



INDEPENDENT AUDITOR'S REPORT

Northern NSW Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Northern NSW Local Health District (the District), 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.

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 District's financial position, financial performance and cash flows

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

Basis for Opinion

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

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

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

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

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

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

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

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 38. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055

'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the District carried out its activities effectively, efficiently and economically
- about the 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.



Lisa Berwick
Director, Financial Audit Branch

Delegate of the Auditor-General for New South Wales

28 September 2023
SYDNEY

Northern NSW Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2023



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

1. The financial statements of the Northern NSW Local Health District 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 Northern NSW Local Health District'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.

A handwritten signature in black ink, appearing to read 'Lynne Weir'.

Lynne Weir

Acting Chief Executive - 22 December 2022 - 20 January 2023 and 13 February 2023 - 13 August 2023

27 September 2023

Northern NSW Local Health District

Statement of Comprehensive Income for the year ended 30 June 2023

| | | Consolidated Actual 2023 \$000 | Consolidated Budget ¹ 2023 \$000 | Consolidated Actual Restated 2022 \$000 | Parent Actual 2023 \$000 | Parent Actual Restated 2022 \$000 |
|--|-----------|---|--|---|-----------------------------------|---|
| | Notes | | | | | |
| Continuing operations | | | | | | |
| Expenses excluding losses | | | | | | |
| Employee related expenses | 2 | 660,035 | 617,533 | 604,869 | - | - |
| Personnel services | 3 | - | - | - | 648,556 | 608,147 |
| Visiting medical officers | 4 | 92,300 | 92,895 | 82,582 | 92,300 | 82,582 |
| Operating expenses | 5 | 359,436 | 350,813 | 273,304 | 359,436 | 273,304 |
| Depreciation and amortisation | 6 | 45,201 | 45,574 | 37,682 | 45,201 | 37,682 |
| Grants and subsidies | 7 | 4,777 | 4,810 | 4,768 | 4,777 | 4,768 |
| Finance costs | 8 | 348 | 300 | 304 | 348 | 304 |
| Total expenses excluding losses | | 1,162,097 | 1,111,925 | 1,003,509 | 1,150,618 | 1,006,787 |
| Revenue | | | | | | |
| Ministry of Health recurrent allocations | 11 | 1,035,333 | 975,665 | 873,415 | 1,035,333 | 873,415 |
| Ministry of Health capital allocations | 11 | 223,704 | 228,075 | 219,241 | 223,704 | 219,241 |
| Acceptance by the Crown ² of employee benefits | 15 | 11,479 | 11,591 | (3,278) | - | - |
| Sale of goods and services from contracts with customers | 12 | 71,834 | 72,482 | 62,312 | 71,834 | 62,312 |
| Investment revenue | 13 | 814 | (117) | 199 | 814 | 199 |
| Grants and other contributions | 14 | 27,372 | 24,632 | 45,809 | 27,372 | 45,809 |
| Other income | 16 | 1,597 | 6,803 | 1,433 | 1,597 | 1,433 |
| Total revenue | | 1,372,133 | 1,319,131 | 1,199,131 | 1,360,654 | 1,202,409 |
| Operating result | | 210,036 | 207,206 | 195,622 | 210,036 | 195,622 |
| Gains / (losses) on disposal | 17 | (137) | (5) | (485) | (137) | (485) |
| Impairment losses on financial assets | 22 | (503) | (297) | (424) | (503) | (424) |
| Other gains / (losses) | 18 | (65) | (65) | (324) | (65) | (324) |
| Net result from continuing operations | 39 | 209,331 | 206,839 | 194,389 | 209,331 | 194,389 |
| Net result | | 209,331 | 206,839 | 194,389 | 209,331 | 194,389 |
| Other comprehensive income | | | | | | |
| <i>Items that will not be reclassified to net result in subsequent periods</i> | | | | | | |
| Changes in revaluation surplus of property, plant and equipment | 25 | 80,131 | - | 76,087 | 80,131 | 76,087 |
| Total other comprehensive income | | 80,131 | - | 76,087 | 80,131 | 76,087 |
| TOTAL COMPREHENSIVE INCOME | | 289,462 | 206,839 | 270,476 | 289,462 | 270,476 |

¹ Unaudited adjusted budget, see Note 38.

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 District.

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
Statement of Financial Position as at 30 June 2023

| | | 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 |
|--------------------------------------|-------|---|--|---|--|-----------------------------------|---|--|
| | Notes | | | | | | | |
| ASSETS | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 21 | 25,327 | 14,072 | 20,945 | 19,974 | 25,327 | 20,945 | 19,974 |
| Receivables | 22 | 28,146 | 19,869 | 30,570 | 16,306 | 28,146 | 30,570 | 16,306 |
| Contract assets | 23 | 1,200 | 535 | 535 | 1,158 | 1,200 | 535 | 1,158 |
| Inventories | 24 | 2,027 | 1,385 | 2,044 | 1,407 | 2,027 | 2,044 | 1,407 |
| | | 56,700 | 35,861 | 54,094 | 38,845 | 56,700 | 54,094 | 38,845 |
| Non-current assets held for sale | 27 | - | - | - | - | - | - | - |
| Total current assets | | 56,700 | 35,861 | 54,094 | 38,845 | 56,700 | 54,094 | 38,845 |
| Non-current assets | | | | | | | | |
| Property, plant & equipment | 25 | | | | | | | |
| - Land and buildings | | 1,394,110 | 1,301,369 | 1,104,850 | 829,826 | 1,394,110 | 1,104,850 | 829,826 |
| - Plant and equipment | | 39,774 | 52,391 | 37,793 | 37,103 | 39,774 | 37,793 | 37,103 |
| - Infrastructure systems | | 24,144 | 23,958 | 24,585 | 22,871 | 24,144 | 24,585 | 22,871 |
| Total property, plant & equipment | | 1,458,028 | 1,377,718 | 1,167,228 | 889,800 | 1,458,028 | 1,167,228 | 889,800 |
| Right-of-use assets | 26 | 13,232 | 13,630 | 10,406 | 11,181 | 13,232 | 10,406 | 11,181 |
| Total non-current assets | | 1,471,260 | 1,391,348 | 1,177,634 | 900,981 | 1,471,260 | 1,177,634 | 900,981 |
| Total assets | | 1,527,960 | 1,427,209 | 1,231,728 | 939,826 | 1,527,960 | 1,231,728 | 939,826 |
| LIABILITIES | | | | | | | | |
| Current liabilities | | | | | | | | |
| Payables | 30 | 65,638 | 50,472 | 50,564 | 47,831 | 65,638 | 50,564 | 47,831 |
| Contract liabilities | 31 | 94 | 83 | 83 | 205 | 94 | 83 | 205 |
| Borrowings | 32 | 4,303 | 3,483 | 4,581 | 4,807 | 4,303 | 4,581 | 4,807 |
| Provisions | 33 | 91,095 | 93,805 | 108,113 | 88,537 | 91,095 | 108,113 | 88,537 |
| Other current liabilities | 34 | 7,816 | 2,210 | 2,210 | 850 | 7,816 | 2,210 | 850 |
| Total current liabilities | | 168,946 | 150,053 | 165,551 | 142,230 | 168,946 | 165,551 | 142,230 |
| Non-current liabilities | | | | | | | | |
| Borrowings | 32 | 10,703 | 12,624 | 8,934 | 10,457 | 10,703 | 8,934 | 10,457 |
| Provisions | 33 | 1,257 | 1,257 | 1,290 | 1,524 | 1,257 | 1,290 | 1,524 |
| Other non-current liabilities | 34 | 5,857 | 4,702 | 4,219 | 4,358 | 5,857 | 4,219 | 4,358 |
| Total non-current liabilities | | 17,817 | 18,583 | 14,443 | 16,339 | 17,817 | 14,443 | 16,339 |
| Total liabilities | | 186,763 | 168,636 | 179,994 | 158,569 | 186,763 | 179,994 | 158,569 |
| Net assets | | 1,341,197 | 1,258,573 | 1,051,734 | 781,257 | 1,341,197 | 1,051,734 | 781,257 |
| EQUITY | | | | | | | | |
| Reserves | | 228,634 | 148,504 | 148,503 | 72,469 | 228,634 | 148,503 | 72,469 |
| Accumulated funds | | 1,112,563 | 1,110,069 | 903,231 | 708,788 | 1,112,563 | 903,231 | 708,788 |
| Total Equity | | 1,341,197 | 1,258,573 | 1,051,734 | 781,257 | 1,341,197 | 1,051,734 | 781,257 |

¹ Unaudited adjusted budget, see Note 38.

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

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
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 | | 903,885 | 148,504 | 1,052,389 |
| Correction of error - long service leave calculations | 20 | (654) | - | (654) |
| Restated balance at 1 July 2022 | | 903,231 | 148,504 | 1,051,735 |
| Net result for the year | | 209,331 | - | 209,331 |
| Other comprehensive income: | | | | |
| Net change in revaluation surplus of property, plant and equipment | 25 | - | 80,131 | 80,131 |
| Total other comprehensive income | | - | 80,131 | 80,131 |
| Total comprehensive income for the year | | 209,331 | 80,131 | 289,462 |
| Transfer of asset revaluation surplus to accumulated funds on disposal of assets | | 1 | (1) | - |
| Balance at 30 June 2023 | | 1,112,563 | 228,634 | 1,341,197 |

| | Notes | Accumulated Funds \$000 | Asset Revaluation Surplus \$000 | Total \$000 |
|--|-------|-------------------------------|--|----------------|
| Balance at 1 July 2021 | | 709,580 | 72,469 | 782,049 |
| Correction of error - long service leave calculations | 20 | (791) | - | (791) |
| Restated balance at 1 July 2021 | | 708,789 | 72,469 | 781,258 |
| Restated net result for the year | | 194,389 | - | 194,389 |
| Other comprehensive income: | | | | |
| Net change in revaluation surplus of property, plant and equipment | 25 | - | 76,087 | 76,087 |
| Total other comprehensive income | | - | 76,087 | 76,087 |
| Restated total comprehensive income for the year | | 194,389 | 76,087 | 270,476 |
| Transfer of asset revaluation surplus to accumulated funds on disposal of assets | | 53 | (53) | - |
| Restated balance at 30 June 2022 | | 903,231 | 148,503 | 1,051,734 |

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
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 | | (675,709) | (631,120) | (605,651) | - | - |
| Suppliers for goods and services | | (468,712) | (467,625) | (378,812) | (468,712) | (378,812) |
| Grants and subsidies | | (5,245) | (5,279) | (5,050) | (5,245) | (5,050) |
| Finance costs | | (347) | (300) | (304) | (347) | (304) |
| Personnel services | | - | - | - | (675,709) | (605,651) |
| Total payments | | (1,150,013) | (1,104,324) | (989,817) | (1,150,013) | (989,817) |
| Receipts | | | | | | |
| Ministry of Health recurrent allocations | | 1,035,333 | 975,665 | 873,415 | 1,035,333 | 873,415 |
| Ministry of Health capital allocations | | 223,704 | 228,075 | 219,241 | 223,704 | 219,241 |
| Reimbursements from the Crown ² | | 12,141 | 12,141 | 12,671 | 12,141 | 12,671 |
| Sale of goods and services | | 66,930 | 72,798 | 59,668 | 66,930 | 59,668 |
| Interest received | | 814 | (117) | 199 | 814 | 199 |
| Grants and other contributions | | 29,201 | 24,238 | 43,968 | 29,201 | 43,968 |
| Other | | 38,409 | 39,768 | 24,460 | 38,409 | 24,460 |
| Total receipts | | 1,406,532 | 1,352,568 | 1,233,622 | 1,406,532 | 1,233,622 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 39 | 256,519 | 248,244 | 243,805 | 256,519 | 243,805 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Proceeds from sale of property, plant and equipment | | 10 | - | 204 | 10 | 204 |
| Purchases of property, plant and equipment | | (246,388) | (250,158) | (237,411) | (246,388) | (237,411) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (246,378) | (250,158) | (237,207) | (246,378) | (237,207) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Repayment of borrowings and advances | | (734) | (734) | (715) | (734) | (715) |
| Payment of principal portion of lease liabilities | | (5,025) | (4,225) | (4,912) | (5,025) | (4,912) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | (5,759) | (4,959) | (5,627) | (5,759) | (5,627) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | | | |
| Opening cash and cash equivalents | 21 | 20,945 | 20,945 | 19,974 | 20,945 | 19,974 |
| CLOSING CASH AND CASH EQUIVALENTS | 21 | 25,327 | 14,072 | 20,945 | 25,327 | 20,945 |

¹ Unaudited adjusted budget, see Note 38.

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

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

(a) Reporting entity

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2023 have been authorised for issue by the Acting Chief Executive on 27 September 2023.

(b) Basis of preparation

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

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

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

The Secretary of NSW Health, the Chair of the Northern NSW Local Health District Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under the District's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the District fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including providing or withholding financial support and increased management interaction. The deferral of the NSW 2023-24 Budget until 19 September 2023 has necessitated a staged approach to the service agreements and budget allocation for the financial year 2023-24. The District has received, from the Ministry of Health, interim funding allocation for the first quarter of 2023-24, initial full year activity targets, key performance indicators and performance deliverables for the year and a commitment to receive and execute the final 2023-24 Service agreement in September 2023.

Other circumstances why the going concern assumption is appropriate include:

- * Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
- * The District has the capacity to review the timing of Ministry of Health allocation cash flows to ensure debts can be paid when they become due and payable.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

- * The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the District and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry of Health throughout the financial year.
- * From 1 July 2023, the District's Service Agreement will have an adjusted state efficient price to incorporate the additional costs for COVID-19 expenditure.

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

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

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

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

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

(c) Statement of Compliance

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

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

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

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

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

(e) Comparative Information

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

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

(f) Changes in estimates

(i) Componentisation

During 2023, the District 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 District 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 (increase / (decrease)), included in the Statement of Comprehensive Income is as follows:

PARENT AND CONSOLIDATED

| | 2023 Actual \$'000 | Future years Expected \$'000 |
|-------------------------------|-----------------------------------|---|
| Expenses | | |
| Depreciation and amortisation | 3,272 | 3,411 |

(g) 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 District has assessed the new and amended standards and interpretations that are effective for the first time and have determined they are unlikely to have a material impact on the financial statements of the District.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

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

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

- * Note 5 Operating expenses
- * Note 7 Grants and subsidies
- * Note 11 Ministry of Health allocations
- * Note 12 Sale of goods and services from contracts with customers
- * Note 14 Grants and other contributions
- * Note 18 Other gains / (losses)
- * Note 24 Inventories
- * Note 30 Payables
- * Note 33 Provisions
- * Note 38 Adjusted budget review

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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) | 578,767 | 548,788 | - | - |
| Superannuation - defined benefit plans | 1,941 | 2,237 | - | - |
| Superannuation - defined contribution plans | 55,108 | 51,254 | - | - |
| Long service leave | 9,169 | (8,114) | - | - |
| Redundancies | 16 | - | - | - |
| Workers' compensation insurance | 15,205 | 10,443 | - | - |
| Fringe benefits tax | (171) | 261 | - | - |
| | 660,035 | 604,869 | - | - |

¹ 'Long service leave' costs 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 restatement as a result of an error.

Refer to Note 33 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$0.94 million (2022: \$1.14 million) have been capitalised in property, plant and equipment 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) | - | - | 578,767 | 548,788 |
| Superannuation - defined contribution plans | - | - | 55,108 | 51,254 |
| Long service leave | - | - | (369) | (2,598) |
| Redundancies | - | - | 16 | - |
| Workers' compensation insurance | - | - | 15,205 | 10,443 |
| Fringe benefits tax | - | - | (171) | 261 |
| | - | - | 648,556 | 608,147 |

¹ 'Long service leave' costs has been restated to be lower by \$0.14 million in the prior year for the parent entity. Refer to Note 20 for further details regarding restatement as a result of an error.

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

Personnel services of \$0.94 million (2022: \$1.14 million) have been capitalised in property, plant and equipment 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 in a number of disciplines throughout the District's hospitals. VMO expenses of \$92.3 million (2022: \$82.58 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

5. Operating expenses

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Advertising | 260 | 165 | 260 | 165 |
| Auditor's remuneration - audit of financial statements | 151 | 146 | 151 | 146 |
| Blood and blood products | 5,423 | 5,750 | 5,423 | 5,750 |
| Consultancies | 771 | 14 | 771 | 14 |
| Contractors | 1,513 | 1,208 | 1,513 | 1,208 |
| Domestic supplies and services | 12,666 | 11,761 | 12,666 | 11,761 |
| Drug supplies* | 25,874 | 25,066 | 25,874 | 25,066 |
| Food supplies | 19,614 | 18,304 | 19,614 | 18,304 |
| Fuel, light and power | 7,688 | 7,160 | 7,688 | 7,160 |
| Patient transport costs | 10,732 | 9,680 | 10,732 | 9,680 |
| Information management expenses | 20,549 | 18,138 | 20,549 | 18,138 |
| Insurance | 1,648 | 1,352 | 1,648 | 1,352 |
| Maintenance (see Note 5 (b)) | 27,122 | 26,236 | 27,122 | 26,236 |
| Medical and surgical supplies | 50,684 | 47,781 | 50,684 | 47,781 |
| Motor vehicle expenses | 1,446 | 1,354 | 1,446 | 1,354 |
| Occupancy agreement expenses - Property NSW | 187 | - | 187 | - |
| Postal and telephone costs | 1,750 | 1,662 | 1,750 | 1,662 |
| Printing and stationery | 1,589 | 1,650 | 1,589 | 1,650 |
| Rates and charges | 1,249 | 1,047 | 1,249 | 1,047 |
| Hosted services purchased from entities controlled by the immediate parent | 840 | 976 | 840 | 976 |
| Specialised services (dental, radiology, pathology and allied health) | 50,942 | 47,299 | 50,942 | 47,299 |
| Staff related costs | 76,487 | 14,629 | 76,487 | 14,629 |
| Travel related costs | 12,007 | 4,699 | 12,007 | 4,699 |
| Other (see Note 5 (a)) | 28,244 | 27,227 | 28,244 | 27,227 |
| | 359,436 | 273,304 | 359,436 | 273,304 |

* Drug supplies includes \$0.09 million (2022: \$3.06 million) of COVID-19 vaccinations administered by vaccination hubs within the District. Refer to Note 24 for further details on COVID-19 vaccines.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

5. Operating expenses (continued)

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| (a) Other | | | | |
| Contract for patient services | 5,035 | 5,387 | 5,035 | 5,387 |
| Corporate support services ¹ | 6,731 | 6,666 | 6,731 | 6,666 |
| Courier and freight | 633 | 567 | 633 | 567 |
| Disability equipment support expenses ¹ | 1,108 | 1,081 | 1,108 | 1,081 |
| Isolated patient travel and accommodation assistance scheme* | - | 1,465 | - | 1,465 |
| Legal services | 317 | 335 | 317 | 335 |
| Membership/professional fees | 139 | 137 | 139 | 137 |
| Quality assurance / accreditation | 182 | 188 | 182 | 188 |
| Security services | 3,941 | 3,434 | 3,941 | 3,434 |
| Expenses relating to short-term leases | 3,660 | 3,628 | 3,660 | 3,628 |
| Expenses relating to leases of low-value assets | 342 | 193 | 342 | 193 |
| Other miscellaneous | 6,156 | 4,146 | 6,156 | 4,146 |
| | 28,244 | 27,227 | 28,244 | 27,227 |

¹ Disability equipment payments under the Enable NSW program has been reclassified from 'Corporate support services' to 'Disability equipment support expenses' in the current year. The prior period 'Disability equipment support expenses' has been restated higher by \$1.081 million and 'Corporate support services' lower by \$1.081 million to reflect this change.

* From 1 July 2022, the isolated patient travel and accommodation assistance scheme program is being managed by HealthShare NSW, a controlled entity of the immediate parent.

| | | | | |
|---|---------------|---------------|---------------|---------------|
| (b) Reconciliation of total maintenance expense | | | | |
| Maintenance contracts | 10,202 | 9,031 | 10,202 | 9,031 |
| New / replacement equipment under \$10,000 | 8,704 | 9,075 | 8,704 | 9,075 |
| Repairs maintenance / non contract | 8,206 | 8,119 | 8,206 | 8,119 |
| Other | 10 | 11 | 10 | 11 |
| Maintenance expense - contracted labour and other | 27,122 | 26,236 | 27,122 | 26,236 |
| Employee related/personnel services maintenance expense included in Notes 2 and 3*. | 2,570 | 2,973 | 2,570 | 2,973 |
| | 29,692 | 29,209 | 29,692 | 29,209 |

* This balance consists of employees who have been classified as providing maintenance services for the District 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 District. 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 District's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance for NSW, a controlled entity of the ultimate parent.

Lease expense

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

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

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

6. Depreciation and amortisation

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Depreciation - buildings | 32,696 | 25,656 | 32,696 | 25,656 |
| Depreciation - plant and equipment | 6,927 | 6,369 | 6,927 | 6,369 |
| Depreciation - infrastructure systems | 1,124 | 990 | 1,124 | 990 |
| Depreciation - right-of-use buildings | 1,065 | 1,334 | 1,065 | 1,334 |
| Depreciation - right-of-use plant and equipment | 3,389 | 3,333 | 3,389 | 3,333 |
| | 45,201 | 37,682 | 45,201 | 37,682 |

Depreciation - buildings is higher by \$3.27 million in 2023 due to a change in the useful lives for specialised buildings. Refer to Note 1((f) for further details.

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

7. Grants and subsidies

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Non-government organisations | 2,323 | 2,242 | 2,323 | 2,242 |
| Grants to research organisations | 26 | - | 26 | - |
| Grants to entities controlled by the immediate parent* | 36 | 199 | 36 | 199 |
| Other grants* | 2,392 | 2,327 | 2,392 | 2,327 |
| | 4,777 | 4,768 | 4,777 | 4,768 |

* The District granted COVID-19 vaccines to other NSW Health entities and to third parties for nil consideration at current replacement cost. Refer to Note 24 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines provided as a grant under grants to entities controlled by the immediate parent (NSW Health entities) was \$Nil (2022: \$0.16 million) and under other grants (external third parties) was \$Nil (2022: \$Nil).

Recognition and Measurement

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

8. Finance costs

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--|--|--|----------------------------------|----------------------------------|
| Interest expense from lease liabilities | 276 | 214 | 276 | 214 |
| Interest expense from financial liabilities at amortised cost* | 72 | 90 | 72 | 90 |
| | 348 | 304 | 348 | 304 |

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. Revenue

Recognition and Measurement

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

Under the GSF Act 2018, the District's own source revenue (which includes but is not limited to receipts from operating activities and proceeds from the sale of 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 District which forms part of the consolidated fund and is not appropriated to the District by an Act.

10. Summary of compliance

The Appropriation Act 2022 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$18.73 billion (2022: \$15.79 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 District.

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 District, 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 District receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the District. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that the District 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.

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

The delegation / sub-delegations for 2023 and 2022, authorising officers of the the District to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the District. 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 has been delayed and is anticipated to be tabled in September 2023. Pursuant to section 4.10 of the GSF Act, the Treasurer has authorised the payment of specified sums out of the Consolidated Fund to meet the requirements of this period. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2022-23 annual Appropriation Act.

11. Ministry of Health allocations

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

The District recognised additional Ministry of Health recurrent allocations of \$17.57 million (2022: \$45.38 million) and Ministry of Health capital allocations of \$Nil (2022: \$0.10 million) to cover costs incurred for the testing, diagnosis, treatment and vaccination of COVID-19 patients.

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

Northern NSW Local Health District
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12. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Sale and recovery of pharmaceutical supplies | 6,065 | 4,725 | 6,065 | 4,725 |
| Sale of prostheses | 1,538 | 1,429 | 1,538 | 1,429 |
| Other ¹ | 55 | 37 | 55 | 37 |
| | 7,658 | 6,191 | 7,658 | 6,191 |

(b) Rendering of services comprise the following:

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Patients | | | | |
| Patient Fees: | | | | |
| - Inpatient fees | 26,577 | 22,770 | 26,577 | 22,770 |
| - Nursing home fees | 2,322 | 1,572 | 2,322 | 1,572 |
| - Non inpatient fees | 3,030 | 2,403 | 3,030 | 2,403 |
| Department of Veterans' Affairs | 7,599 | 6,236 | 7,599 | 6,236 |
| Motor Accident Authority third party | 3,846 | 4,187 | 3,846 | 4,187 |
| Multi Purpose Service Centre fees | 5,550 | 5,444 | 5,550 | 5,444 |
| Patient transport fees | 51 | 76 | 51 | 76 |
| Staff | | | | |
| Private use of motor vehicles | 24 | 28 | 24 | 28 |
| Salary packaging fee | 180 | 219 | 180 | 219 |
| Meals and accommodation | 210 | 86 | 210 | 86 |
| General community | | | | |
| Cafeteria / kiosk | 17 | 20 | 17 | 20 |
| Car parking | 139 | 137 | 139 | 137 |
| Clinical services (excluding clinical drug trials) | 1,763 | 1,480 | 1,763 | 1,480 |
| Commercial activities | 3 | - | 3 | - |
| Fees for conferences and training | 8 | - | 8 | - |
| Fees for medical records | 158 | 160 | 158 | 160 |
| Non-NSW Health entities | | | | |
| Services to other organisations | 64 | 43 | 64 | 43 |
| Entities controlled by the immediate parent | | | | |
| Hosted service revenues | 2,281 | 2,103 | 2,281 | 2,103 |
| Other | | | | |
| Infrastructure fees - annual charge | 1,006 | 549 | 1,006 | 549 |
| Infrastructure fees - monthly facility charge | 9,021 | 8,222 | 9,021 | 8,222 |
| Other | 327 | 386 | 327 | 386 |
| | 64,176 | 56,121 | 64,176 | 56,121 |
| | 71,834 | 62,312 | 71,834 | 62,312 |

¹ Enteral nutrition income has been reclassified from 'Enteral nutrition' to 'Sale of goods - other' in the current year. The prior period 'Sale of goods - other' has been restated higher by \$Nil and 'Enteral nutrition' lower by \$Nil to reflect this change.

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

Recognition and Measurement

Sale of goods

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

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

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

Recognition and Measurement (continued)

Rendering of services

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

| 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. |
| 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. |

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

Recognition and Measurement (continued)

Rendering of services (continued)

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

Refer to Note 31 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the District expects to recognise the unsatisfied portion as revenue.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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13. Investment revenue

| | Consolidated | Consolidated | Parent | Parent |
|---|---------------------|---------------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$000 | \$000 | \$000 | \$000 |
| Interest income from financial assets at amortised cost | 814 | 199 | 814 | 199 |
| | 814 | 199 | 814 | 199 |

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).

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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14. 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 | 483 | 12 | 483 | 12 |
| Other grants with sufficiently specific performance obligations | | | | |
| Cancer Institute grants received from an entity controlled by the immediate parent | 6,013 | 6,006 | 6,013 | 6,006 |
| Clinical trials and research grants | 841 | 643 | 841 | 643 |
| Commonwealth government grants received for community based services | 3,907 | 3,850 | 3,907 | 3,850 |
| Grants from entities controlled by the ultimate parent | 198 | 198 | 198 | 198 |
| Other grants from entities controlled by the immediate parent | 1,584 | 781 | 1,584 | 781 |
| Other grants | 4,220 | 3,413 | 4,220 | 3,413 |
| Grants without specific performance obligations | | | | |
| Commonwealth government grants other* | 463 | 2,991 | 463 | 2,991 |
| Grants from entities controlled by the ultimate parent | 8,101 | 26,008 | 8,101 | 26,008 |
| Other grants from entities controlled by the immediate parent* | 667 | 857 | 667 | 857 |
| Other grants* | - | 31 | - | 31 |
| Donations | | | | |
| Donations | 895 | 1,019 | 895 | 1,019 |
| | 27,372 | 45,809 | 27,372 | 45,809 |

* The District received the majority of COVID-19 vaccines directly from the Commonwealth government and the remainder were received from other NSW Health entities and external third parties. All COVID-19 vaccines were received for \$Nil consideration and recorded at current replacement cost at the time of receipt. Refer to Note 24 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines received under Commonwealth government grants other (Commonwealth government) was \$0.11 million (2022: \$2.99 million), under other grants from entities controlled by the immediate parent (NSW Health entities) was \$Nil (2022: \$0.57 million) and under other grants (external third parties) was \$Nil (2022: \$0.03 million).

14. Grants and other contributions

Recognition and Measurement

Grants and other contributions

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

Revenue from grants with sufficiently specific performance obligations are recognised when the District satisfies a performance obligation by transferring the promised goods or services. The District typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The District uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on 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 31 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

Volunteer services

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

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

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

Northern NSW Local Health District
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15. Acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits

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

| | Consolidated 2023 \$000 | Consolidated ¹ 2022 \$000 | Parent 2023 \$000 | Parent ¹ 2022 \$000 |
|--|-------------------------------|--|-------------------------|--------------------------------------|
| Superannuation - defined benefit plans | 1,941 | 2,238 | - | - |
| Long service leave provision | 9,538 | (5,516) | - | - |
| | 11,479 | (3,278) | - | - |

¹ 'Long service leave provision' revenue has been restated to be lower by \$0.97 million in the prior year for the consolidated and parent entity. Refer to Note 20 for further details regarding restatement as a result of an error.

16. Other income

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Other income comprises the following: | | | | |
| Commissions | 11 | 15 | 11 | 15 |
| Discounts | 145 | 23 | 145 | 23 |
| Insurance refunds | 461 | 67 | 461 | 67 |
| Rental income | | | | |
| - other rental income | 950 | 909 | 950 | 909 |
| Other | 30 | 419 | 30 | 419 |
| | 1,597 | 1,433 | 1,597 | 1,433 |

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 arising from operating leases is accounted for on a straight-line basis over the lease term. The rental income is incidental to the purpose for 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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

17. 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 | 176 | 703 | 176 | 703 |
| Less: proceeds from disposal | 10 | 204 | 10 | 204 |
| Net gains / (losses) on disposal | (166) | (499) | (166) | (499) |
| Right-of-use assets | | | | |
| Written down value of assets disposed | 327 | 259 | 327 | 259 |
| Less: lease liabilities extinguished | 356 | 273 | 356 | 273 |
| Net gains / (losses) on disposal* | 29 | 14 | 29 | 14 |
| Total gains / (losses) on disposal | (137) | (485) | (137) | (485) |

18. Other gains / (losses)

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|-----------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Inventory write down* | (65) | (324) | (65) | (324) |
| | (65) | (324) | (65) | (324) |

* Inventory write down includes COVID-19 vaccine wastage of \$0.12 million (2022: \$0.27 million), and impairment decrement of COVID-19 vaccines of \$(0.05) million (2022: impairment increment of \$0.05 million). Refer to Note 24 for further details on COVID-19 vaccines.

Recognition and Measurement

Impairment losses on non-financial assets

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

- Note 22 Receivables
- Note 23 Contract assets
- Note 24 Inventories
- Note 25 Property, plant and equipment
- Note 26 Leases

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

The District receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The District determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 29 Restricted assets.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 first 10 years of service by the employee, rather it started upon the completion of 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 District's liability for long service leave are assumed by The Crown in right of the State of New South Wales. The District accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits'. Specific on-costs relating to long service leave assumed by The Crown in right of the State of New South Wales are borne by the District.

The incorrect calculation of long service leave entitlements has resulted in lower 'Employee related expenses' and lower 'Acceptance by the Crown of employee benefits' revenue in the Statement of Comprehensive Income in prior years. Any consequential on-costs has resulted in lower 'Provisions' liability in the Statement of Financial Position and lower 'Employee related expenses' in the Statement of Comprehensive Income. The error has been corrected during the year, with retrospective adjustments made in respect of prior periods.

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

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

| | | 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 | 605,977 | (1,108) | 604,869 | - | - | - |
| Personnel services | 3 | - | - | - | 608,284 | (137) | 608,147 |
| Total expenses excluding | | 1,004,617 | (1,108) | 1,003,509 | 1,006,924 | (137) | 1,006,787 |
| Revenue | | | | | | | |
| Acceptance by the Crown of employee benefits | 15 | (2,307) | (971) | (3,278) | - | - | - |
| Total revenue | | 1,200,102 | (971) | 1,199,131 | 1,202,409 | - | 1,202,409 |
| Operating result | | 195,485 | 137 | 195,622 | 195,485 | 137 | 195,622 |
| Net result from continuing operations | | - | - | - | - | - | - |
| Net result | | 194,252 | 137 | 194,389 | 194,252 | 137 | 194,389 |
| Total other comprehensive income | | 76,087 | - | 76,087 | 76,087 | - | 76,087 |
| TOTAL COMPREHENSIVE INCOME | | 270,339 | 137 | 270,476 | 270,339 | 137 | 270,476 |

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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20. Prior period error (continued)

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

| | | Consolidated Actual 1 July 2021 | Consolidated Adjustment 1 July 2021 | Consolidated Restated 1 July 2021 | Parent Actual 1 July 2021 | Parent Adjustment 1 July 2021 | Parent Restated 1 July 2021 |
|--------------------------------------|-------|---------------------------------------|---|---|---------------------------------|-------------------------------------|-----------------------------------|
| | Notes | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Provisions | 33 | 87,810 | 727 | 88,537 | 87,810 | 727 | 88,537 |
| Total current liabilities | | 141,503 | 727 | 142,230 | 141,503 | 727 | 142,230 |
| Non-current liabilities | | | | | | | |
| Provisions | 33 | 1,460 | 64 | 1,524 | 1,460 | 64 | 1,524 |
| Total non-current liabilities | | 16,275 | 64 | 16,339 | 16,275 | 64 | 16,339 |
| Total liabilities | | 157,778 | 791 | 158,569 | 157,778 | 791 | 158,569 |
| Net assets | | 782,048 | (791) | 781,257 | 782,048 | (791) | 781,257 |
| EQUITY | | | | | | | |
| Accumulated funds | | 709,579 | (791) | 708,788 | 709,579 | (791) | 708,788 |
| Total Equity | | 782,048 | (791) | 781,257 | 782,048 | (791) | 781,257 |

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

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

| | | Consolidated Actual 2022 | Consolidated Adjustment 2022 | Consolidated Restated 2022 | Parent Actual 2022 | Parent Adjustment 2022 | Parent Restated 2022 |
|--------------------------------------|-------|--------------------------------|------------------------------------|----------------------------------|--------------------------|------------------------------|----------------------------|
| | Notes | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Provisions | 33 | 107,510 | 603 | 108,113 | 107,510 | 603 | 108,113 |
| Total current liabilities | | 164,948 | 603 | 165,551 | 164,948 | 603 | 165,551 |
| Non-current liabilities | | | | | | | |
| Provisions | 33 | 1,238 | 52 | 1,290 | 1,238 | 52 | 1,290 |
| Total non-current liabilities | | 14,391 | 52 | 14,443 | 14,391 | 52 | 14,443 |
| Total liabilities | | 179,339 | 655 | 179,994 | 179,339 | 655 | 179,994 |
| Net assets | | 1,052,389 | (655) | 1,051,734 | 1,052,389 | (655) | 1,051,734 |
| EQUITY | | | | | | | |
| Accumulated funds | | 903,885 | (654) | 903,231 | 903,885 | (654) | 903,231 |
| Total Equity | | 1,052,388 | (654) | 1,051,734 | 1,052,388 | (654) | 1,051,734 |

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

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

21. Cash and cash equivalents

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--------------------------|--|--|----------------------------------|----------------------------------|
| Cash at bank and on hand | 25,327 | 20,945 | 25,327 | 20,945 |
| | 25,327 | 20,945 | 25,327 | 20,945 |

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) | 25,327 | 20,945 | 25,327 | 20,945 |
| | 25,327 | 20,945 | 25,327 | 20,945 |

Refer to Note 42 for details regarding credit risk and market risk arising from financial instruments.

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

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

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

22. Receivables

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Current | | | | |
| Trade receivables from contracts with customers | 11,440 | 8,235 | 11,440 | 8,235 |
| Intra health receivables | 7,105 | 4,821 | 7,105 | 4,821 |
| Goods and Services Tax | 5,867 | 4,675 | 5,867 | 4,675 |
| Other receivables | 802 | 821 | 802 | 821 |
| Sub total | 25,214 | 18,552 | 25,214 | 18,552 |
| <i>Less: Allowance for expected credit losses*</i> | | | | |
| - Trade receivables from contracts with customers | (508) | (393) | (508) | (393) |
| - Other receivables | (40) | (39) | (40) | (39) |
| Sub total | 24,666 | 18,120 | 24,666 | 18,120 |
| Prepayments | 3,480 | 12,450 | 3,480 | 12,450 |
| | 28,146 | 30,570 | 28,146 | 30,570 |

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

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Trade receivables from contracts with customers | | | | |
| Balance at the beginning of the year | (393) | (305) | (393) | (305) |
| Amounts written off during the year | 342 | 271 | 342 | 271 |
| (Increase) / decrease in allowance recognised in the net result ¹ | (456) | (359) | (456) | (359) |
| Balance at the end of the year | (508) | (393) | (508) | (393) |
| Other receivables | | | | |
| Balance at the beginning of the year | (39) | (15) | (39) | (15) |
| Amounts written off during the year | 47 | 41 | 47 | 41 |
| (Increase) / decrease in allowance recognised in the net result | (47) | (65) | (47) | (65) |
| Balance at the end of the year | (40) | (39) | (40) | (39) |
| | (548) | (432) | (548) | (432) |

¹ Includes total impairment loss of \$0.46 million (2022: \$0.36 million) recognised on receivables from contracts with customers.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 - compensable | 623 | 956 | 623 | 956 |
| Patient fees - ineligible | 956 | 637 | 956 | 637 |
| Patient fees - inpatient & other | 5,306 | 4,758 | 5,306 | 4,758 |
| | 6,885 | 6,351 | 6,885 | 6,351 |

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 42.

| | Consolidated 2023 \$000 | Consolidated' 2022 \$000 | Parent 2023 \$000 | Parent' 2022 \$000 |
|--|-------------------------------|--------------------------------|-------------------------|--------------------------|
| Contract receivables (included in Note 22) | 18,545 | 13,056 | 18,545 | 13,056 |
| Total contract receivables | 18,545 | 13,056 | 18,545 | 13,056 |

Recognition and Measurement

The District recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, the District considers:

- Whether the District has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

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

Impairment

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

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

23. Contract assets

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|-----------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Current | | | | |
| Contract assets | 1,200 | 535 | 1,200 | 535 |
| | 1,200 | 535 | 1,200 | 535 |

Recognition and Measurement

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

24. Inventories

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Current | | | | |
| Held-for-distribution | | | | |
| Drug supplies | 1,845 | 1,976 | 1,845 | 1,976 |
| Medical and surgical supplies | 182 | 122 | 182 | 122 |
| Sub total | 2,027 | 2,098 | 2,027 | 2,098 |
| <i>Less: Allowance for impairment</i> | | | | |
| - Drug supplies | - | (54) | - | (54) |
| | 2,027 | 2,044 | 2,027 | 2,044 |

Recognition and Measurement

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

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

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

The value of the COVID-19 vaccines received and administered / granted as at 30 June 2023, was \$0.11 million (2022: \$3.59 million) and \$0.09 million (2022: \$3.22 million), respectively. \$0.12 million (2022: \$0.27 million) of COVID-19 vaccines were written-off and \$0.05 million allowance for impairment was reversed (2022: An allowance for impairment was provided for \$0.05 million). COVID-19 vaccine closing inventory balance as at 30 June 2023, was \$0. million (2022: \$0.1 million) which is included as part of the inventory drug supplies.

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

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 | 1,248,070 | 81,043 | 39,612 | 1,368,725 |
| Less: accumulated depreciation and impairment | 418,244 | 43,940 | 16,741 | 478,925 |
| Net carrying amount | 829,826 | 37,103 | 22,871 | 889,800 |

| | 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 | 829,826 | 37,103 | 22,871 | 889,800 |
| Additions | 228,234 | 6,044 | - | 234,278 |
| Disposals | - | (703) | - | (703) |
| Transfers within NSW Health entities through Statement of Comprehensive Income | - | 781 | - | 781 |
| Net revaluation increments less revaluation decrements | 73,383 | - | 2,704 | 76,087 |
| Depreciation expense | (25,656) | (6,369) | (990) | (33,015) |
| Reclassifications | (937) | 937 | - | - |
| Net carrying amount at end of year | 1,104,850 | 37,793 | 24,585 | 1,167,228 |

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 28.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 | 1,602,671 | 83,797 | 44,508 | 1,730,976 |
| Less: accumulated depreciation and impairment | 497,821 | 46,004 | 19,923 | 563,748 |
| Net carrying amount | 1,104,850 | 37,793 | 24,585 | 1,167,228 |

| | 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 | 1,104,850 | 37,793 | 24,585 | 1,167,228 |
| Additions | 242,339 | 7,574 | 95 | 250,008 |
| Disposals | - | (176) | - | (176) |
| Transfers within NSW Health entities through Statement of Comprehensive Income | - | 1,584 | - | 1,584 |
| Net revaluation increments less revaluation decrements | 79,543 | - | 588 | 80,131 |
| Depreciation expense | (32,696) | (6,927) | (1,124) | (40,747) |
| Reclassifications | 74 | (74) | - | - |
| Net carrying amount at end of year | 1,394,110 | 39,774 | 24,144 | 1,458,028 |

| | Land and Buildings \$000 | Plant and Equipment ¹ \$000 | Infrastructure Systems \$000 | Total \$000 |
|---|--------------------------------|--|------------------------------------|------------------|
| At 30 June 2023 - fair value | | | | |
| Gross carrying amount | 1,893,950 | 89,175 | 47,293 | 2,030,418 |
| Less: accumulated depreciation and impairment | 499,840 | 49,401 | 23,149 | 572,390 |
| Net carrying amount | 1,394,110 | 39,774 | 24,144 | 1,458,028 |

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 28.

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.

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

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

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

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

Capitalisation thresholds

Property, plant and equipment 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.

25. Property, plant and equipment (continued)

Depreciation of property, plant and equipment

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

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

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

Details of depreciation rates initially applied 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 |

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

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

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

In 2023, the estimated useful lives for buildings were revised. Refer Note 1 ((f) 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 District has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 26.

25. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 28 for further information regarding fair value.

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

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

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated an increase of between 1.00% and 1.50% in market prices for land and material increases in construction and labour costs of 4.00% for buildings and 4.00% for infrastructure. Management has applied these indices to perform an interim revaluation and has recognised the resulting revaluation increment for land, buildings and infrastructure in 2023.

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.

25. Property, plant and equipment (continued)

Revaluation of property, plant and equipment (continued)

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

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

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

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

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

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

Impairment of property, plant and equipment

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

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

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

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

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

Derecognition of property, plant and equipment

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

26. Leases

(a) Entity as a lessee

The District leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The District does not provide residual value guarantees in relation to leases.

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

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

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$0.29 million.

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

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

During the financial year ended 30 June 2022, the District derecognised all leases with Property NSW (PNSW), an entity of the ultimate parent. A new 'substitution right' clause was added to the lease arrangements with PNSW, providing PNSW with a substantive substitution right to relocate the District during the term of the agreement. As a result of this new clause, those agreements were no longer accounted for as a lease within the scope of AASB 16.

The corresponding right-of-use assets and lease liabilities have been derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition is recognised in 'Gains/(Losses) on disposal' (refer to Note 17). From 1 July 2022, the accommodation charges are recognised as 'occupancy agreement expenses - Property NSW (refer to Note 5) when incurred over the agreement duration.

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

Northern NSW Local Health District
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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.

PARENT AND CONSOLIDATION

| | Land and Buildings \$'000 | Plant and Equipment \$'000 | Total \$'000 |
|--------------------------------|--|---|-------------------------|
| Balance at 1 July 2022 | 1,751 | 8,655 | 10,406 |
| Additions | 2,406 | 4,318 | 6,724 |
| Reassessments | 715 | 168 | 883 |
| Disposals | (265) | (62) | (327) |
| Depreciation expense | (1,065) | (3,389) | (4,454) |
| Balance at 30 June 2023 | 3,542 | 9,690 | 13,232 |

PARENT AND CONSOLIDATION

| | Land and Buildings \$'000 | Plant and Equipment \$'000 | Total \$'000 |
|--------------------------------|--|---|-------------------------|
| Balance at 1 July 2021 | 2,314 | 8,867 | 11,181 |
| Additions | 795 | 2,536 | 3,331 |
| Reassessments | (24) | 844 | 820 |
| Disposals* | - | (259) | (259) |
| Depreciation expense | (1,334) | (3,333) | (4,667) |
| Balance at 30 June 2022 | 1,751 | 8,655 | 10,406 |

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

Northern NSW Local Health District
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26. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

| | 2023 | 2022 |
|------------------------------|---------------|---------------|
| | \$000 | \$000 |
| Balance at 1 July | 10,468 | 11,502 |
| Additions | 6,724 | 3,331 |
| Interest expenses | 276 | 214 |
| Payments | (5,301) | (5,126) |
| Terminations / derecognition | (356) | (273) |
| Other adjustments | 882 | 820 |
| Balance at 30 June | 12,693 | 10,468 |

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

PARENT AND CONSOLIDATION

| | 2023 | 2022 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Depreciation expense of right-of-use assets | 4,454 | 4,667 |
| Interest expense on lease liabilities | 276 | 214 |
| Expenses relating to short-term leases | 3,660 | 3,628 |
| Expenses relating to leases of low-value assets | 342 | 193 |
| (Gains) / losses on disposal | (29) | (14) |
| Total amount recognised in the statement of comprehensive income | 8,703 | 8,688 |

The District had total cash outflows for leases of \$9.30 million for the year ended 30 June 2023 (2022: \$8.95 million).

26. Leases (continued)

(a) Entity as a lessee (continued)

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

The District entered into a 40 year lease with the Tweed Shire Council for the use of a community health building. The contract specifies lease payments of \$Nil per annum. The leased premise is to be used by the District to provide different community health services. The community health buildings account for a small portion of the similar assets the District is using for the purpose of providing community health services. Therefore it does not have a significant impact on the District's operations.

Recognition and Measurement

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

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

i. Right-of-use assets

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

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 5 years |
| Plant and equipment | 1 to 5 years |
| Motor vehicles and other equipment | 1 to 5 years |

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

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

ii. Lease liabilities

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

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

26. Leases (continued)

(a) Entity as a lessee (continued)

ii. Lease liabilities (continued)

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

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

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

The District's lease liabilities are included in borrowings in Note 32.

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

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

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

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

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27. 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 | - | - | - | - |
| | - | - | - | - |

The non-current assets held for sale constitute assets that are surplus to requirements and are actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale in the next twelve months.

This asset relates to part of the land at the former Coraki Hospital which is surplus to requirements. The asset is recorded at \$1. Due to rounding in the Financial Statements this note shows a \$Nil balance. The District had expected to sell this property in 2022/23, but this did not occur and negotiations for the sale of the property are still in progress.

Further details regarding fair value measurement are disclosed in Note 28.

Recognition and Measurement

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

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

Northern NSW Local Health District
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28. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

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

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

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

(a) Fair value hierarchy

| | Level 1 | Level 2 | Level 3 | Total Fair Value |
|--|---------|---------|---------|------------------|
| 2023 | \$000 | \$000 | \$000 | \$000 |
| Property, plant and equipment (Note 25) | | | | |
| - Land and buildings | - | 19,365 | 782,733 | 802,098 |
| - Infrastructure systems | - | - | 24,101 | 24,101 |
| Non-current assets held for sale (Note 27) | - | - | - | - |
| | - | 19,365 | 806,834 | 826,199 |

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.

| | Level 1 | Level 2 | Level 3 | Total Fair Value |
|--|---------|---------|---------|------------------|
| 2022 | \$000 | \$000 | \$000 | \$000 |
| Property, plant and equipment (Note 25) | | | | |
| - Land and buildings | - | 19,742 | 694,014 | 713,756 |
| - Infrastructure systems | - | - | 24,584 | 24,584 |
| Non-current assets held for sale (Note 27) | - | - | - | - |
| | - | 19,742 | 718,598 | 738,340 |

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.

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

(b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE Valuations Pty Ltd for the 2022-23 financial year. CBRE Valuations Pty Ltd is an independent entity and is not an associated entity of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 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.
All of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.
- For buildings and infrastructure, many assets are of a specialised nature or use, 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.

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28. 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 | 694,014 | 24,584 | 718,598 |
| Additions* | 41,493 | 53 | 41,546 |
| Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25) | 79,297 | 588 | 79,885 |
| Depreciation expense | (32,071) | (1,124) | (33,195) |
| Fair value as at 30 June 2023 | 782,733 | 24,101 | 806,834 |

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

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

| 2022 | Land and Buildings \$000 | Infrastructure Systems \$000 | Total Level 3 Recurring \$000 |
|--|-------------------------------------|---|--|
| Fair value as at 1 July 2021 | 542,417 | 21,988 | 564,405 |
| Additions* | 102,627 | 860 | 103,487 |
| Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25) | 71,639 | 2,704 | 74,343 |
| Depreciation expense | (22,669) | (968) | (23,637) |
| Fair value as at 30 June 2022 | 694,014 | 24,584 | 718,598 |

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

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

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29. Restricted assets

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The District's financial statements include the following assets which are restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2023.

| Category | 1 July 2022 | Revenue | Expense | 30 June 2023 |
|--|--------------------|----------------|----------------|---------------------|
| | Opening | | | Closing |
| | \$000 | \$000 | \$000 | \$000 |
| Community welfare | 738 | 28 | 4 | 762 |
| Facility improvements | 12,561 | 5,360 | 2,835 | 15,086 |
| Patient welfare | 52 | 24 | 12 | 64 |
| Private practice disbursements (No.2 Accounts) | 4,144 | 1,154 | 176 | 5,122 |
| Public contributions | 425 | 141 | 137 | 429 |
| Research | 87 | 153 | 2 | 238 |
| Section 19(2) exemption funds | 56 | 26 | 5 | 77 |
| Staff welfare | 84 | 3 | 4 | 83 |
| Training and education including conferences | 2,150 | 104 | 188 | 2,066 |
| | 20,297 | 6,993 | 3,363 | 23,927 |

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. |
| Section 19(2) exemption funds | Improving access to primary care in rural and remote areas. |
| Staff welfare | Staff benefits such as staff recognition awards, functions and staff amenity improvements. |
| Training and education including conferences | Professional training, education and conferences. |

Unclaimed monies

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

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

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30. Payables

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Current | | | | |
| Accrued salaries, wages and on-costs | 8,395 | 5,797 | - | - |
| Salaries and wages deductions | 108 | 61 | - | - |
| Payroll and fringe benefits tax | 9 | 262 | - | - |
| Accrued liability - purchase of personnel services | - | - | 8,512 | 6,120 |
| Creditors ^{1*} | 34,362 | 31,389 | 34,362 | 31,389 |
| Other creditors | | | | |
| - Capital works | 4,391 | 771 | 4,391 | 771 |
| - Payables to entities controlled by the immediate parent | 18,360 | 12,276 | 18,360 | 12,276 |
| - Other ¹ | 13 | 8 | 13 | 8 |
| | 65,638 | 50,564 | 65,638 | 50,564 |

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 \$14.298 million and 'Creditors' has been restated higher by \$14.298 million to reflect this change.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 42.

Recognition and Measurement

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

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

Northern NSW Local Health District
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31. Contract liabilities

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|----------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Current | | | | |
| Contract liabilities | 94 | 83 | 94 | 83 |
| | 94 | 83 | 94 | 83 |

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.

| | 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 | 83 | 205 | 83 | 205 |
| Transaction price allocated to the remaining performance obligations from contracts with customers | 22,689 | 19,296 | 22,689 | 19,296 |

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 |
|--------------------------------|------------------------|------------------------|------------------------|--------------------------|
| Grants and other contributions | 10,915 | 10,162 | 1,557 | 55 |
| | 10,915 | 10,162 | 1,557 | 55 |

Northern NSW Local Health District
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32. Borrowings

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|---------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Current | | | | |
| Other loans and deposits | 752 | 734 | 752 | 734 |
| Lease liabilities (see Note 26) | 3,551 | 3,847 | 3,551 | 3,847 |
| | 4,303 | 4,581 | 4,303 | 4,581 |
| Non-current | | | | |
| Other loans and deposits | 1,561 | 2,313 | 1,561 | 2,313 |
| Lease liabilities (see Note 26) | 9,142 | 6,621 | 9,142 | 6,621 |
| | 10,703 | 8,934 | 10,703 | 8,934 |

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

Final repayment of 'Other loans and deposits' is scheduled for 30 June 2026.

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 42.

Recognition and Measurement

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless the District has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 42 (b) for derecognition policy.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

| | Other loans and deposits \$000 | Leases \$000 | Total liabilities from financing activities \$000 |
|---------------------|--------------------------------------|-----------------|--|
| 1 July 2021 | 3,762 | 11,502 | 15,264 |
| Cash flows | (715) | (4,912) | (5,627) |
| New leases | - | 3,331 | 3,331 |
| Lease terminations | - | (273) | (273) |
| Lease reassessments | - | 820 | 820 |
| 30 June 2022 | 3,047 | 10,468 | 13,515 |
| 1 July 2022 | 3,047 | 10,468 | 13,515 |
| Cash flows | (734) | (5,025) | (5,759) |
| New leases | - | 6,723 | 6,723 |
| Lease terminations | - | (356) | (356) |
| Lease reassessments | - | 883 | 883 |
| 30 June 2023 | 2,313 | 12,693 | 15,006 |

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33. 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 | 56,988 | 50,393 | - | - |
| Annual leave - obligations expected to be settled after 12 months | 18,674 | 26,013 | - | - |
| Long service leave consequential on-costs - obligations expected to be settled within 12 months | 1,474 | 1,369 | - | - |
| Long service leave consequential on-costs - obligations expected to be settled after 12 months | 11,311 | 11,750 | - | - |
| Provision for other employee benefits* | 2,648 | 17,376 | - | - |
| Provision for personnel services liability | - | - | 91,095 | 106,901 |
| | 91,095 | 106,901 | 91,095 | 106,901 |
| Other Provisions | | | | |
| Other | - | 1,212 | - | 1,212 |
| | - | 1,212 | - | 1,212 |
| Total current provisions | 91,095 | 108,113 | 91,095 | 108,113 |
| Non-current | | | | |
| Employee benefits and related on-costs | | | | |
| Long service leave consequential on-costs | 1,257 | 1,290 | - | - |
| Provision for personnel services liability | - | - | 1,257 | 1,290 |
| | 1,257 | 1,290 | 1,257 | 1,290 |
| Total non-current provisions | 1,257 | 1,290 | 1,257 | 1,290 |
| Aggregate employee benefits and related on-costs | | | | |
| Provisions - current | 91,095 | 106,901 | - | - |
| Provisions - non-current | 1,257 | 1,290 | - | - |
| Accrued salaries, wages and on-costs and salaries and wages deductions (Note 30) | 8,503 | 5,858 | - | - |
| Liability - purchase of personnel services | - | - | 100,855 | 114,049 |
| | 100,855 | 114,049 | 100,855 | 114,049 |

¹ Long service leave consequential on-costs has been restated to be higher by \$0.65 million in the prior year for the consolidated entity. Provision for personnel services liability has been restated to be higher by \$0.65 million in the prior year for the parent entity. Refer to Note 20 for further details regarding restatement as a result of an error.

* Provision for other employee benefits in 2022 included a one-off payment to employees of \$14.83 million for the recognition of service during the COVID-19 pandemic.

Northern NSW Local Health District
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33. 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 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Other | | | | |
| Carrying amount at beginning of period | 1,212 | - | 1,212 | - |
| - Additional provisions recognised* | - | 1,212 | - | 1,212 |
| - Amounts used | (1,212) | - | (1,212) | - |
| Carrying amount at end of period | - | 1,212 | - | 1,212 |

* Additional provisions recognised in 2022 included a one-off payment of \$1.21 million to visiting medical officers for the recognition of service during the COVID-19 pandemic.

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

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 22.28% are applied to the value of leave payable at 30 June 2023 (comparable on-costs for 30 June 2022 were 21.08%). The District has assessed the actuarial advice based on the District's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the District does not expect to settle the liability within 12 months as the District does not have an unconditional right to defer settlement.

33. Provisions (continued)

Recognition and Measurement (continued)

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

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

Long service leave and superannuation

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

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

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

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

Consequential on-costs

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

Other provisions

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

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

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

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34. Other liabilities

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Current | | | | |
| Unearned revenue | 3,802 | - | 3,802 | - |
| Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity | 4,014 | 2,210 | 4,014 | 2,210 |
| | 7,816 | 2,210 | 7,816 | 2,210 |
| Non-current | | | | |
| Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity | 5,823 | 4,173 | 5,823 | 4,173 |
| Other | 34 | 46 | 34 | 46 |
| | 5,857 | 4,219 | 5,857 | 4,219 |

PARENT AND CONSOLIDATION

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

| | 2023 \$'000 | 2022 \$000 |
|---|----------------|---------------|
| Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity | 6,383 | 5,160 |
| <i>Add:</i> receipt of cash during the financial year | 3,937 | 1,235 |
| <i>Deduct:</i> income recognised during the financial year | 483 | 12 |
| Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity | 9,837 | 6,383 |

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

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

35. Equity

Revaluation surplus

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

Accumulated funds

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

Reserves

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

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

Northern NSW Local Health District
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36. Commitments

(a) Capital commitments

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

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|---|--|--|----------------------------------|----------------------------------|
| Within one year | 50,308 | 198,653 | 50,308 | 198,653 |
| Later than one year and not later than five years | - | 12,059 | - | 12,059 |
| Later than five years | - | - | - | - |
| Total (including GST) | 50,308 | 210,712 | 50,308 | 210,712 |

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$50.31 million as at 30 June 2023 includes input tax credits of \$4.57 million that are expected to be recoverable from the Australian Taxation Office (2022: \$19.16 million).

37. Contingent liabilities and contingent assets

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(b) Contingent assets

During the previous financial the District was affected by a major flooding event. A number of insurance claims have been submitted relating to this event and these claims are still in the process of being assessed by the insurer. The District is unable to disclose the financial effect of these claims until the insurer has finalised their assessments.

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38. Adjusted budget review

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was higher than adjusted budget by \$2 million, primarily due to:

Higher than budget Revenues of \$53 million and higher than budget Expenses of \$50M.

The higher than budget Revenue was represented by higher NSW Ministry of Health recurrent allocations \$60 million and lower NSW Ministry of Health capital allocations \$4 million, Other income \$5 million.

The higher than budgeted NSW Ministry of Health recurrent allocations reflects additional cash required by the District due to higher than budgeted Expenses \$50 million associate with premium nursing/medical agency expenses \$26 million and higher expenses associated with growth in activity above last financial year \$29 million. The lower than budget NSW Ministry of Health capital allocations reflects capital project delays associated with the Asset Refurbishment/Replacement Project.

Other Income lower than budget reflects undistributed revenue targets.

Assets and liabilities

Current Assets were \$21 million higher than budget. This was due mainly to higher than budget Cash \$11 million and Receivables \$8 million. The higher than budget Cash reflects higher Restricted Financial Assets \$3.6 million, use of cash budget for the locally funded Tweed Heads Hospital Education Hub \$6M. Receivables reflects Intra Health receivables higher than budget \$2.2 million, Patient Related receivables \$3.2 million and Goods and Service Tax \$1.4 million.

Non Current Assets were \$109 million higher than budget. This reflects the revaluation of Land and Building \$109 million to recognise movements since the last revaluation in 2019-20 and subsequent indicies. Current Liabilities were higher than budget by \$19 million. This reflect higher Payables \$15 million. The higher than budget Payables reflects intra Health Payables \$8 million, Trade Creditors \$3 million and Capital Creditors \$4 million.

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38. Adjusted budget review (continued)

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 21 June 2022 are as follows:

| | \$000 |
|---|----------------|
| Initial allocation, 1 July 2022 | 849,836 |
| Special Projects | |
| Building and Sustaining the Rural Health Workforce Initiative | 1,498 |
| Energy Efficiency Projects | 997 |
| Other Special Projects | 9,267 |
| Other | |
| Covid-19 Response | 17,575 |
| Workforce Bonus payments | 16,040 |
| Deferred Care | 9,825 |
| Nursing & Midwifery | 1,311 |
| Other | 1,856 |
| Other Covid Response Recovery & Resilience | 4,914 |
| Premium Agency Support | 59,000 |
| Resilience Initiative | 7,858 |
| Workers Compensation Performance Adjustment | (4,311) |
| Balance as per Statement of Comprehensive Income | 975,665 |

Northern NSW Local Health District
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39. 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 | 256,519 | 243,805 | 256,519 | 243,805 |
| Depreciation and amortisation expense | (45,201) | (37,682) | (45,201) | (37,682) |
| Allowance for impairment | (568) | (748) | (568) | (748) |
| (Increase) / decrease in other liabilities | (7,256) | (1,223) | (7,256) | (1,223) |
| Decrease / (increase) in provisions | 17,052 | (19,343) | 17,052 | (19,343) |
| Increase / (decrease) in inventory | 46 | 961 | 46 | 961 |
| Increase / (decrease) in prepayments and other assets | (1,940) | 13,160 | (1,940) | 13,160 |
| Increase / (decrease) in contract assets | 665 | (624) | 665 | (624) |
| Decrease / (increase) in payables | (11,422) | (4,335) | (11,422) | (4,335) |
| Decrease / (increase) in contract liabilities | (11) | 122 | (11) | 122 |
| Net gain / (loss) on sale of property, plant and equipment | (166) | (499) | (166) | (499) |
| Net gain / (loss) on disposal of right-of-use assets | 29 | 14 | 29 | 14 |
| Assets donated or brought to account (Note 40) | 1,584 | 781 | 1,584 | 781 |
| Net result | 209,331 | 194,389 | 209,331 | 194,389 |

¹ 'Decrease / (increase) in provisions' has been restated to be lower by \$0.14 million in the prior year for the consolidated and parent entity. Refer to Note 20 for further details regarding 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.

40. Non-cash financing and investing activities

| | Consolidated 2023 \$000 | Consolidated 2022 \$000 | Parent 2023 \$000 | Parent 2022 \$000 |
|---|--|--|----------------------------------|----------------------------------|
| Assets donated or brought to account | 1,584 | 781 | 1,584 | 781 |
| Property, plant and equipment acquired by a lease | 6,723 | 3,331 | 6,723 | 3,331 |
| | 8,307 | 4,112 | 8,307 | 4,112 |

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41. Trust funds

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The District holds trust funds of \$1.83 million (2022: \$1.68 million) which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Patient Trusts.

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

| Category | 1 July 2022 | | | 30 June 2023 |
|-----------------------------|--------------------------|------------------|------------------|-----------------------------|
| | Opening equity \$'000 | Revenue \$000 | Expense \$000 | Closing equity \$'000 |
| Patient Trust | 139 | 1,306 | (1,248) | 197 |
| Private Patient Trust Funds | 433 | 5,892 | (5,897) | 428 |
| Third Party Funds | 1,110 | 145 | (49) | 1,206 |
| Total trust funds | 1,683 | 7,343 | (7,194) | 1,832 |

| Category | 1 July 2021 | | | 30 June 2022 |
|-----------------------------|--------------------------|------------------|------------------|-----------------------------|
| | Opening equity \$'000 | Revenue \$000 | Expense \$000 | Closing equity \$'000 |
| Patient Trust | 136 | 1,051 | (1,048) | 139 |
| Private Patient Trust Funds | 399 | 5,747 | (5,713) | 433 |
| Third Party Funds | 1,016 | 150 | (56) | 1,110 |
| Total trust funds | 1,552 | 6,948 | (6,817) | 1,683 |

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

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

Any amounts drawn down from trust funds under the private practice arrangements are not included in the key management personnel compensation amounts or disclosed as a related party transaction in Note 43.

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42. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

| Class | Category | Carrying Amount 2023 \$000 | Carrying Amount 2022 \$000 |
|--|--|-----------------------------------|-----------------------------------|
| Financial assets | | | |
| Cash and cash equivalents (Note 21) | Amortised cost | 25,327 | 20,945 |
| Receivables (Note 22) ¹ | Amortised cost | 18,799 | 13,445 |
| Contract assets (Note 23) ³ | Amortised cost | 1,200 | 535 |
| Total financial assets | | 45,326 | 34,925 |
| Financial liabilities | | | |
| Borrowings (Note 32) | Financial liabilities measured at amortised cost | 15,006 | 13,515 |
| Payables (Note 30) ² | Financial liabilities measured at amortised cost | 65,629 | 50,302 |
| Other liabilities (Note 34) | Financial liabilities measured at amortised cost | 34 | 46 |
| Total financial liabilities | | 80,669 | 63,863 |

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).

³ While contract assets are also not financial assets, they are explicitly included (i.e. in the scope of AASB 7 Financial Instruments: Disclosures) for the purpose of the credit risk disclosures.

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

(b) Derecognition of financial assets and financial liabilities

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

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

42. Financial instruments (continued)

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

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

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

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned daily on restricted financial asset cash on hand and bank balances only.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

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

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

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42. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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

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

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

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

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

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2023 and 30 June 2022 was determined as follows:

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| | Current | <30 days | 30-60 days | 61-90 days | >91 days | Total |
|--|----------------|--------------------|-------------------|-------------------|--------------------|---------------|
| 30 June 2023 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Expected credit loss rate | 1.50% | 3.50% | 7.67% | 7.19% | 27.22% | 4.08% |
| Estimated total gross carrying amount ¹ | 10,185 | 1,313 | 352 | 556 | 1,036 | 13,442 |
| Expected credit loss | 153 | 46 | 27 | 40 | 282 | 548 |
| 30 June 2022 | Current | <30 days | 30-60 days | 61-90 days | >91 days | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Expected credit loss rate | 1.30% | 11.22% | 6.12% | 15.72% | 31.31% | 4.50% |
| Estimated total gross carrying amount ¹ | 8,129 | 294 | 147 | 229 | 792 | 9,591 |
| Expected credit loss | 106 | 33 | 9 | 36 | 248 | 432 |

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 and the contract assets total in Note 23.

The District 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.

ii. Liquidity risk

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

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

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

42. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that 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.

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42. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

| | EIR ³ % | Nominal Amount ¹ \$000 | Interest Rate Exposure | | | Maturity Dates | | |
|----------------------------|-----------------------|---|------------------------------------|---------------------------------------|---------------------------------------|-----------------|-----------------|----------------|
| | | | Fixed Interest Rate \$000 | Variable Interest Rate \$000 | Non - Interest Bearing \$000 | < 1 Yr \$000 | 1-5 Yr \$000 | > 5Yr \$000 |
| 2023 | | | | | | | | |
| Payables: | | | | | | | | |
| - Creditors ² | | 65,629 | - | - | 65,629 | 65,629 | - | - |
| Borrowings: | | | | | | | | |
| - Other loans and deposits | 2.50% | 2,416 | 2,416 | - | - | 805 | 1,611 | - |
| - Lease liabilities | 3.06% | 14,200 | 14,200 | - | - | 4,441 | 8,472 | 1,287 |
| - Other | | - | - | - | - | - | - | - |
| | | 82,245 | 16,616 | - | 65,629 | 70,875 | 10,083 | 1,287 |
| 2022 | | | | | | | | |
| Payables: | | | | | | | | |
| - Creditors ² | | 50,302 | - | - | 50,302 | 50,302 | - | - |
| Borrowings: | | | | | | | | |
| - Other loans and deposits | 2.50% | 3,221 | 3,221 | - | - | 805 | 2,416 | - |
| - Lease liabilities | 1.99% | 10,925 | 10,925 | - | - | 4,114 | 6,605 | 207 |
| - Other | | 46 | - | - | 46 | 46 | - | - |
| | | 64,494 | 14,146 | - | 50,348 | 55,267 | 9,021 | 207 |

Notes:

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

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

³ Weighted Average Effective Interest Rate (EIR).

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42. Financial instruments (continued)

iii. Market risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 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 District's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The District does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

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

PARENT AND CONSOLIDATION

| | 2023 | | 2022 | |
|------------|-------|-----|-------|----|
| | \$000 | | \$000 | |
| | -1% | 1% | -1% | 1% |
| Net result | (103) | 103 | (74) | 74 |
| Equity | (103) | 103 | (74) | 74 |

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43. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

| | 2023 | 2022 |
|------------------------------|--------------|--------------|
| | \$000 | \$000 |
| Short-term employee benefits | 1,052 | 1,180 |
| Post-employment benefits | 55 | 80 |
| | 1,107 | 1,260 |

During the financial year, Northern NSW Local Health District obtained key management personnel services from the immediate parent and incurred \$0.421 million (2022: \$0.362 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

There were no transactions with key management personnel and their close family members (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 District had with government related entities during the financial year

During the financial year and comparative year, the District entered into the various transactions with other entities consolidated as part of the Ministry of Health (the [immediate/senior] 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/senior] parent:

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

43. Related party disclosures (continued)

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

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

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Utilities, including electricity, gas and water expenses
- Insurance costs
- Occupancy agreement expenses for Property NSW properties
- Various grants and subsidies towards research and other projects

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

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

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

- Motor Accident Authority third party revenue received from the State Insurance Regulatory Authority (SIRA)
- Various grants and other contributions towards research and other projects
- Insurance refunds
- Revenue from acceptance of long service leave liabilities and defined benefit

Assets and liabilities as follows:

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

44. 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