Financial assets at fair value	24	2,522	1,590	1,590	-	2,522	1,590	-
		1,845,346	**2,303,650**	**2,644,674**	**1,874,572**	**1,845,346**	**2,644,674**	**1,874,572**
Non-current assets held for sale	28	304	3,304	3,304	1,254	304	3,304	1,254
Total current assets		**1,845,650**	**2,306,954**	**2,647,978**	**1,875,826**	**1,845,650**	**2,647,978**	**1,875,826**
Non-current assets								
Receivables	22	6,849	10,655	10,655	5,718	6,849	10,655	5,718
Financial assets at fair value	24	9,148	9,911	9,911	-	9,148	9,911	-
Property, plant & equipment	25				-			-
- Land and buildings		877,628	843,161	717,122	636,182	877,628	717,122	636,182
- Plant and equipment		285,382	267,947	229,101	224,951	285,382	229,101	224,951
- Infrastructure systems		21,243	20,589	19,535	20,615	21,243	19,535	20,615
Total property, plant & equipment		1,184,253	1,131,697	965,758	881,748	1,184,253	965,758	881,748
Right-of-use assets	26	339,134	345,771	337,835	370,997	339,134	337,835	370,997
Intangible assets	27	688,876	708,686	656,886	644,916	688,876	656,886	644,916
Total non-current assets		**2,228,260**	**2,206,720**	**1,981,045**	**1,903,379**	**2,228,260**	**1,981,045**	**1,903,379**
Total assets		**4,073,910**	**4,513,674**	**4,629,023**	**3,779,205**	**4,073,910**	**4,629,023**	**3,779,205**

Health Administration Corporation

Statement of Financial Position as at 30 June 2023 (continued)

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual Restated 2022 $000	Consolidated Actual Restated 1 July 2021 $000	Parent Actual 2023 $000	Parent Actual Restated 2022 $000	Parent Actual Restated 1 July 2021 $000
LIABILITIES								
Current liabilities								
Payables	31	573,015	547,172	781,482	604,797	573,015	781,482	604,797
Contract liabilities	32	2,020	2,639	2,639	2,355	2,020	2,639	2,355
Borrowings	33	290,929	558,502	566,909	384,099	290,929	566,909	384,099
Provisions	34	428,671	442,176	490,861	371,143	428,671	490,861	371,143
Other current liabilities	35	6,591	11,174	13,590	22,852	6,591	13,590	22,852
Total current liabilities		**1,301,226**	**1,561,663**	**1,855,481**	**1,385,246**	**1,301,226**	**1,855,481**	**1,385,246**
Non-current liabilities								
Borrowings	33	260,331	291,786	274,117	306,052	260,331	274,117	306,052
Provisions	34	13,681	15,013	14,857	13,783	13,681	14,857	13,783
Other non-current liabilities	35	-	1,620	1,620	-	-	1,620	-
Total non-current liabilities		**274,012**	**308,419**	**290,594**	**319,835**	**274,012**	**290,594**	**319,835**
Total liabilities		**1,575,238**	**1,870,082**	**2,146,075**	**1,705,081**	**1,575,238**	**2,146,075**	**1,705,081**
Net assets		**2,498,672**	**2,643,592**	**2,482,948**	**2,074,124**	**2,498,672**	**2,482,948**	**2,074,124**
EQUITY								
Reserves		287,285	237,527	237,431	186,728	287,285	237,431	186,728
Accumulated funds		2,211,387	2,406,065	2,245,517	1,887,396	2,211,387	2,245,517	1,887,396
Total Equity		**2,498,672**	**2,643,592**	**2,482,948**	**2,074,124**	**2,498,672**	**2,482,948**	**2,074,124**

[1] Unaudited adjusted budget, see Note 39.

See Note 20 for details regarding restated prior year balances for the Corporation.

The accompanying notes form part of these financial statements.

Health Administration Corporation

Statement of Changes in Equity for the year ended 30 June 2023

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds $000	Asset Revaluation Surplus $000	Total $000
Balance at 1 July 2022		**2,246,800**	**237,431**	**2,484,231**
Correction of error - long service leave calculations	20	(1,283)	-	(1,283)
Restated balance at 1 July 2022		**2,245,517**	**237,431**	**2,482,948**
Net result for the year		**(37,751)**	**-**	**(37,751)**
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	53,903	53,903
Total other comprehensive income		**-**	**53,903**	**53,903**
Total comprehensive income for the year		**(37,751)**	**53,903**	**16,152**
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		4,049	(4,049)	-
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	(428)	-	(428)
Balance at 30 June 2023		**2,211,387**	**287,285**	**2,498,672**

	Notes	Accumulated Funds $000	Asset Revaluation Surplus $000	Total $000
Balance at 1 July 2021		**1,888,830**	**186,728**	**2,075,558**
Correction of error - long service leave calculations	20	(1,434)	-	(1,434)
Restated balance at 1 July 2021		**1,887,396**	**186,728**	**2,074,124**
Restated net result for the year		**359,654**	**-**	**359,654**
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	49,780	49,780
Total other comprehensive income		**-**	**49,780**	**49,780**
Restated total comprehensive income for the year		**359,654**	**49,780**	**409,434**
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		(923)	923	-
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	36	(610)	-	(610)
Restated balance at 30 June 2022		**2,245,517**	**237,431**	**2,482,948**

The accompanying notes form part of these financial statements.

Health Administration Corporation

Statement of Cash Flows for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual 2022 $000	Parent Actual 2023 $000	Parent Actual 2022 $000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(2,337,118)	(2,373,861)	(2,146,552)	-	-
Suppliers for goods and services		(2,822,509)	(2,759,023)	(3,465,054)	(2,822,509)	(3,465,054)
Grants and subsidies		(71,343)	(76,088)	(36,303)	(71,343)	(36,303)
Finance costs		(9,960)	(9,014)	(11,380)	(9,960)	(11,380)
Personnel services		-	-	-	(2,337,118)	(2,146,552)
Total payments		**(5,240,930)**	**(5,217,986)**	**(5,659,289)**	**(5,240,930)**	**(5,659,289)**
Receipts						
Ministry of Health recurrent allocations		1,684,413	1,764,488	2,407,854	1,684,413	2,407,854
Ministry of Health capital allocations		349,248	283,748	193,603	349,248	193,603
Reimbursements from the Crown[2]		36,002	36,002	34,801	36,002	34,801
Sale of goods and services		3,210,944	3,171,080	3,011,840	3,210,944	3,011,840
Interest received		15,608	3,590	3,817	15,608	3,817
Grants and other contributions		40,166	47,611	23,347	40,166	23,347
Other		388,374	387,391	341,946	388,374	341,946
Total receipts		**5,724,755**	**5,693,910**	**6,017,208**	**5,724,755**	**6,017,208**
NET CASH FLOWS FROM OPERATING ACTIVITIES	40	**483,825**	**475,924**	**357,919**	**483,825**	**357,919**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		4,282	1,075	1,025	4,282	1,025
Purchases of property, plant and equipment and intangibles		(445,610)	(468,744)	(214,877)	(445,610)	(214,877)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(441,328)**	**(467,669)**	**(213,852)**	**(441,328)**	**(213,852)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		203,037	203,037	495,800	203,037	495,800
Repayment of borrowings and advances		(495,897)	(203,037)	(303,327)	(495,897)	(303,327)
Payment of principal portion of lease liabilities		(88,622)	(82,243)	(87,541)	(88,622)	(87,541)
Proceeds / (payment) of derivatives		2,250	-	-	2,250	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(379,232)**	**(82,243)**	**104,932**	**(379,232)**	**104,932**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(336,735)	(73,988)	248,999	(336,735)	248,999
Opening cash and cash equivalents	21	1,095,229	1,095,229	846,099	1,095,229	846,099
Effects of exchange rate changes on cash and cash equivalents		(46)	-	131	(46)	131
CLOSING CASH AND CASH EQUIVALENTS	21	**758,448**	**1,021,241**	**1,095,229**	**758,448**	**1,095,229**

[1] Unaudited adjusted budget, see Note 39.

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

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

a) Reporting entity

The Health Administration Corporation (the Corporation), as a reporting entity, was established under the *Health Administration Act 1982.* The reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

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

The Corporation is also a parent entity in its own right, as it controls the operations of the Administrative Divisions established by the Secretary, NSW Health and its Employment Divisions.

The Secretary, NSW Health is responsible for establishing shared business services across NSW Health. The following Administrative Divisions have been established to undertake these services:

- Public Health System Support (PHSS) which has three main groups comprising:
  - Health System Support Group (HSSG) which undertakes financial and human resource management.
  - eHealth NSW which delivers information and communications technology services to NSW Health.
  - HealthShare NSW which provides financial, payroll, linen, food and other shared statewide services to NSW Health.
- Health Infrastructure which delivers and manages major NSW Health capital works projects across NSW Health.
- Ambulance Service of NSW which provides clinical and health related transport services across the State.
- NSW Health Pathology which provides public pathology, forensic and analytical services on behalf of NSW Health.

Each Administrative Division is supported by special purpose Employment Divisions established under the *Health Services Act 1997.* The Employment Division assumes the responsibility for the employees and employee related liabilities. These Divisions are regarded as special purpose entities as they were established specifically to provide personnel services to the respective Administrative Divisions.

The consolidated entity includes the Corporation (with its Administrative Divisions) as the parent entity and the special purpose Employment Divisions. The consolidated financial statements disclose balances for the parent entity and the consolidated entity.

These consolidated financial statements for the year ended 30 June 2023 have been authorised for issue by the Secretary, NSW Health on 27 October 2023.

b) Basis of preparation

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

* applicable Australian Accounting Standards (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 Corporation have been prepared on a going concern basis.

1. Statement of Significant Accounting Policies (continued)

b) Basis of preparation (continued)

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

The Corporation 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 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 Corporation's presentation and functional currency.

c) Principles of Consolidation

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

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

d) Statement of Compliance

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

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

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

* amount of GST incurred by the Corporation 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.

1. Statement of Significant Accounting Policies (continued)

f) Foreign currency translation

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on the 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 result are also recognised in other comprehensive income or net result, respectively).

g) 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 restated due to the correction of a prior period error (refer to Note 20) or has been reclassified to ensure alignment with the current year presentation.

h) Changes in estimates

(i) Componentisation

During 2023, the Corporation conducted a review of the useful lives of its specialised buildings. As part of the review, new depreciation useful lives were determined for each of the four major specialised building components, which previously were all depreciated over 40 years. As a result, the Corporation has revised the accounting policy for the useful lives for specialised buildings, effective from 1 July 2022. The new useful lives were determined as follows:

	Useful lives 2023	Useful lives 2022
Structure / shell / building fabric	70 years	40 years
Fit out	30 years	40 years
Combined fit out and trunk reticulated building systems	30 years	40 years
Site engineering services / central plant	55 years	40 years

The net effect of the change in useful lives on actual and expected depreciation expense has decreased and is included in the Statement of Comprehensive Income is as follows:

PARENT AND CONSOLIDATED

	2023 Actual $'000	Future years Expected $'000
Expenses		
Depreciation and amortisation	(745)	(591)

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in 2022-23

Several amendments and interpretations apply for the first time in 2022-23. The Corporation has assessed the new and amended standards and interpretations that are effective for the first time and has determined they are unlikely to have a material impact on the financial statements of the Corporation.

(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.

j) Impact of COVID-19 on Financial Reporting for 2022-23

The COVID-19 pandemic has resulted in significant changes in the Corporation's activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2022-23 and increased disclosures are presented in the following notes:

* Note 12 Ministry of Health allocations
* Note 15 Grants and other contributions
* Note 19 Other gains / (losses)
* Note 23 Inventories
* Note 34 Provisions

2. Employee related expenses

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent 2022 $000
Salaries and wages (including annual leave and allocated days off)	1,945,328	1,916,386	-	-
Superannuation - defined benefit plans	11,027	12,743	-	-
Superannuation - defined contribution plans	193,485	175,120	-	-
Long service leave	50,842	(26,440)	-	-
Redundancies	1,755	2,153	-	-
Workers' compensation insurance	91,818	74,878	-	-
Fringe benefits tax	237	88	-	-
Other staff related	12,579	13,834	-	-
	2,307,071	**2,168,762**	**-**	**-**

[1] 'Long service leave' costs have been restated to be lower by $1.26 million in the prior year for the consolidated entity. Refer to Note 20 for further details regarding the restatement as a result of an error.

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

Employee related costs of $33.53 million (2022: $21.96 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

The long service leave in 2022 was impacted by significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

3. Personnel services

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Salaries and wages (including annual leave and allocated days off)	-	-	1,945,328	1,916,386
Superannuation - defined contribution plans	-	-	193,485	175,120
Long service leave	-	-	1,729	(7,957)
Redundancies	-	-	1,755	2,153
Workers' compensation insurance	-	-	91,818	74,878
Fringe benefits tax	-	-	237	88
Other staff related	-	-	12,579	13,834
	-	**-**	**2,246,931**	**2,174,502**

[1] 'Long service leave' costs have been restated to be lower by $0.15 million in the prior year for the parent entity. Refer to Note 20 for further details regarding the restatement as a result of an error.

Personnel services of the Health Administration Corporation were provided by the employment divisions of the Ambulance Service of NSW, eHealth NSW, Health Infrastructure, HealthShare NSW, Health System Support Group and NSW Health Pathology.

Personnel services of $33.53 million (2022: $21.96 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 specialty input for pathology services. VMO expenses of $0.15 million (2022: $0.15 million) represent part of the day-to-day running costs incurred in the normal operations of the Corporation. These costs are expensed as incurred.

5. Operating expenses

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Advertising	2,204	1,102	2,204	1,102
Auditor's remuneration - audit of financial statements	688	702	688	702
Blood and blood products	55	24	55	24
Work performed for entities controlled by the ultimate parent	5,333	-	5,333	-
Consultancies	7,661	3,059	7,661	3,059
Contractors	192,056	222,513	192,056	222,513
Domestic supplies and services	61,211	86,621	61,211	86,621
Drug supplies	22,792	12,896	22,792	12,896
Food supplies	110,126	103,812	110,126	103,812
Fuel, light and power	14,827	11,631	14,827	11,631
Patient transport costs	1,516	1,137	1,516	1,137
Information management expenses	355,633	274,316	355,633	274,316
Insurance	7,540	7,180	7,540	7,180
Maintenance (see Note 5 (b))	111,104	92,111	111,104	92,111
Medical and surgical supplies	50,969	83,286	50,969	83,286
Motor vehicle expenses	35,121	23,484	35,121	23,484
Occupancy agreement expenses - Property NSW	22,146	-	22,146	-
Postal and telephone costs	15,016	17,884	15,016	17,884
Printing and stationery	6,714	5,906	6,714	5,906
Rates and charges	2,839	2,504	2,839	2,504
Hosted services purchased from entities controlled by the immediate parent	1,905	2,004	1,905	2,004
Specialised services (dental, radiology, pathology and allied health)	352,126	743,331	352,126	743,331
Staff related costs	23,213	20,557	23,213	20,557
Travel related costs	20,377	11,669	20,377	11,669
Other (see Note 5 (a))	1,173,814	1,412,997	1,173,814	1,412,997
	2,596,986	**3,140,726**	**2,596,986**	**3,140,726**

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 Corporation.

5. Operating expenses (continued)

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
(a) Other				
Aircraft expenses (Ambulance)	140,680	118,856	140,680	118,856
Corporate support services[1 2]	780,422	923,834	780,422	923,834
Courier and freight	17,486	18,656	17,486	18,656
Disability equipment support expenses[1]	8,870	245	8,870	245
Isolated patient travel and accommodation assistance scheme	37,327	-	37,327	-
Legal services	4,412	4,927	4,412	4,927
Membership/professional fees	3,356	3,506	3,356	3,506
Quality assurance / accreditation	4,588	4,906	4,588	4,906
Security services	1,223	2,011	1,223	2,011
Expenses relating to short-term leases	25,061	20,587	25,061	20,587
Expenses relating to leases of low-value assets	3,213	13,138	3,213	13,138
Other miscellaneous	147,176	302,331	147,176	302,331
	1,173,814	**1,412,997**	**1,173,814**	**1,412,997**

[1] Disability equipment payments under the Enable NSW program have been reclassified from 'Corporate support services' to 'Disability equipment support expenses' in the current year. The prior period 'Disability equipment support expenses' have been restated higher by $0.246 million and 'Corporate support services' lower by $0.246 million to reflect this change.

[2] Corporate support services includes $768.4 million (2022: $876.1 million) of inventory issued to health entities.

From 1 July 2022, the isolated patient travel and accommodation assistance scheme program is being managed by the Corporation.

Other miscellaneous expenses include management services of $74.9 million (2022: $191.8 million), warehousing expenses of $26.3 million (2022: $42.3 million) and capital expenses that do not meet the capitalisation threshold of $30.7 million (2022: $44.4 million).

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
(b) Reconciliation of total maintenance expense				
Maintenance contracts	41,548	37,553	41,548	37,553
New / replacement equipment under $10,000	51,546	37,584	51,546	37,584
Repairs maintenance - non contract	17,838	16,622	17,838	16,622
Other	172	352	172	352
Maintenance expense - contracted labour and other (non-employee related) in Note 5	**111,104**	**92,111**	**111,104**	**92,111**
Employee related/personnel services maintenance expense included in Notes 2 and 3*.	6,039	5,961	6,039	5,961
	117,143	**98,072**	**117,143**	**98,072**

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

5. Operating expenses (continued)

Recognition and Measurement

Operating expenses includes non-employee costs incurred in delivering the services provided by the Corporation. These expenses are recognised in the reporting period in which they are incurred.

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.

Insurance

The Corporation'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 operated by NSW Self Insurance Corporation (SiCorp), an entity controlled by the ultimate parent.

Lease expense

The Corporation 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.

6. Depreciation and amortisation

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Depreciation - buildings	20,999	21,409	20,999	21,409
Depreciation - plant and equipment	56,278	61,213	56,278	61,213
Depreciation - infrastructure systems	623	2,488	623	2,488
Depreciation - right-of-use buildings	40,862	43,266	40,862	43,266
Depreciation - right-of-use plant and equipment	48,135	46,978	48,135	46,978
Amortisation - intangible assets	98,445	84,169	98,445	84,169
	265,342	**259,523**	**265,342**	**259,523**

Depreciation - buildings is lower by $0.75 million in 2023 due to a change in the useful lives for specialised buildings. Refer to Note 1(h) for further details.

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

7. Grants and subsidies

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Non-government organisations	2,851	2,731	2,851	2,731
Community packages	25,234	22,639	25,234	22,639
Grants to research organisations	682	339	682	339
Grants to entities controlled by the immediate parent	50,512	9,103	50,512	9,103
Other grants	1,122	4	1,122	4
	80,401	**34,816**	**80,401**	**34,816**

Recognition and Measurement

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

8. Finance costs

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Interest expense from lease liabilities	9,943	11,349	9,943	11,349
Interest expense from financial liabilities at amortised cost	17	18	17	18
Other interest charges	-	12	-	12
	9,960	**11,379**	**9,960**	**11,379**

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.

9. Payments to Affiliated Health Organisations

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
(a) **Recurrent sourced**	276	250	276	250
	276	**250**	**276**	**250**
(b) **Capital sourced**	-	198	-	198
	-	**198**	**-**	**198**
	276	**448**	**276**	**448**

Recognition and Measurement

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

General operating expenses / revenues have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made / received or accrued to the health organisations concerned. The Corporation is not deemed to own or control the various assets / liabilities of the affiliated health organisations and such amounts have been excluded from the Statement of Financial Position.

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

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

11. Summary of compliance

The *Appropriation Act 2022 (Appropriations Act)* (and the subsequent variations, if applicable) appropriates the sum of $18.7 billion to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2022-23. 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 the Corporation.

The *Treasury and Energy Legislation Amendment Act 2022* made some amendments to sections 4.7 and 4.9 of the *Government Sector Finance Act 2018* (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for the Corporation, being the Minister for Health, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the Corporation receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the Corporation. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

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

On 16 June 2023, the *GSF Amendment (Deemed Appropriations) Regulation 2023* was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

The delegation / sub-delegations for 2023 and 2022, authorising officers of the Corporation to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the Corporation. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the *Appropriations Act* and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

The State Budget and related Appropriation Bill for year commencing 1 July 2023 was tabled in September 2023. Pursuant to section 4.10 of the GSF Act, the Treasurer authorised the payment of specified sums out of the Consolidated Fund to meet the requirements for this period.

12. Ministry of Health allocations

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

The Corporation recognised additional Ministry of Health recurrent allocations of $296.6 million (2022: $852.7 million) and Ministry of Health capital allocations of $13.8 million (2022: $28.6 million) to cover costs incurred for the testing, diagnosis, treatment and vaccination of COVID-19 patients.

13. Sale of goods and services from contracts with customers

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
(a) Sale of goods comprise the following:				
Sale of small medical equipment and other merchandise	5,225	2,364	5,225	2,364
	5,225	**2,364**	**5,225**	**2,364**
(b) Rendering of services comprise the following:				
Patients				
Department of Veterans' Affairs	14,957	15,527	14,957	15,527
Motor Accident Authority third party	44,913	40,960	44,913	40,960
Patient co-payments - program of appliances for disabled people	716	761	716	761
Patient transport fees	188,159	171,336	188,159	171,336
Staff				
Private use of motor vehicles	248	280	248	280
Salary packaging fee	252	445	252	445
General community				
Cafeteria / kiosk	2,245	2,233	2,245	2,233
Car parking	24	(14)	24	(14)
Clinical services (excluding clinical drug trials)	22,687	21,813	22,687	21,813
Commercial activities*	612,730	751,220	612,730	751,220
Fees for conferences and training	301	345	301	345
Fees for medical records	146	198	146	198
Information retrieval	8	8	8	8
Meals on Wheels	251	289	251	289
Non-NSW Health entities				
Linen service revenues	4,780	4,752	4,780	4,752
Services to other organisations	2,530	966	2,530	966
Entities controlled by the immediate parent				
Hosted service revenues	-	500	-	500
Linen service revenues	94,580	85,852	94,580	85,852
Shared corporate service revenues	1,952,043	2,017,115	1,952,043	2,017,115
Use of ambulance facilities	9,411	7,418	9,411	7,418
Entities controlled by the ultimate parent				
Work performed reimbursed by entities controlled by the ultimate parent	5,333	-	5,333	-
Other				
Infrastructure fees - annual charge	11,484	7,209	11,484	7,209
Infrastructure fees - monthly facility charge	140,078	127,778	140,078	127,778
Other	6,243	6,223	6,243	6,223
	3,114,119	**3,263,214**	**3,114,119**	**3,263,214**
	3,119,344	**3,265,578**	**3,119,344**	**3,265,578**

* Commercial activities include intra health pathology revenue of $593.3 million (2022: $731.1 million).

13. 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 Corporation satisfies a performance obligation by transferring the promised goods.

Type of good	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of small medical equipment and other merchandise	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.

Rendering of services

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

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

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

Recognition and Measurement (continued)

Rendering of services (continued)

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
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.
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 32 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Corporation expects to recognise the unsatisfied portion as revenue.

14. Investment revenue

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Interest income from financial assets at amortised cost	15,608	3,817	15,608	3,817
	15,608	**3,817**	**15,608**	**3,817**

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).

15. Grants and other contributions

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	37,473	-	37,473	-
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	346	339	346	339
Clinical trials and research grants	835	840	835	840
Commonwealth government grants received for community based services	(314)	314	(314)	314
Commonwealth government grants other	630	2,562	630	2,562
Grants from entities controlled by the ultimate parent	-	29,023	-	29,023
Other grants from entities controlled by the immediate parent	686	1,257	686	1,257
Other grants	1,288	1,073	1,288	1,073
Grants without specific performance obligations				
Clinicals trial and research grants	825	120	825	120
Commonwealth government grants other*	73,228	94,085	73,228	94,085
Grants from entities controlled by the ultimate parent	120	-	120	-
Other grants from entities controlled by the immediate parent	4,933	2,260	4,933	2,260
Other grants	204	127	204	127
Donations				
Donations	3,428	1,425	3,428	1,425
	123,682	**133,425**	**123,682**	**133,425**

* 'Commonwealth government grants other' comprises Personal Protective Equipment (PPE) and COVID-19 medicine / drugs received from the Commonwealth for nil consideration and recorded at current replacement cost at the time of receipt.

15. Grants and other contributions (continued)

Recognition and Measurement

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

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

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

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

16. 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 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent 2022 $000
Superannuation - defined benefit plans	11,027	12,743	-	-
Long service leave provision	49,111	(18,483)	-	-
	60,138	**(5,740)**	**-**	**-**

[1] 'Long service leave provision' revenue has been restated to be lower by $1.11 million in the prior year for the consolidated entity. Refer to Note 20 for further details regarding the restatement as a result of an error.

17. Other income

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Bad debts recovered	155	126	155	126
Capital project management cost	52,383	40,423	52,383	40,423
Commissions	38	40	38	40
Discounts	207	62	207	62
Insurance refunds	1,280	3,813	1,280	3,813
Rental income	526	461	526	461
Sponsorship	177	2	177	2
Unclaimed deposits	209	129	209	129
Other	2,189	3,271	2,189	3,271
	57,164	**48,327**	**57,164**	**48,327**

Recognition and Measurement

Insurance refunds

Insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for Government entities. Insurance refunds are recognised when TMF accepts the insurance claim.

Rental income

Rental income is accounted for on a straight-line basis over the lease term under AASB 16 *Leases.* The rental income is incidental to the purpose of holding the property.

Other income

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

18. Gains / (losses) on disposal

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	3,685	4,419	3,685	4,419
Less: proceeds from disposal	1,490	1,025	1,490	1,025
Net gains / (losses) on disposal	**(2,195)**	**(3,394)**	**(2,195)**	**(3,394)**
Right-of-use assets				
Written down value of assets disposed	430	188,729	430	188,729
Less: lease liabilities extinguished	412	199,792	412	199,792
Net gains / (losses) on disposal*	**(18)**	**11,063**	**(18)**	**11,063**
Intangible assets				
Written down value of assets disposed	1,993	-	1,993	-
Net gains / (losses) on disposal	**(1,993)**	**-**	**(1,993)**	**-**
Assets held for sale				
Written down value of assets disposed	3,000	-	3,000	-
Less: proceeds from disposal	2,792	-	2,792	-
Net gains / (losses) on disposal	**(208)**	**-**	**(208)**	**-**
Total gains / (losses) on disposal	**(4,414)**	**7,669**	**(4,414)**	**7,669**

* As at 30 June 2022, $10.9 million of the net gains / (losses) on disposal is a result of the derecognition of the right-of-use asset of $187.1 million and the lease liability of $197.9 million with Property NSW, an entity of the ultimate parent. Please refer to Note 26 for further details on the derecognition.

19. Other gains / (losses)

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Inventory write down*	(164,955)	(55,370)	(164,955)	(55,370)
Financial instruments at fair value revaluation increment / (decrement)	1,795	11,501	1,795	11,501
Foreign exchange gains / (losses)	(237)	377	(237)	377
Other	-	(5,565)	-	(5,565)
	(163,397)	**(49,057)**	**(163,397)**	**(49,057)**

* 'Inventory write down' consists of $125.9 million (2022: $367.4 million) of various inventory items written-off and an increase in the allowance for impairment of $39.1 million (2022: decrease in the allowance for impairment of $312.0 million) in respect of the inventory balance held at reporting date.

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 22 Receivables
- Note 23 Inventories
- Note 25 Property, plant and equipment
- Note 26 Leases
- Note 27 Intangible assets

20. Prior period error

During the year it was identified that the long service leave entitlement for certain employees had not been correctly calculated and recognised. The issue only impacted employees who had a period of part time service under certain awards during their employment. It was identified that the accrual for enhanced entitlement did not start on the completion of the first 10 years of service by the employee, rather it started upon the completion of the full-time equivalency of 10 years of service. This has resulted in an under accrual and / or underpayment of long service leave entitlements for such employees in current and prior years. The error has been corrected during the year, with retrospective adjustments made in the prior periods.

The Corporation's liability for long service leave is assumed by The Crown in right of the State of New South Wales. The Corporation 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 Corporation.

The impact to the Statement of Comprehensive Income and Statement of Financial Position from restating the balances in the prior year due to the above matter are shown below.

Statement of Comprehensive Income for the year ended 30 June 2022 (extract)

	Notes	Consolidated Actual 2022 $000	Consolidated Adjustment 2022 $000	Consolidated Restated 2022 $000	Parent Actual 2022 $000	Parent Adjustment 2022 $000	Parent Restated 2022 $000
Continuing operations							
Expenses excluding losses							
Employee related expenses	2	2,170,022	(1,260)	2,168,762	-	-	-
Personnel services	3	-	-	-	2,174,653	(151)	2,174,502
Total expenses excluding losses		**5,617,065**	**(1,260)**	**5,615,805**	**5,621,696**	**(151)**	**5,621,545**
Revenue							
Acceptance by the Crown of employee benefits	16	(4,631)	(1,109)	(5,740)	-	-	-
Total revenue		**6,047,973**	**(1,109)**	**6,046,864**	**6,052,604**	**-**	**6,052,604**
Operating result		**430,908**	**151**	**431,059**	**430,908**	**151**	**431,059**
Net result from continuing operations		**359,503**	**151**	**359,654**	**359,503**	**151**	**359,654**
Net result		**359,503**	**151**	**359,654**	**359,503**	**151**	**359,654**
TOTAL COMPREHENSIVE INCOME		**409,283**	**151**	**409,434**	**409,283**	**151**	**409,434**

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

20. Prior period error (continued)

Statement of Financial Position as at 1 July 2021 (extract)

	Notes	Consolidated Actual 1 July 2021 $000	Consolidated Adjustment 1 July 2021 $000	Consolidated Restated 1 July 2021 $000	Parent Actual 1 July 2021 $000	Parent Adjustment 1 July 2021 $000	Parent Restated 1 July 2021 $000
LIABILITIES							
Current liabilities							
Provisions	34	369,825	1,318	371,143	369,825	1,318	371,143
Total current liabilities		**1,383,928**	**1,318**	**1,385,246**	**1,383,928**	**1,318**	**1,385,246**
Non-current liabilities							
Provisions	34	13,667	116	13,783	13,667	116	13,783
Total non-current liabilities		**319,719**	**116**	**319,835**	**319,719**	**116**	**319,835**
Total liabilities		**1,703,647**	**1,434**	**1,705,081**	**1,703,647**	**1,434**	**1,705,081**
Net assets		**2,075,558**	**(1,434)**	**2,074,124**	**2,075,558**	**(1,434)**	**2,074,124**
EQUITY							
Accumulated funds		1,888,830	(1,434)	1,887,396	1,888,830	(1,434)	1,887,396
Total Equity		**2,075,558**	**(1,434)**	**2,074,124**	**2,075,558**	**(1,434)**	**2,074,124**

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

Statement of Financial Position as at 30 June 2022 (extract)

	Notes	Consolidated Actual 2022 $000	Consolidated Adjustment 2022 $000	Consolidated Restated 2022 $000	Parent Actual 2022 $000	Parent Adjustment 2022 $000	Parent Restated 2022 $000
LIABILITIES							
Current liabilities							
Provisions	34	489,681	1,180	490,861	489,681	1,180	490,861
Total current liabilities		**1,854,301**	**1,180**	**1,855,481**	**1,854,301**	**1,180**	**1,855,481**
Non-current liabilities							
Provisions	34	14,754	103	14,857	14,754	103	14,857
Total non-current liabilities		**290,491**	**103**	**290,594**	**290,491**	**103**	**290,594**
Total liabilities		**2,144,792**	**1,283**	**2,146,075**	**2,144,792**	**1,283**	**2,146,075**
Net assets		**2,484,231**	**(1,283)**	**2,482,948**	**2,484,231**	**(1,283)**	**2,482,948**
EQUITY							
Accumulated funds		2,246,800	(1,283)	2,245,517	2,246,800	(1,283)	2,245,517
Total Equity		**2,484,231**	**(1,283)**	**2,482,948**	**2,484,231**	**(1,283)**	**2,482,948**

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

There is no impact on the total operating, investing or financing cash flows for the year ended 30 June 2022.

21. Cash and cash equivalents

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Cash at bank and on hand	758,448	1,095,229	758,448	1,095,229
	758,448	**1,095,229**	**758,448**	**1,095,229**

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)	758,448	1,095,229	758,448	1,095,229
	758,448	**1,095,229**	**758,448**	**1,095,229**

Refer to Note 43 for details regarding credit risk and market risk arising from financial instruments.

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

HealthShare NSW makes all payments to employees and most payments to suppliers of goods and services and grants and subsidies on behalf of all health entities. These payments are reported as expenses and operating cash outflows in the financial statements of the health entities.

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

22. Receivables

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Trade receivables from contracts with customers	122,275	107,042	122,275	107,042
Intra health receivables	515,234	609,931	515,234	609,931
Goods and Services Tax	73,764	65,326	73,764	65,326
Other receivables	35,524	40,177	35,524	40,177
Sub total	**746,797**	**822,476**	**746,797**	**822,476**
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(61,006)	(57,208)	(61,006)	(57,208)
- Other receivables	(566)	(333)	(566)	(333)
Sub total	**685,225**	**764,935**	**685,225**	**764,935**
Prepayments	111,128	98,370	111,128	98,370
	796,353	**863,305**	**796,353**	**863,305**

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Trade receivables from contracts with customers				
Balance at the beginning of the year	**(57,208)**	**(41,711)**	**(57,208)**	**(41,711)**
Amounts written off during the year	14,279	14,285	14,279	14,285
Amounts recovered during the year	94	79	94	79
(Increase) / decrease in allowance recognised in the net result[1]	(18,170)	(29,861)	(18,170)	(29,861)
Balance at the end of the year	**(61,006)**	**(57,208)**	**(61,006)**	**(57,208)**
Other receivables				
Balance at the beginning of the year	**(333)**	**(277)**	**(333)**	**(277)**
Amounts written off during the year	888	53	888	53
Amounts recovered during the year	61	47	61	47
(Increase) / decrease in allowance recognised in the net result	(1,181)	(157)	(1,181)	(157)
Balance at the end of the year	**(566)**	**(333)**	**(566)**	**(333)**
	(61,572)	**(57,541)**	**(61,572)**	**(57,541)**

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Non-current				
Other receivables	205	-	205	-
Sub total	**205**	**-**	**205**	**-**
Prepayments	6,644	10,655	6,644	10,655
	6,849	**10,655**	**6,849**	**10,655**

[1] Includes total impairment loss of $18.17 million (2022: $29.86 million) recognised on receivables from contracts with customers.

22. 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 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Patient fees - inpatient & other	11,757	6,224	11,757	6,224
	11,757	**6,224**	**11,757**	**6,224**

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 43.

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Contract receivables (included in Note 22)	637,508	716,973	637,508	716,973
Total contract receivables	**637,508**	**716,973**	**637,508**	**716,973**

¹ Prior year figures have been restated higher by $2.435 million as a result of items previously excluded under contract receivables.

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.

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 Corporation 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 Corporation 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 Corporation expects to receive, discounted at the original effective interest rate.

23. Inventories

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Held-for-distribution				
Drug supplies	59,425	16,474	59,425	16,474
Medical and surgical supplies	511,433	809,455	511,433	809,455
Food and hotel supplies	2,950	2,762	2,950	2,762
Other including goods in transit	13	23	13	23
Sub total	**573,821**	**828,714**	**573,821**	**828,714**
Held-for-resale				
Medical and surgical supplies	-	102,540	-	102,540
Sub total	**-**	**102,540**	**-**	**102,540**
Less: Allowance for impairment				
- Medical and surgical supplies	(285,798)	(246,704)	(285,798)	(246,704)
	288,023	**684,550**	**288,023**	**684,550**

For 30 June 2022, medical and surgical supplies inventory held-for-resale consisted of items that the Corporation had agreed to resell to the Commonwealth for inclusion in the national medical stockpile.

Recognition and Measurement

The Corporation procures, stores and distributes inventory to all NSW health districts under their service delivery plan. Inventory is distributed to health districts at cost price plus service fee. The cost of inventory distributed is reflected as other expenses in the Statement of Comprehensive Income.

The high level of medical and surgical supplies is a result of the Corporation'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 Corporation.

All inventory held by the Corporation is for distribution to health districts for consumption in their ordinary activities.

Inventories held for distribution are stated at cost and 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.

In 2022, the Corporation held an allowance for impairment of medical and surgical supplies of $246.7 million. The impairment allowance was based on the consumption forecast model, on inventory categories that are likely to expire before they are consumed and inventory categories that are in an unserviceable condition (that is, does not meet the clinical requirements) and have no alternative use before they expire.

In 2023, the Corporation wrote off $125.9 million of medical and surgical supplies. Following the write off, the allowance for impairment of medical and surgical supplies was reassessed and an additional impairment of $39.1 million was recognised due to the changes in the current consumption forecast model of medical and surgical supplies. The write-off and additional allowance for impairment expensed under 'Other gains / (losses)' (Note 19) is $165.0 million.

23. Inventories (continued)

Recognition and Measurement (continued)

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 Corporation 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.

24. Financial assets at fair value

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Derivatives	2,522	1,590	2,522	1,590
	2,522	**1,590**	**2,522**	**1,590**
Non-current				
Derivatives	9,148	9,911	9,148	9,911
	9,148	**9,911**	**9,148**	**9,911**

Refer to Note 43 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

Derivative contracts are carried as financial assets when their fair value at the reporting date is positive. Derivative contracts maturing less than 12 months are classified as current and all other contracts as non-current.

The Corporation has elected not to apply hedge accounting to the economic hedges.

25. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings $000	Plant and Equipment[1] $000	Infrastructure Systems $000	Total $000
At 1 July 2021 - fair value				
Gross carrying amount	976,440	536,461	27,069	1,539,970
Less: accumulated depreciation and impairment	340,258	311,510	6,454	658,222
Net carrying amount	**636,182**	**224,951**	**20,615**	**881,748**

	Land and Buildings $000	Plant and Equipment $000	Infrastructure Systems $000	Total $000
Year ended 30 June 2022				
Net carrying amount at beginning of year	636,182	224,951	20,615	881,748
Additions	66,048	57,642	688	124,378
Reclassification to intangibles	-	(16)	-	(16)
Reclassification from inventory	-	4,694	-	4,694
Reclassification to assets held for sale	(2,050)	-	-	(2,050)
Disposals	(2,753)	(1,666)	-	(4,419)
Equity transfers - transfers in / (out)	(610)	-	-	(610)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(2,637)	-	(2,637)
Net revaluation increments less revaluation decrement	48,400	-	1,380	49,780
Depreciation expense	(21,409)	(61,213)	(2,488)	(85,110)
Reclassifications	(6,686)	7,346	(660)	-
Net carrying amount at end of year	**717,122**	**229,101**	**19,535**	**965,758**

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 29.

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings $000	Plant and Equipment[1] $000	Infrastructure Systems $000	Total $000
At 1 July 2022 - fair value				
Gross carrying amount	1,106,550	580,315	23,937	1,710,802
Less: accumulated depreciation and impairment	389,428	351,214	4,402	745,044
Net carrying amount	**717,122**	**229,101**	**19,535**	**965,758**

	Land and Buildings $000	Plant and Equipment $000	Infrastructure Systems $000	Total $000
Year ended 30 June 2023				
Net carrying amount at beginning of year	717,122	229,101	19,535	965,758
Additions	128,724	121,379	192	250,295
Reclassification to intangibles	-	(276)	-	(276)
Reclassification from inventory	-	6,394	-	6,394
Reclassification from right-of-use assets	891	-	-	891
Disposals	(57)	(3,628)	-	(3,685)
Equity transfers - transfers in / (out)	(428)	-	-	(428)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(10,699)	-	(10,699)
Net revaluation increments less revaluation decrement	53,191	-	712	53,903
Depreciation expense	(20,999)	(56,278)	(623)	(77,900)
Reclassifications	(816)	(611)	1,427	-
Net carrying amount at end of year	**877,628**	**285,382**	**21,243**	**1,184,253**

	Land and Buildings $000	Plant and Equipment[1] $000	Infrastructure Systems $000	Total $000
At 30 June 2023 - fair value				
Gross carrying amount	1,278,378	668,230	26,099	1,972,707
Less: accumulated depreciation and impairment	400,750	382,848	4,856	788,454
Net carrying amount	**877,628**	**285,382**	**21,243**	**1,184,253**

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

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 29.

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

PARENT AND CONSOLIDATION

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

25. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

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

Depreciation of property, plant and equipment

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

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

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

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

	Useful lives 2023	**Useful lives 2022**
Buildings	30-70 years	40 years
Buildings - leasehold improvements	3-10 years	3-10 years
Plant and equipment	4-20 years	4-20 years
Infrastructure Systems	40 years	40 years

25. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Depreciation of property, plant and equipment (continued)

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

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

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

In 2023, the estimated useful lives for buildings were revised. Refer Note 1 (h) for further details regarding the change and the impacts.

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

Further information on leases is contained in Note 26.

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 29 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 Corporation conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure. Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. The Corporation uses an independent professionally qualified valuer for such interim revaluations.

25. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Revaluation of property, plant and equipment (continued)

The last comprehensive revaluation was completed on 31 December 2022 and was based on an independent assessment.

Indices obtained from external professionally qualified valuers in 2023 indicated a material cumulative increase in market prices for land and a material increase in construction and labour costs for buildings and infrastructure from the last comprehensive revaluation. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure.

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

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

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

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

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

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 Corporation 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 Corporation 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.

25. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Impairment of property, plant and equipment (continued)

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.

26. Leases

(a) Entity as a lessee

The Corporation leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of one to ten 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 Corporation 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 Corporation 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 $221.5 million have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of $2.9 million.

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

The Corporation 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 Corporation accepted changes in office accommodation arrangements with Property NSW (PNSW), an entity of the ultimate parent. The main change was the introduction of the 'substitution right' clause for PNSW to relocate the Corporation 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 18). From 1 July 2022, the accommodation charges are recognised as 'occupancy agreement expenses - Property NSW (refer to Note 5) when incurred over the agreement duration.

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

26. 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.

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	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2022	131,976	205,859	337,835
Additions	48,222	30,313	78,535
Reassessments	12,903	179	13,082
Disposals	(104)	(326)	(430)
Depreciation expense	(40,862)	(48,135)	(88,997)
Reclassifications to property, plant and equipment	(891)	-	(891)
Balance at 30 June 2023	**151,244**	**187,890**	**339,134**

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	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2021	203,869	167,128	370,997
Additions	128,137	81,643	209,780
Reassessments	31,722	4,309	36,031
Disposals*	(188,486)	(243)	(188,729)
Depreciation expense	(43,266)	(46,978)	(90,244)
Balance at 30 June 2022	**131,976**	**205,859**	**337,835**

* 30 June 2022 disposals include the derecognition of the right-of-use assets of $187.1 million with Property NSW.

Lease liabilities

The following table presents liabilities under leases.

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	2023 $000	2022 $000
Balance at 1 July	344,289	385,887
Additions	78,422	209,704
Interest expenses	9,943	11,349
Payments	(98,565)	(98,890)
Terminations / derecognition*	(412)	(199,792)
Other adjustments	13,082	36,031
Balance at 30 June	**346,759**	**344,289**

* 30 June 2022 terminations / derecognition includes the derecognition of lease liabilities of $197.9 million with Property NSW.

26. Leases (continued)

(a) Entity as a lessee (continued)

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

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	2023 $000	2022 $000
Depreciation expense of right-of-use assets	88,997	90,244
Interest expense on lease liabilities	9,943	11,349
Expenses relating to short-term leases	25,061	20,587
Expenses relating to leases of low-value assets	3,213	13,138
(Gains) / losses on disposal*	18	(11,063)
Total amount recognised in the statement of comprehensive income	**127,232**	**124,255**

* 30 June 2022 (gains) / losses on disposal includes $10.9 million of net gains on disposal as a result of the derecognition of leases with Property NSW.

The Corporation had total cash outflows for leases of $125.5 million for the year ended 30 June 2023 (2022: $132.6 million).

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

The Corporation has leases with lease terms ranging from one to twenty one years. These leases do not have a significant impact on the Corporation's operations. The leases are with:

Sydney Ambulance Centre (Eveleigh), Gladesville Hospital (buildings 20, 22 and 37), Auburn, Bundeena, Culburra, Mona Vale and Perisher Valley ambulance stations, the Victoria Barracks (Paddington) helipad and the Eurobodalla Shire Council. The contracts specify lease payments of up to seven dollars per annum. The leased premises are used by the Corporation to provide community health services and access to the helipad.

Recognition and Measurement

The Corporation 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 Corporation 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.

26. Leases (continued)

(a) Entity as a lessee (continued)

i. Right-of-use assets

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

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

	Useful lives
Buildings	1 to 21 years
Plant and equipment	1 to 4 years
Motor vehicles and other equipment	1 to 5 years
Aeromedical	1 to 10 years

If ownership of the leased asset transfers to the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate.

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

26. Leases (continued)

(a) Entity as a lessee (continued)

ii. Lease liabilities (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Corporation 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 Corporation 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 Corporation's lease liabilities are included in borrowings in Note 33.

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

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

Leases not yet commenced to which the lessee is committed

The Ambulance Service of NSW has entered into a ten year contract with Pel-Air Aviation Pty Ltd to provide aeromedical services. The contract has a lease component for the right-to-use the contracted aircraft. Stage two which includes two additional aircraft, has not yet commenced operating and as a result, no right-of-use asset or liability has been recognised at the reporting date in respect of those two aircraft. Future cash outflows from the lease of these two aircraft is expected to be $67.6 million.

(b) Entity as a lessor

The Corporation leases a retail space located within the Kangaroo Valley ambulance station to Kangaroo Valley Lions Club to be used as a medical centre. There are no rental payments as the Corporation provides market rental assistance grants to offset all rental payments.

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.

27. Intangible assets

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	Software $000	Total $000
At 1 July 2021		
Cost (gross carrying amount)	1,167,310	1,167,310
Less: accumulated amortisation and impairment	522,394	522,394
Net carrying amount	**644,916**	**644,916**

	Software $000	Total $000
Year ended 30 June 2022		
Net carrying amount at beginning of year	644,916	644,916
Additions - acquired separately	96,123	96,123
Reclassifications from plant and equipment	16	16
Amortisation (recognised in depreciation and amortisation)	(84,169)	(84,169)
Net carrying amount at end of year	**656,886**	**656,886**

	Software $000	Total $000
At 1 July 2022		
Cost (gross carrying amount)	1,263,000	1,263,000
Less: accumulated amortisation and impairment	606,114	606,114
Net carrying amount	**656,886**	**656,886**

	Software $000	Total $000
Year ended 30 June 2023		
Net carrying amount at beginning of year	656,886	656,886
Additions - acquired separately	132,152	132,152
Reclassifications from plant and equipment	276	276
Disposals	(1,993)	(1,993)
Amortisation (recognised in depreciation and amortisation)	(98,445)	(98,445)
Net carrying amount at end of year	**688,876**	**688,876**

	Software $000	Total $000
At 30 June 2023		
Cost (gross carrying amount)	1,389,521	1,389,521
Less: accumulated amortisation and impairment	700,645	700,645
Net carrying amount	**688,876**	**688,876**

27. Intangible assets (continued)

Recognition and Measurement

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

Computer software developed or acquired by the Corporation is recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

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

28. Non-current assets held for sale

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Assets held for sale				
Land and buildings	304	3,304	304	3,304
	304	**3,304**	**304**	**3,304**

Assets held for sale consist of regional residences and ambulance stations that are surplus to the needs of the Ambulance Service of NSW and are being actively marketed for sale.

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

Recognition and Measurement

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

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

29. Fair value measurement of non-financial assets

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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 Corporation 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 Corporation 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

2023	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Property, plant and equipment (Note 25)				
- Land and buildings	-	263,719	430,841	694,560
- Infrastructure systems	-	-	19,541	19,541
Non-current assets held for sale (Note 28)	-	304	-	304
	-	**264,023**	**450,382**	**714,405**

There were no transfers between level 1 and 2 during the year ended 30 June 2023.

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 25.

2022	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Property, plant and equipment (Note 25)				
- Land and buildings	-	186,613	433,722	620,335
- Infrastructure systems	-	-	17,166	17,166
Non-current assets held for sale (Note 28)	-	3,304	-	3,304
	-	**189,917**	**450,888**	**640,805**

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 25.

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the Corporation obtains external valuations by independent valuers at least every three years. The valuer used by each administrative division is an independent entity and is not an associated entity of the Corporation. The last revaluation was performed for the 2022-23 financial year.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 25).

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.

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

(c) Reconciliation of recurring Level 3 fair value measurements

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2023	Land and Buildings $000	Infrastructure Systems $000	Total Level 3 Recurring $000
Fair value as at 1 July 2022	433,722	17,166	450,888
Additions*	5,727	1,788	7,515
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	6,878	713	7,591
Transfers to Level 2	(20)	-	(20)
Depreciation expense	(17,250)	(621)	(17,871)
Reclassifications	1,784	495	2,279
Fair value as at 30 June 2023	**430,841**	**19,541**	**450,382**

* 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.

2022	Land and Buildings $000	Infrastructure Systems $000	Total Level 3 Recurring $000
Fair value as at 1 July 2021	346,165	18,934	365,099
Additions*	66,264	8,427	74,691
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	40,361	1,380	41,741
Transfers to Level 2	-	(9,087)	(9,087)
Disposals	(2,493)	-	(2,493)
Depreciation expense	(17,056)	(2,488)	(19,544)
Reclassifications	481	-	481
Fair value as at 30 June 2022	**433,722**	**17,166**	**450,888**

* 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.

30. Restricted assets

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The Corporation'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 2023.

Category	1 July 2022 Opening $000	Revenue $000	Expense $000	30 June 2023 Closing $000
Community welfare	7	20	-	27
Facility improvements	393,217	87,059	116,756	363,520
Patient welfare	234	9	-	243
Private practice disbursements (No.2 Accounts)	114,958	18,219	18,337	114,840
Public contributions	14,183	3,695	605	17,273
Research	7,836	4,026	3,074	8,788
Staff welfare	14,567	3,261	-	17,828
Training and education including conferences	484	70	113	441
	545,486	**116,359**	**138,885**	**522,962**

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

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
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.

31. Payables

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Accrued salaries, wages and on-costs	67,065	58,289	-	-
Salaries and wages deductions	99,082	91,980	-	-
Payroll and fringe benefits tax	99	264	-	-
Accrued liability - purchase of personnel services	-	-	166,246	150,533
Creditors[1]	194,639	348,880	194,639	348,880
Other creditors				
- Capital works	159,260	222,423	159,260	222,423
- Payables to entities controlled by the immediate parent	50,467	58,504	50,467	58,504
- Other[1]	2,403	1,142	2,403	1,142
	573,015	**781,482**	**573,015**	**781,482**

¹ Manual creditors has been reclassified from 'Other creditors - other' to 'Creditors' in the current year. The prior period 'Other creditors - other' has been restated lower by $184.428 million and 'Creditors' has been restated higher by $184.428 million to reflect this change.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 43.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Corporation 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.

32. Contract liabilities

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Contract liabilities	2,020	2,639	2,020	2,639
	2,020	**2,639**	**2,020**	**2,639**

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2023 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 2023. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Revenue recognised that was included in the contract liability balance at the beginning of the year	2,639	2,355	2,639	2,355
Revenue recognised from performance obligations satisfied in previous periods	-	-	-	-
Transaction price allocated to the remaining performance obligations from contracts with customers	4,775	4,898	4,775	4,898

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

Specific revenue class	2024 $'000	2025 $'000	2026 $'000	≥ 2027 $'000
Sales of goods and services from contracts with customers	1,155	-	-	-
Grants and other contributions	2,442	827	351	-
	3,597	**827**	**351**	**-**

33. Borrowings

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Derivatives	624	-	624	-
Other loans and deposits	203,135	495,897	203,135	495,897
Lease liabilities (see Note 26)	87,170	71,012	87,170	71,012
	290,929	**566,909**	**290,929**	**566,909**
Non-current				
Other loans and deposits	742	840	742	840
Lease liabilities (see Note 26)	259,589	273,277	259,589	273,277
	260,331	**274,117**	**260,331**	**274,117**

"Other loans and deposits" includes $203.0 million (2022: $495.8 million) of amounts owed to the Ministry of Health.

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 43.

Recognition and Measurement

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 Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 43 (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.

Derivatives are carried as financial liabilities when the fair value is negative. Gains or losses on derivative liabilities are recognised in the net result as the Corporation has elected not to apply hedge accounting.

33. Borrowings (continued)

Recognition and Measurement (continued)

Financial liabilities at fair value through profit or loss (continued)

Management only designates an instrument at fair value through profit or loss 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.

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

The changes in the 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

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	Derivatives $000	Other loans and deposits $000	Leases $000	Total liabilities from financing activities $000
1 July 2021	**-**	**304,264**	**385,887**	**690,151**
Cash flows	-	192,473	(87,541)	104,932
New leases	-	-	209,704	209,704
Lease terminations*	-	-	(199,792)	(199,792)
Lease reassessments	-	-	36,031	36,031
30 June 2022	**-**	**496,737**	**344,289**	**841,026**
1 July 2022	**-**	**496,737**	**344,289**	**841,026**
Cash flows	(11)	(292,860)	(88,622)	(381,493)
New leases	-	-	78,422	78,422
Lease terminations	-	-	(412)	(412)
Lease reassessments	-	-	13,082	13,082
Non-cash changes other	635	-	-	635
30 June 2023	**624**	**203,877**	**346,759**	**551,260**

* Lease terminations include the derecognition of lease liabilities of $197.96 million with Property NSW as at the 30 June 2022. Please refer to Note 26 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.

34. Provisions

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	213,372	188,767	-	-
Annual leave - obligations expected to be settled after 12 months	119,615	127,550	-	-
Death and disability (Ambulance officers)	-	822	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	4,640	4,240	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	58,168	56,994	-	-
Provision for other employee benefits*	10,810	65,475	-	-
Provision for personnel services liability	-	-	406,605	443,848
	406,605	**443,848**	**406,605**	**443,848**
Other Provisions				
Restoration costs	3,696	2,106	3,696	2,106
Other	18,370	44,907	18,370	44,907
	22,066	**47,013**	**22,066**	**47,013**
Total current provisions	**428,671**	**490,861**	**428,671**	**490,861**
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	6,198	6,042	-	-
Provision for personnel services liability	-	-	6,198	6,042
	6,198	**6,042**	**6,198**	**6,042**
Other Provisions				
Restoration costs	7,483	6,921	7,483	6,921
Other	-	1,894	-	1,894
	7,483	**8,815**	**7,483**	**8,815**
Total non-current provisions	**13,681**	**14,857**	**13,681**	**14,857**
Aggregate employee benefits and related on-costs				
Provisions - current	406,605	443,848	-	-
Provisions - non-current	6,198	6,042	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 31)	166,147	150,269	-	-
Liability - purchase of personnel services	-	-	578,950	600,159
	578,950	**600,159**	**578,950**	**600,159**

[1] Long service leave consequential on-costs have been restated to be higher by $1.28 million in the prior year for the consolidated entity. Provision for personnel services liability has been restated to be higher by $1.28 million in the prior year for the parent entity. Refer to Note 20 for further details regarding the restatement as a result of an error.

* Provision for other employee benefits in 2022 included a one-off payment to employees of $55.26 million for the recognition of service during the COVID-19 pandemic.

34. 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 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Restoration costs				
Carrying amount at beginning of period	9,027	8,168	9,027	8,168
- Additional provisions recognised	2,152	859	2,152	859
Carrying amount at end of period	**11,179**	**9,027**	**11,179**	**9,027**

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Other				
Carrying amount at beginning of period	46,801	7,762	46,801	7,762
- Additional provisions recognised*	-	39,039	-	39,039
- Amounts used	(28,431)	-	(28,431)	-
Carrying amount at end of period	**18,370**	**46,801**	**18,370**	**46,801**

The majority of the 'other' provision represents various contractual related obligations. The Corporation 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 obligation.

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 from 18.30% to 31.43% are applied to the value of leave payable at 30 June 2023 (comparable on-costs for 30 June 2022 were from 17.90% to 30.73%). The Corporation has assessed the actuarial advice based on the Corporation'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 Corporation does not expect to settle the liability within 12 months as the Corporation does not have an unconditional right to defer settlement.

34. Provisions (continued)

Recognition and Measurement (continued)

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

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 Corporation 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 Corporation 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 Corporation has a detailed formal plan, and the Corporation 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.

35. Other liabilities

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Unearned revenue	23	2,440	23	2,440
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	6,568	11,150	6,568	11,150
	6,591	**13,590**	**6,591**	**13,590**
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	-	1,620	-	1,620
	-	**1,620**	**-**	**1,620**

'Unearned revenue' comprises $23 thousand (2022: $2.4 million) received in advance from the South Eastern Sydney Local Health District, an entity controlled by the immediate parent.

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

	2023 $'000	2022 $000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	12,770	-
Add: receipt of cash during the financial year	31,271	12,770
Deduct: income recognised during the financial year	37,473	-
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	**6,568**	**12,770**

Refer to Note 15 for a description of the Corporation's obligations under transfers received to acquire or construct non-financial assets to be controlled by the Corporation.

The Corporation 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.

36. Equity

Revaluation surplus

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

Accumulated funds

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

Increase / (decrease) in net assets from equity transfers

Equity transfers effected in the 2022/23 year were:

(a) A decrease of $0.4 million in net assets occurred during the current year. This relates to the transfer of land and buildings at Yass from the Ambulance Service of NSW to the Ministry of Health.

Equity transfers effected in the 2021/22 year were:

(b) A decrease of $0.6 million in net assets occurred during the prior year. This relates to the transfer of land and buildings at Wagga Wagga from the Ambulance Service of NSW to the Ministry of Health.

Equity transfers effected comprised:

Net assets transferred are as follows:	**2023**
	$000
(a) Land and buildings transfer from the Ambulance Service of NSW to the Ministry of Health.	(428)
Decrease in net asets from equity ransfers	**(428)**

Net assets transferred are as follows:	**2022**
	$000
(a) Land and buildings transfer from the Ambulance Service of NSW to the Ministry of Health.	(610)
Decrease in net asets from equity ransfers	**(610)**

Equity transfers

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 Corporation recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Corporation does not recognise that asset.

37. 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 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Within one year	97,379	102,952	97,379	102,952
Later than one year and not later than five years	1,777	3,470	1,777	3,470
Total (including GST)	**99,156**	**106,422**	**99,156**	**106,422**

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of $166.8 million as at 30 June 2023 includes input tax credits of $15.16 million that are expected to be recoverable from the Australian Taxation Office (2022: $9.68 million).

38. Contingent liabilities and contingent assets

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(a) Contingent liabilities

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

(b) Contingent assets

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

39. 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 Corporation'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 Corporation's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the Corporation 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.

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Net result

The actual net result (deficit) was lower than the adjusted budget by $198.4 million primarily due to the impairment and write-down of COVID-19 related inventory. There was also lower recurrent and capital allocations funding.

Assets and liabilities

Net assets were lower than the adjusted budget by $144.9 million due to lower bank balances, inventories and receivables offset by amounts owing to the Ministry of Health for the payment of creditors and payroll.

Cash flows

The actual net cash flows from operating activities were higher compared to the adjusted budget by $7.9 million. This was mainly attributable to higher recurrent and capital subsidy from the Ministry of Health offset by higher COVID-19 related expenses and higher sales receipts.

The actual net cash flows from investing activities were higher compared to budget by $26.3 million. This was mainly due to lower property, plant and equipment purchases.

40. 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 2023 $000	Consolidated[1,2] 2022 $000	Parent 2023 $000	Parent[1,2] 2022 $000
Net cash used on operating activities	483,825	357,917	483,825	357,917
Depreciation and amortisation expense	(265,342)	(259,523)	(265,342)	(259,523)
Allowance for impairment	(184,306)	(85,387)	(184,306)	(85,387)
Effects of exchange rate changes	(46)	131	(46)	131
(Increase) / decrease in other liabilities	8,619	7,642	8,619	7,642
Decrease / (increase) in provisions	63,366	(120,790)	63,366	(120,790)
Increase / (decrease) in inventory	(225,179)	251,016	(225,179)	251,016
Increase / (decrease) in prepayments and other assets	(51,753)	332,123	(51,753)	332,123
Decrease / (increase) in payables	145,653	(139,800)	145,653	(139,800)
Decrease / (increase) in contract liabilities	618	(284)	618	(284)
Increase / (decrease) in financial instruments at fair value	1,795	11,501	1,795	11,501
Net gain / (loss) on sale of property, plant and equipment	(4,396)	(3,394)	(4,396)	(3,394)
Net gain / (loss) on disposal of right-of-use assets	(18)	11,063	(18)	11,063
Assets donated or brought to account (Note 41)	(10,699)	(2,636)	(10,699)	(2,636)
Other	112	75	112	75
Net result	**(37,751)**	**359,654**	**(37,751)**	**359,654**

[1] 'Decrease / (increase) in provisions' has been restated to be lower by $0.15 million in the prior year for the consolidated and parent entity. Refer to Note 20 for further details regarding the restatement as a result of an error.

[2] Inventory write down has been reclassified from 'Increase / (decrease) in prepayments and other assets' to 'Increase / (decrease) in Inventory' in the current year. The prior period comparatives have been restated to reflect this change.

41. Non-cash financing and investing activities

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Assets donated or brought to account	(10,699)	(2,636)	(10,699)	(2,636)
Property, plant and equipment acquired by a lease	78,535	209,779	78,535	209,779
	67,836	**207,143**	**67,836**	**207,143**

42. Trust funds

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The Corporation holds money in Private Patient Trust Funds which are used in accordance with conditions specified in the Staff Specialists Determination made by the Secretary, NSW Health.

Third Party Funds are held for salary packaging benefits for NSW Health employees.

As the Corporation performs only a custodial role in respect of trust monies, they are excluded from the financial statements as the Corporation cannot use them for the achievement of its own objectives.

Category	1 July 2022 Opening equity $'000	Revenue $000	Expense $000	30 June 2023 Closing equity $'000
Private Patient Trust Funds	-	199,748	(199,748)	-
Third Party Funds	-	7,613	(52)	7,561
Total trust funds	**-**	**207,361**	**(199,800)**	**7,561**

Category	1 July 2021 Opening equity $'000	Revenue $000	Expense $000	30 June 2022 Closing equity $'000
Private Patient Trust Funds	-	181,882	(181,882)	-
Total trust funds	**-**	**181,882**	**(181,882)**	**-**

NSW Health Pathology's Private Patient Trust Funds contain revenue derived from private patients and other billable services provided by staff specialists.

43. Financial instruments

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

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

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

(a) Financial instrument categories

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Class	Category	Carrying Amount 2023 $000	Carrying Amount 2022 $000
Financial assets			
Cash and cash equivalents (Note 21)	Amortised cost	758,448	1,095,229
Receivables (Note 22)[1]	Amortised cost	611,666	699,609
Financial assets at fair value (Note 24)	Fair value through profit or loss - mandatory classification	11,670	11,501
Total financial assets		**1,381,784**	**1,806,339**
Financial liabilities			
Borrowings (Note 33)	Financial liabilities measured at amortised cost	550,636	841,026
	Fair value through profit or loss - mandatory classification	624	-
Payables (Note 31)[2]	Financial liabilities measured at amortised cost	572,916	781,218
Total financial liabilities		**1,124,176**	**1,622,244**

Notes

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

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

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

43. Financial instruments (continued)

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

When the Corporation 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 Corporation 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 Corporation's continuing involvement in the asset. In that case, the Corporation 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 Corporation 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 Corporation 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 Corporation. 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 Corporation, including cash, receivables and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

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

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.

43. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

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

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

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 Corporation 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 2023 and 30 June 2022 was determined as follows:

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30 June 2023	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	5.33%	18.65%	29.29%	44.42%	65.31%	38.97%
Estimated total gross carrying amount [1]	58,290	7,608	5,883	4,739	81,484	158,004
Expected credit loss	3,108	1,419	1,723	2,105	53,217	61,572

30 June 2022	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	10.41%	32.60%	26.52%	46.72%	65.50%	39.09%
Estimated total gross carrying amount [1]	59,476	5,203	8,994	4,833	68,713	147,219
Expected credit loss	6,193	1,696	2,385	2,258	45,009	57,541

Notes

[1] The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 *Financial Instruments: Disclosures.* Therefore the 'total' will not reconcile to the receivables total in Note 22.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2023 and 30 June 2022.

43. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation 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 Corporation 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 Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The Corporation 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 Corporation fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

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

43. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

			Interest Rate Exposure		Maturity Dates		
	EIR[3]	Nominal Amount[1]	Fixed Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	$000	$000	$000	$000	$000	$000
2023							
Payables:							
- Creditors [2]		572,916	-	572,916	572,916	-	-
Borrowings:							
- Other loans and deposits		203,879	840	203,039	203,137	520	222
- Lease liabilities	2.96%	380,303	380,303	-	95,915	235,792	48,595
		1,157,098	**381,143**	**775,955**	**871,968**	**236,312**	**48,817**
2022							
Payables:							
- Creditors [2]		781,218	-	781,218	781,218	-	-
Borrowings:							
- Other loans and deposits		496,821	1,021	495,800	495,913	454	454
- Lease liabilities	2.46%	371,826	371,826	-	78,531	247,537	45,758
		1,649,865	**372,847**	**1,277,018**	**1,355,662**	**247,991**	**46,212**

Notes:

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

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

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

43. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

The following table summarises the maturity profile of the Corporation's derivative financial liabilities. The maturity profile of the cash flows are matched to the anticipated settlement of the commercial contracts as forecasted by the Corporation.

Maturity analysis of derivative financial assets and liabilities at fair value through profit and loss that are hedging foreign currency exposure:

		Maturity Dates		
	Fair Values $000	**< 1 Yr $000**	**1-5 Yr $000**	**> 5Yr $000**
2023				
Financial assets:				
- Derivatives - inflows	11,670	43,837	81,887	28,687
- Derivatives - outflows		(41,115)	(75,572)	(25,098)
	11,670	**2,722**	**6,315**	**3,589**
Financial liabilities:				
- Derivatives - inflows	(624)	44,226	-	-
- Derivatives - outflows		(44,607)	-	-
	(624)	**(381)**	**-**	**-**
2022				
Financial assets:				
- Derivatives - inflows	11,501	30,574	30,352	83,612
- Derivatives - outflows		(28,937)	(26,991)	(79,183)
	11,501	**1,637**	**3,361**	**4,429**

Notes:
Cash outflows in foreign currencies are translated at prevailing spot rates on reporting dates.

There were no derivative financial liabilities at fair value in 2022.

43. Financial instruments (continued)

(d) Financial risk (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 Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and foreign currency risk. The Corporation 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 Corporation 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 2022. 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 Corporation's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The Corporation 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 Corporation 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:

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	2023 $000		2022 $000	
	-1%	1%	-1%	1%
Net result	(2,189)	2,189	(2,657)	2,657
Equity	(2,189)	2,189	(2,657)	2,657

43. Financial instruments (continued)

(d) Financial risk (continued)

iii. Market risk (continued)

Foreign exchange risk

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

The Corporation manages its foreign exchange risk by maintaining foreign currency denominated bank accounts or buying foreign currency from TCorp at the time of purchase commitment or enters into a derivative economic hedges with TCorp in accordance with the Corporation's risk management policies.

At year end, the Corporation did not hold any foreign currency denominated monetary assets and monetary liabilities, except for cash held in the US dollar denominated bank account. All funds held at year end in foreign currency are expected to be used to settle existing purchase commitments that are denominated in US currency.

The Corporation is exposed to foreign exchange risks associated with commercial contracts payments denominated in foreign currency. The Corporation's risk management strategy is to hedge foreign currency risks by maintaining foreign currency denominated bank accounts, buying foreign currencies from TCorp at the time of purchase commitment or entering into foreign exchange derivative contracts as approved within internal policies and guidelines set out under NSW Health's Procurement Policy and broader framework under NSW Foreign Exchange Risk Policy (TPP18-03). The forward foreign exchange derivative contracts are economic hedges which enables the Corporation to exchange a fixed amount of foreign currency for fixed AUD amount at a specified future settlement date, ensuring cash flow certainty.

The Corporation has outstanding forward foreign exchange contracts entered with TCorp to hedge foreign currency risks. The forward foreign exchange contracts enable the Corporation to exchange fixed foreign currency for fixed AUD at specified future date, enabling cash flow certainty.

A sensitivity analysis has been disclosed for the cash held in foreign currency bank account and outstanding derivative contracts at year end. A sensitivity of 10% movement in the exchange rates has been selected for use in the sensitivity analysis at the reporting date, as this is considered reasonable, based on the current Australian dollar level and the historical volatility of the Australian dollar against the US currency. Based on the value of the Australian dollar at the reporting date as compared with the currencies below, adverse or favourable movements in the foreign exchange rates would result in an increase or decrease in the Australian dollar fair value respectively.

PARENT AND CONSOLIDATION

2023		**+10%**		**-10%**	
		Net result	**Equity**	**Net result**	**Equity**
	$000	**$000**	**$000**	**$000**	**$000**
Denominated US Dollars	3,442	(313)	(313)	382	382
Derivatives	11,046	(16,545)	(16,545)	20,222	20,222

2022		**+10%**		**-10%**	
		Net result	**Equity**	**Net result**	**Equity**
	$000	**$000**	**$000**	**$000**	**$000**
Denominated US Dollars	730	(66)	(66)	81	81
Derivatives	11,501	(12,029)	(12,029)	14,702	14,702

43. 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 Corporation 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 Corporation 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	2023 Total $'000
Financial assets at fair value				
Derivatives	-	11,670	-	11,670
Financial liabilities at fair value				
Derivatives	-	624	-	624

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2022 Total $'000
Financial assets at fair value				
Derivatives	-	11,501	-	11,501

The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position as at 30 June 2022.

There were no transfers between level 1, 2 or 3 during the year ended 30 June 2023.

44. Related party disclosures

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During the financial year, the Health Administration Corporation obtained key management personnel services from the immediate parent and incurred $2.0 million (2022: $2.1 million) for these services.

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 this disclosure.

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 this disclosure.

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

There were no transactions with key management personnel and their close family members (2022: $Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2022: $Nil).

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

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

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

- The Health Administration Corporation provides shared services for the majority of patient transport services, information management services, domestic supplies and services, food supplies and corporate support services
- The Health Administration Corporation provides some specialised services which includes pathology related costs
- Rental for office space
- Staff related costs in relation to secondments to other health entities
- Various grants and subsidies towards research and other projects
- Information Technology Services
- Short term motor vehicle expenses

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

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- Utilities, including electricity, gas and water expenses
- Motor vehicle toll expenses
- Insurance costs
- Occupancy agreement expenses for Property NSW properties
- Various grants and subsidies towards research and other projects
- Rental costs for Property NSW leased properties and office space

44. Related party disclosures (continued)

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

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

- Revenue from recurrent and capital allocations
- Various grants and contributions towards research and other projects
- Commercial activities revenue in respect of information technology, financial services and pathology charges
- Patient transport fees

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

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

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- Energy Efficient Government Program loans are held with the Crown
- Intra-health loans and advances

Other transactions as follows:

- The majority of the construction of property, plant and equipment is managed and overseen by the Health Administration Corporation
- The majority of capital commitments contracted but not provided for related to capital works are overseen by the Health Administration Corporation.

45. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS