INDEPENDENT AUDITOR'S REPORT

Western Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Western Sydney Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 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 of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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 the AASB1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike requirement in AASB1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

Min Lee
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 October 2023
SYDNEY

Western Sydney Local Health District

Statement by the Accountable Authority

for the year ended 30 June 2023

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

1. The financial statements of the Western Sydney 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 Western Sydney 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.

Graeme Loy
Chief Executive
14 September 2023

Ross Sinclair
Executive Director Finance
14 September 2023

Western Sydney Local Health District

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual Restated 2022 $000	Parent Actual 2023 $000	Parent Actual Restated 2022 $000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	1,498,652	1,499,397	1,439,143	-	-
Personnel services	3	-	-	-	1,458,014	1,449,691
Visiting medical officers	4	58,849	56,197	63,845	58,849	63,845
Operating expenses	5	677,281	653,552	780,981	677,281	780,981
Depreciation and amortisation	6	123,610	123,722	105,627	123,610	105,627
Grants and subsidies	7	10,035	11,745	10,843	10,035	10,843
Finance costs	8	888	270	792	888	792
Total expenses excluding losses		**2,369,315**	**2,344,883**	**2,401,231**	**2,328,677**	**2,411,779**
Revenue						
Ministry of Health recurrent allocations	11	1,990,287	1,903,881	1,950,671	1,990,287	1,950,671
Ministry of Health capital allocations	11	92,656	87,695	85,209	92,656	85,209
Acceptance by the Crown[2] of employee benefits	15	40,638	40,857	(10,548)	-	-
Sale of goods and services from contracts with customers	12	227,946	253,957	182,655	227,946	182,655
Investment revenue	13	5,472	2,300	(261)	5,472	(261)
Grants and other contributions	14	57,811	45,632	71,052	57,811	71,052
Other income	16	20,891	24,526	18,973	20,891	18,973
Total revenue		**2,435,701**	**2,358,848**	**2,297,751**	**2,395,063**	**2,308,299**
Operating result		**66,386**	**13,965**	**(103,480)**	**66,386**	**(103,480)**
Gains / (losses) on disposal	17	1,367	(475)	(2,184)	1,367	(2,184)
Impairment losses on financial assets	22	(2,668)	(893)	(3,367)	(2,668)	(3,367)
Other gains / (losses)	18	(181)	(160)	(461)	(181)	(461)
Net result from continuing operations	**39**	**64,904**	**12,437**	**(109,492)**	**64,904**	**(109,492)**
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	25	132,217	-	200,871	132,217	200,871
Total other comprehensive income		**132,217**	**-**	**200,871**	**132,217**	**200,871**
TOTAL COMPREHENSIVE INCOME		**197,121**	**12,437**	**91,379**	**197,121**	**91,379**

[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.

Western Sydney Local Health District

Statement of Financial Position as at 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual Restated 2022 $000	Consolidated Actual Restated 1 July 2021 $000	Parent Actual 2023 $000	Parent Actual Restated 2022 $000	Parent Actual Restated 1 July 2021 $000
ASSETS								
Current assets								
Cash and cash equivalents	21	98,397	91,563	100,098	114,919	98,397	100,098	114,919
Receivables	22	118,542	79,831	79,872	77,991	118,542	79,872	77,991
Inventories	23	22,967	16,758	18,231	15,778	22,967	18,231	15,778
Financial assets at fair value	24	21,690	20,065	20,065	21,494	21,690	20,065	21,494
Total current assets		**261,596**	**208,217**	**218,266**	**230,182**	**261,596**	**218,266**	**230,182**
Non-current assets								
Receivables	22	2,297	2,508	2,508	2,725	2,297	2,508	2,725
Property, plant & equipment	25							
- Land and buildings		2,847,510	2,767,906	2,741,183	2,532,489	2,847,510	2,741,183	2,532,489
- Plant and equipment		115,876	86,470	121,304	150,177	115,876	121,304	150,177
- Infrastructure systems		112,037	107,346	107,346	100,265	112,037	107,346	100,265
Total property, plant & equipment		3,075,423	2,961,722	2,969,833	2,782,931	3,075,423	2,969,833	2,782,931
Right-of-use assets	26	20,714	21,514	23,695	15,490	20,714	23,695	15,490
Intangible assets	27	445	(763)	490	79	445	490	79
Total non-current assets		**3,098,879**	**2,984,981**	**2,996,526**	**2,801,225**	**3,098,879**	**2,996,526**	**2,801,225**
Total assets		**3,360,475**	**3,193,198**	**3,214,792**	**3,031,407**	**3,360,475**	**3,214,792**	**3,031,407**
LIABILITIES								
Current liabilities								
Payables	30	105,070	124,694	127,814	97,018	105,070	127,814	97,018
Contract liabilities	31	19,271	14,852	14,852	14,845	19,271	14,852	14,845
Borrowings	32	6,050	3,968	7,210	6,239	6,050	7,210	6,239
Provisions	33	309,397	300,149	327,487	271,141	309,397	327,487	271,141
Other current liabilities	34	2,540	2,331	2,330	2,290	2,540	2,330	2,290
Total current liabilities		**442,328**	**445,994**	**479,693**	**391,533**	**442,328**	**479,693**	**391,533**
Non-current liabilities								
Borrowings	32	19,697	24,053	22,317	15,805	19,697	22,317	15,805
Provisions	33	4,247	4,247	4,095	4,560	4,247	4,095	4,560
Other non-current liabilities	34	56,256	56,238	58,456	60,657	56,256	58,456	60,657
Total non-current liabilities		**80,200**	**84,538**	**84,868**	**81,022**	**80,200**	**84,868**	**81,022**
Total liabilities		**522,528**	**530,532**	**564,561**	**472,555**	**522,528**	**564,561**	**472,555**
Net assets		**2,837,947**	**2,662,666**	**2,650,231**	**2,558,852**	**2,837,947**	**2,650,231**	**2,558,852**
EQUITY								
Reserves		1,020,178	890,560	890,558	689,228	1,020,178	890,558	689,228
Accumulated funds		1,817,769	1,772,106	1,759,673	1,869,624	1,817,769	1,759,673	1,869,624
Total Equity		**2,837,947**	**2,662,666**	**2,650,231**	**2,558,852**	**2,837,947**	**2,650,231**	**2,558,852**

[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.

Western Sydney 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		**1,761,116**	**890,560**	**2,651,676**
Correction of error - long service leave calculations	20	(1,446)	-	(1,446)
Restated balance at 1 July 2022		**1,759,670**	**890,560**	**2,650,230**
Net result for the year		**64,904**	**-**	**64,904**
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	132,217	132,217
Total comprehensive income for the year		**64,904**	**132,217**	**197,121**
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		2,599	(2,599)	-
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	35	(9,404)	-	(9,404)
Balance at 30 June 2023		**1,817,769**	**1,020,178**	**2,837,947**

	Notes	Accumulated Funds $000	Asset Revaluation Surplus $000	Total $000
Balance at 1 July 2021		**1,871,238**	**689,228**	**2,560,466**
Correction of error - long service leave calculations	20	(1,614)	-	(1,614)
Restated balance at 1 July 2021		**1,869,624**	**689,228**	**2,558,852**
Restated net result for the year		**(109,492)**	**-**	**(109,492)**
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	25	-	200,871	200,871
Total other comprehensive income		**-**	**200,871**	**200,871**
Restated total comprehensive income for the year		**(109,492)**	**200,871**	**91,379**
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		(459)	459	-
Restated balance at 30 June 2022		**1,759,673**	**890,558**	**2,650,231**

The accompanying notes form part of these financial statements.

Western Sydney 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		(1,494,777)	(1,503,365)	(1,418,347)	-	-
Suppliers for goods and services		(821,078)	(765,171)	(847,571)	(821,078)	(847,571)
Grants and subsidies		(10,842)	(12,563)	(10,258)	(10,842)	(10,258)
Finance costs		(888)	(270)	(792)	(888)	(792)
Personnel services		-	-	-	(1,494,777)	(1,418,347)
Total payments		**(2,327,585)**	**(2,281,369)**	**(2,276,968)**	**(2,327,585)**	**(2,276,968)**
Receipts						
Ministry of Health recurrent allocations		1,990,287	1,903,881	1,950,671	1,990,287	1,950,671
Ministry of Health capital allocations		92,656	87,695	85,209	92,656	85,209
Reimbursements from the Crown[2]		23,295	23,295	20,163	23,295	20,163
Sale of goods and services		207,788	256,299	183,014	207,788	183,014
Interest received		3,847	1,250	1,168	3,847	1,168
Grants and other contributions		57,730	44,394	46,054	57,730	46,054
Other		52,503	65,608	65,691	52,503	65,691
Total receipts		**2,428,106**	**2,382,422**	**2,351,970**	**2,428,106**	**2,351,970**
NET CASH FLOWS FROM OPERATING ACTIVITIES	39	**100,521**	**101,053**	**75,002**	**100,521**	**75,002**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		8,443	-	39	8,443	39
Purchases of property, plant and equipment and intangibles		(103,823)	(105,117)	(82,150)	(103,823)	(82,150)
Purchases of financial assets		-	1,009	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(95,380)**	**(104,108)**	**(82,111)**	**(95,380)**	**(82,111)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings and advances		(772)	(772)	(748)	(772)	(748)
Payment of principal portion of lease liabilities		(6,070)	(4,708)	(6,964)	(6,070)	(6,964)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(6,842)**	**(5,480)**	**(7,712)**	**(6,842)**	**(7,712)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,701)	(8,535)	(14,821)	(1,701)	(14,821)
Opening cash and cash equivalents	21	100,098	100,098	114,919	100,098	114,919
CLOSING CASH AND CASH EQUIVALENTS	21	**98,397**	**91,563**	**100,098**	**98,397**	**100,098**

[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.

1. Statement of Significant Accounting Policies

a) Reporting entity

The Western Sydney 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 Western Sydney 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 Chief Executive on 14 September 2023.

1. Statement of Significant Accounting Policies

b) Basis of preparation

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

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

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

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

1. Statement of Significant Accounting Policies

b) Basis of preparation (continued)

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

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

c) Statement of Compliance

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

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

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

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

* receivables and payables are stated with the amount of GST included.

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

e) Foreign currency translation

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

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

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

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

f) Comparative Information

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

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

1. Statement of Significant Accounting Policies

g) 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	3,814	4,038

h) 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.

1. Statement of Significant Accounting Policies

i) 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 23 Inventories
* Note 30 Payables
* Note 33 Provisions
* Note 38 Adjusted budget review

2. Employee related expenses

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent 2022 $000
Salaries and wages (including annual leave and allocated days off)	1,305,773	1,316,842	-	-
Superannuation - defined benefit plans	4,754	5,457	-	-
Superannuation - defined contribution plans	128,383	120,245	-	-
Long service leave	37,576	(21,177)	-	-
Redundancies	-	360	-	-
Workers' compensation insurance	22,106	17,449	-	-
Fringe benefits tax	60	(33)	-	-
	1,498,652	**1,439,143**	**-**	**-**

[1] 'Long service leave' costs has been restated to be lower by $1.36 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 $1.32 million (2022: $0.06 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

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

3. Personnel services

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Salaries and wages (including annual leave and allocated days off)	-	-	1,305,773	1,316,842
Superannuation - defined contribution plans	-	-	128,383	120,245
Long service leave	-	-	1,692	(5,172)
Redundancies	-	-	-	360
Workers' compensation insurance	-	-	22,106	17,449
Fringe benefits tax	-	-	60	(33)
	-	**-**	**1,458,014**	**1,449,691**

[1] 'Long service leave' costs has been restated to be lower by $0.17 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 Western Sydney Local Health District were provided by its controlled entity, Western Sydney Local Health District Special Purpose Service Entity.

Personnel services of $1.32 million (2022: $0.06 million) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

4. Visiting medical officers

Visiting medical officers (VMOs) enhance full-time medical specialist services by providing specialty input in a number of disciplines throughout the District's hospitals. VMO expenses of $58.85 million (2022: $63.85 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

5. Operating expenses

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Advertising	256	169	256	169
Auditor's remuneration - audit of financial statements	240	235	240	235
Blood and blood products	20,338	16,719	20,338	16,719
Consultancies	177	15	177	15
Contractors	1,164	8,734	1,164	8,734
Domestic supplies and services	29,063	27,146	29,063	27,146
Drug supplies*	110,928	114,111	110,928	114,111
Food supplies	30,835	29,092	30,835	29,092
Fuel, light and power	20,006	17,146	20,006	17,146
Patient transport costs	16,243	15,774	16,243	15,774
Information management expenses	58,273	55,769	58,273	55,769
Insurance	3,398	3,408	3,398	3,408
Maintenance (see Note 5 (b))	57,442	59,404	57,442	59,404
Medical and surgical supplies	114,186	127,563	114,186	127,563
Motor vehicle expenses	1,386	1,032	1,386	1,032
Occupancy agreement expenses - Property NSW	370	-	370	-
Postal and telephone costs	3,882	4,408	3,882	4,408
Printing and stationery	4,715	4,252	4,715	4,252
Rates and charges	2,107	2,064	2,107	2,064
Hosted services purchased from entities controlled by the immediate parent	67	62	67	62
Specialised services (dental, radiology, pathology and allied health)	98,733	101,420	98,733	101,420
Staff related costs	12,349	22,880	12,349	22,880
Travel related costs	8,996	2,059	8,996	2,059
Other (see Note 5 (a))	82,127	167,519	82,127	167,519
	677,281	**780,981**	**677,281**	**780,981**

* Drug supplies includes $0.35 million (2022: $18.70 million) of COVID-19 vaccinations administered by vaccination hubs within the District. Refer to Note 23 for further details on COVID-19 vaccines.

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

5. Operating expenses (continued)

		Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
(a)	**Other**				
	Contract for patient services	37,723	84,038	37,723	84,038
	Corporate support services[1]	9,082	8,945	9,082	8,945
	Courier and freight	576	548	576	548
	Disability equipment support expenses[1]	1,543	1,505	1,543	1,505
	Isolated patient travel and accommodation assistance scheme*	-	26	-	26
	Legal services	950	615	950	615
	Membership/professional fees	1,163	1,252	1,163	1,252
	Quality assurance / accreditation	130	224	130	224
	Security services	15,756	19,733	15,756	19,733
	Expenses relating to short-term leases	583	667	583	667
	Expenses relating to leases of low-value assets	2,867	3,673	2,867	3,673
	Data Records & Storage	1,840	1,954	1,840	1,954
	Chaplaincy	716	656	716	656
	Other Management Services	3,759	18,851	3,759	18,851
	IntraHealth Other Expense	1,104	15,438	1,104	15,438
	Other miscellaneous	4,335	9,394	4,335	9,394
		82,127	**167,519**	**82,127**	**167,519**

[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 $1.506 million and 'Corporate support services' lower by $1.506 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.

		Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
(b)	**Reconciliation of total maintenance expense**				
	Maintenance contracts	16,864	12,180	16,864	12,180
	New / replacement equipment under $10,000	12,039	18,656	12,039	18,656
	Repairs maintenance / non contract	30,118	30,100	30,118	30,100
	Other	(1,579)	(1,532)	(1,579)	(1,532)
	Maintenance expense - contracted labour and	**57,442**	**59,404**	**57,442**	**59,404**
	Employee related/personnel services maintenance expense included in Notes 2 and 3*.	5,683	5,868	5,683	5,868
		63,125	**65,272**	**63,125**	**65,272**

* 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.

6. Depreciation and amortisation

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Depreciation - buildings	92,047	74,330	92,047	74,330
Depreciation - plant and equipment	21,322	20,342	21,322	20,342
Depreciation - infrastructure systems	4,141	3,859	4,141	3,859
Depreciation - right-of-use buildings	-	299	-	299
Depreciation - right-of-use plant and equipment	6,044	6,772	6,044	6,772
Amortisation - intangible assets	56	25	56	25
	123,610	**105,627**	**123,610**	**105,627**

Depreciation - buildings is higher by $3.81 million in 2023 due to a change in the useful lives for specialised buildings. Refer to Note 1(g) for further details.

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

7. Grants and subsidies

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Non-government organisations	8,244	7,903	8,244	7,903
Grants to research organisations	3	10	3	10
Grants to entities controlled by the immediate parent*	1,211	2,452	1,211	2,452
Other grants*	577	478	577	478
	10,035	**10,843**	**10,035**	**10,843**

* The District granted COVID-19 vaccines to other NSW Health entities and to third parties for nil consideration. The District recognised the cost of these grants at current replacement cost. Refer to Note 23 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 $0.04 million (2022: $1.20 million) and under other grants (external third parties) was $0.01 million (2022: $0.13 million).

Recognition and Measurement

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

8. Finance costs

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Interest expense from lease liabilities	739	619	739	619
Interest expense from financial liabilities at amortised cost	149	173	149	173
	888	**792**	**888**	**792**

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 $18.7 billion to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2022-23. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including the 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)).

10. Summary of compliance (continued)

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 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 $66.46 million (2022: $273.46 million) and Ministry of Health capital allocations of $Nil (2022: $1.04 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.

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	61,395	47,322	61,395	47,322
Sale of prostheses	6,978	5,454	6,978	5,454
Other	168	165	168	165
	68,541	**52,941**	**68,541**	**52,941**

(b) Rendering of services comprise the following:

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Patients				
Patient Fees:				
- Inpatient fees	86,155	69,275	86,155	69,275
- Nursing home fees	203	391	203	391
- Non inpatient fees	6,773	4,542	6,773	4,542
Department of Veterans' Affairs	5,803	3,723	5,803	3,723
Motor Accident Authority third party	14,353	11,645	14,353	11,645
Patient transport fees	20	-	20	-
Staff				
Salary packaging fee	12	14	12	14
Meals and accommodation	144	69	144	69
Child care fees	995	1,143	995	1,143
General community				
Cafeteria / kiosk	69	13	69	13
Car parking	8,254	5,883	8,254	5,883
Clinical services (excluding clinical drug trials)	105	252	105	252
Commercial activities	13	7	13	7
Fees for conferences and training	368	382	368	382
Fees for medical records	339	400	339	400
Non-NSW Health entities				
Services to other organisations	(17)	3	(17)	3
Entities controlled by the immediate parent				
Shared corporate service revenues	-	22	-	22
Other				
Infrastructure fees - annual charge	10,162	9,089	10,162	9,089
Infrastructure fees - monthly facility charge	18,974	15,325	18,974	15,325
Other	6,680	7,536	6,680	7,536
	159,405	**129,714**	**159,405**	**129,714**
	227,946	**182,655**	**227,946**	**182,655**

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.

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.

13. Investment revenue

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Interest income from financial assets at amortised cost	3,847	1,168	3,847	1,168
Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss	1,625	(1,429)	1,625	(1,429)
	5,472	**(261)**	**5,472**	**(261)**

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).

Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss

Net gain / (loss) from TCorpIM Funds measured at fair value through profit or loss includes distributions received as well as movements in the fair value.

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	90	-	90	-
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	8,247	8,161	8,247	8,161
Clinical trials and research grants	22,446	16,603	22,446	16,603
Commonwealth government grants received for community based services	10,487	9,861	10,487	9,861
Commonwealth government grants other	238	764	238	764
Grants from entities controlled by the ultimate parent	114	521	114	521
Other grants from entities controlled by the immediate parent	3,562	5,112	3,562	5,112
Other grants	4,745	4,731	4,745	4,731
Grants without specific performance obligations				
Clinicals trial and research grants	152	-	152	-
Commonwealth government grants other*	1,485	19,243	1,485	19,243
Grants from entities controlled by the ultimate parent	730	-	730	-
Other grants from entities controlled by the immediate parent*	3,992	4,720	3,992	4,720
Other grants*	69	-	69	-
Donations				
Donations	1,454	1,336	1,454	1,336
	57,811	**71,052**	**57,811**	**71,052**

* 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 23 for further details on COVID-19 vaccines. The total value of COVID-19 vaccines received under Commonwealth government grants other (Commonwealth government) was $0.31 million (2022: $18.07 million), under other grants from entities controlled by the immediate parent (NSW Health entities) was $0.11 million (2022: $2.56 million) and under other grants (external third parties) was $Nil (2022: $Nil).

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
- Patient and Family Support
- Patient Services, Fund Raising
- Practical Support to Patients and Relatives
- Counselling, Transport, Home Help and Patient Activities
- Health Education

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

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	4,753	5,457	-	-
Long service leave provision	35,885	(16,005)	-	-
	40,638	**(10,548)**	**-**	**-**

[1] 'Long service leave provision' revenue has been restated to be lower by $1.19 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	510	298	510	298
Discounts	702	247	702	247
Insurance refunds	1,184	1,233	1,184	1,233
Rental income				
- other rental income	9,354	8,776	9,354	8,776
Other	9,141	8,419	9,141	8,419
	20,891	**18,973**	**20,891**	**18,973**

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.

Forgiveness of liabilities

The gross amount of a liability forgiven by a credit provider is recognised by the borrower as other income.

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	7,077	2,306	7,077	2,306
Less: proceeds from disposal	8,443	39	8,443	39
Net gains / (losses) on disposal	**1,366**	**(2,267)**	**1,366**	**(2,267)**
Right-of-use assets				
Written down value of assets disposed	910	2,316	910	2,316
Less: lease liabilities extinguished	911	2,399	911	2,399
Net gains / (losses) on disposal*	**1**	**83**	**1**	**83**
Total gains / (losses) on disposal	**1,367**	**(2,184)**	**1,367**	**(2,184)**

* As at 30 June 2022, $0.12 million of the net gains / (losses) on disposal is a result of the derecognition of the right-of-use asset of $2.26 million and the lease liability of $2.38 million with Property NSW, an entity of the ultimate parent. Please refer to Note 26 for further details on the derecognition.

18. Other gains / (losses)

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Inventory write down*	(160)	(450)	(160)	(450)
Foreign exchange gains / (losses)	(21)	(11)	(21)	(11)
	(181)	**(461)**	**(181)**	**(461)**

* Inventory write down includes COVID-19 vaccine wastage of $0.18 million (2022: $0.42 million), Monkeypox vaccine wastage of $0.008 million (2022: $Nil) and impairment decrement of COVID-19 vaccines of $(0.03) million (2022: impairment increment of $0.03 million). Refer to Note 23 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 Inventories
- Note 25 Property, plant and equipment
- Note 26 Leases
- Note 27 Intangible assets

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

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

20. Prior period error

During the year it was identified that the long service leave entitlement for certain employees had not been correctly calculated and recognised. The issue only impacted employees who had a period of part time service under certain awards during their employment. It was identified that the accrual for enhanced entitlement did not start on the completion of 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 the 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)

	Notes	Consolidated Actual 2022 $000	Consolidated Adjustment 2022 $000	Consolidated Restated 2022 $000	Parent Actual 2022 $000	Parent Adjustment 2022 $000	Parent Restated 2022 $000
Continuing operations							
Expenses excluding losses							
Employee related expenses	2	1,440,501	(1,358)	1,439,143	-	-	-
Personnel services	3	-	-	-	1,449,859	(168)	1,449,691
Total expenses excluding losses		**2,402,589**	**(1,358)**	**2,401,231**	**2,411,947**	**(168)**	**2,411,779**
Revenue							
Acceptance by the Crown of employee benefits	15	(9,358)	(1,190)	(10,548)	-	-	-
Total revenue		**2,298,941**	**(1,190)**	**2,297,751**	**2,308,299**	**-**	**2,308,299**
Operating result		**(103,648)**	**168**	**(103,480)**	**(103,648)**	**168**	**(103,480)**
Net result from continuing operations		**-**	**-**	**-**	**-**	**-**	**-**
Net result		**(109,660)**	**168**	**(109,492)**	**(109,660)**	**168**	**(109,492)**
Total other comprehensive income		**200,871**	**-**	**200,871**	**200,871**	**-**	**200,871**
TOTAL COMPREHENSIVE INCOME		**91,211**	**168**	**91,379**	**91,211**	**168**	**91,379**

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

20. Prior period error (continued)

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

	Notes	Consolidated Actual 1 July 2021 $000	Consolidated Adjustment 1 July 2021 $000	Consolidated Restated 1 July 2021 $000	Parent Actual 1 July 2021 $000	Parent Adjustment 1 July 2021 $000	Parent Restated 1 July 2021 $000
LIABILITIES							
Current liabilities							
Provisions	33	269,660	1,481	271,141	269,660	1,481	271,141
Total current liabilities		**390,052**	**1,481**	**391,533**	**390,052**	**1,481**	**391,533**
Non-current liabilities							
Provisions	33	4,427	133	4,560	4,427	133	4,560
Total non-current liabilities		**80,889**	**133**	**81,022**	**80,889**	**133**	**81,022**
Total liabilities		**470,941**	**1,614**	**472,555**	**470,941**	**1,614**	**472,555**
Net assets		**2,560,466**	**(1,614)**	**2,558,852**	**2,560,466**	**(1,614)**	**2,558,852**
EQUITY							
Accumulated funds		1,871,238	(1,614)	1,869,624	1,871,238	(1,614)	1,869,624
Total Equity		**2,560,466**	**(1,614)**	**2,558,852**	**2,560,466**	**(1,614)**	**2,558,852**

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)

	Notes	Consolidated Actual 2022 $000	Consolidated Adjustment 2022 $000	Consolidated Restated 2022 $000	Parent Actual 2022 $000	Parent Adjustment 2022 $000	Parent Restated 2022 $000
LIABILITIES							
Current liabilities							
Provisions	33	326,158	1,329	327,487	326,158	1,329	327,487
Total current liabilities		**478,364**	**1,329**	**479,693**	**478,364**	**1,329**	**479,693**
Non-current liabilities							
Provisions	33	3,978	117	4,095	3,978	117	4,095
Total non-current liabilities		**84,751**	**117**	**84,868**	**84,751**	**117**	**84,868**
Total liabilities		**563,115**	**1,446**	**564,561**	**563,115**	**1,446**	**564,561**
Net assets		**2,651,677**	**(1,446)**	**2,650,231**	**2,651,677**	**(1,446)**	**2,650,231**
EQUITY							
Accumulated funds		1,761,119	(1,446)	1,759,673	1,761,119	(1,446)	1,759,673
Total Equity		**2,651,677**	**(1,446)**	**2,650,231**	**2,651,677**	**(1,446)**	**2,650,231**

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.

21. Cash and cash equivalents

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Cash at bank and on hand	98,397	100,098	98,397	100,098
	98,397	**100,098**	**98,397**	**100,098**

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)	98,397	100,098	98,397	100,098
	98,397	**100,098**	**98,397**	**100,098**

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.

22. Receivables

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Trade receivables from contracts with customers	78,863	55,665	78,863	55,665
Intra health receivables	18,222	17,070	18,222	17,070
Goods and Services Tax	4,044	7,734	4,044	7,734
Other receivables	16,859	6,553	16,859	6,553
Sub total	**117,988**	**87,022**	**117,988**	**87,022**
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(8,931)	(8,838)	(8,931)	(8,838)
- Other receivables	(557)	(771)	(557)	(771)
Sub total	**108,500**	**77,413**	**108,500**	**77,413**
Prepayments	10,042	2,459	10,042	2,459
	118,542	**79,872**	**118,542**	**79,872**

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Trade receivables from contracts with customers				
Balance at the beginning of the year	**(8,838)**	**(7,888)**	**(8,838)**	**(7,888)**
Amounts written off during the year	2,415	2,035	2,415	2,035
(Increase) / decrease in allowance recognised in the net result[1]	(2,508)	(2,985)	(2,508)	(2,985)
Balance at the end of the year	**(8,931)**	**(8,838)**	**(8,931)**	**(8,838)**
Other receivables				
Balance at the beginning of the year	**(771)**	**(395)**	**(771)**	**(395)**
Amounts written off during the year	374	6	374	6
(Increase) / decrease in allowance recognised in the net result	(160)	(382)	(160)	(382)
Balance at the end of the year	**(557)**	**(771)**	**(557)**	**(771)**
	(9,488)	**(9,609)**	**(9,488)**	**(9,609)**

[1] Includes total impairment loss of $2.51 million (2022: $2.98 million) recognised on receivables from contracts with customers.

22. Receivables (continued)

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Non-current				
Prepayments	2,297	2,508	2,297	2,508
	2,297	**2,508**	**2,297**	**2,508**

(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	6,345	4,428	6,345	4,428
Patient fees - ineligible	34,328	28,516	34,328	28,516
Patient fees - inpatient & other	17,481	12,479	17,481	12,479
	58,154	**45,423**	**58,154**	**45,423**

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

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Contract receivables (included in Note 22)	97,085	72,735	97,085	72,735
Total contract receivables	**97,085**	**72,735**	**97,085**	**72,735**

¹ Prior year figures have been restated higher by $1.821 million as a result of items previously excluded under contract receivables.

22. Receivables (continued)

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.

23. Inventories

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Held-for-distribution				
Drug supplies	13,855	12,783	13,855	12,783
Medical and surgical supplies	8,802	5,242	8,802	5,242
Engineering supplies	258	186	258	186
Other including goods in transit	52	47	52	47
Sub total	**22,967**	**18,258**	**22,967**	**18,258**
Less: Allowance for impairment				
- Drug supplies	-	(27)	-	(27)
	22,967	**18,231**	**22,967**	**18,231**

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 $0.42 million (2022: $20.63 million) and $0.39 million (2022: $20.04 million), respectively. $0.18 million (2022: $0.42 million) of COVID-19 vaccines were written-off and $0.03 million allowance for impairment was reversed (2022: An allowance for impairment was provided for $0.03 million). COVID-19 vaccine closing inventory balance as at 30 June 2023, was $0.01 million (2022: $0.16 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.

24. Financial assets at fair value

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
TCorpIM Funds Investment Facilities	21,690	20,065	21,690	20,065
	21,690	**20,065**	**21,690**	**20,065**

Refer to Note 42 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

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.

Classification and measurement

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

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

Financial assets at fair value through profit or loss

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

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives are economic hedges classified as fair value through profit or loss unless they are designated as effective hedging instruments.

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

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

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

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	3,479,564	302,717	149,043	3,931,324
Less: accumulated depreciation and impairment	947,075	152,540	48,778	1,148,393
Net carrying amount	**2,532,489**	**150,177**	**100,265**	**2,782,931**

	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	2,532,489	150,177	100,265	2,782,931
Additions	88,363	(6,240)	2	82,125
Reclassification to intangibles	-	(369)	-	(369)
Disposals	(2,234)	(72)	-	(2,306)
Transfers within NSW Health entities through Statement of Comprehensive Income	5,030	82	-	5,112
Net revaluation increments less revaluation decrements	192,425	-	8,446	200,871
Depreciation expense	(74,330)	(20,342)	(3,859)	(98,531)
Reclassifications	(560)	(1,932)	2,492	-
Net carrying amount at end of year	**2,741,183**	**121,304**	**107,346**	**2,969,833**

[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)

(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	3,843,018	288,107	164,558	4,295,683
Less: accumulated depreciation and impairment	1,101,835	166,803	57,212	1,325,850
Net carrying amount	**2,741,183**	**121,304**	**107,346**	**2,969,833**

	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	2,741,183	121,304	107,346	2,969,833
Additions	94,950	8,845	28	103,823
Reclassification to intangibles	-	(11)	-	(11)
Disposals	-	(7,077)	-	(7,077)
Equity transfers - transfers in / (out)	(9,404)	-	-	(9,404)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	3,552	-	3,552
Net revaluation increments less revaluation decrements	125,775	-	6,442	132,217
Depreciation expense	(92,047)	(21,322)	(4,141)	(117,510)
Reclassifications	(12,947)	10,585	2,362	-
Net carrying amount at end of year	**2,847,510**	**115,876**	**112,037**	**3,075,423**

	Land and Buildings $000	Plant and Equipment[1] $000	Infrastructure Systems $000	Total $000
At 30 June 2023 - fair value				
Gross carrying amount	4,112,442	274,807	177,065	4,564,314
Less: accumulated depreciation and impairment	1,264,932	158,931	65,028	1,488,891
Net carrying amount	**2,847,510**	**115,876**	**112,037**	**3,075,423**

[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)

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

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	3,426,963	302,717	149,043	3,878,723
Less: accumulated depreciation and impairment	946,637	152,540	48,778	1,147,955
Net carrying amount	**2,480,326**	**150,177**	**100,265**	**2,730,768**

	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	2,480,326	150,177	100,265	2,730,768
Additions	88,363	(6,240)	2	82,125
Reclassification to intangibles	-	(369)	-	(369)
Disposals	(2,234)	(72)	-	(2,306)
Transfers within NSW Health entities through Statement of Comprehensive Income	5,030	82	-	5,112
Net revaluation increment less revaluation decrements	192,425	-	8,446	200,871
Depreciation expense	(73,015)	(20,342)	(3,859)	(97,216)
Reclassifications	(560)	(1,932)	2,492	-
Net carrying amount at end of year	**2,690,335**	**121,304**	**107,346**	**2,918,985**

[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)

(b) Property, plant and equipment held and used by the District (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	3,790,417	288,107	164,558	4,243,082
Less: accumulated depreciation and impairment	1,100,082	166,803	57,212	1,324,097
Net carrying amount	**2,690,335**	**121,304**	**107,346**	**2,918,985**

	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	2,690,335	121,304	107,346	2,918,985
Additions	94,950	8,845	28	103,823
Reclassification to intangibles	-	(11)	-	(11)
Disposals	-	(7,077)	-	(7,077)
Equity transfers - transfers in / (out)	(9,404)	-	-	(9,404)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	3,552	-	3,552
Net revaluation increments less revaluation decrements	125,775	-	6,442	132,217
Depreciation expense	(90,896)	(21,322)	(4,141)	(116,359)
Reclassifications	(12,947)	10,585	2,362	-
Net carrying amount at end of year	**2,797,813**	**115,876**	**112,037**	**3,025,726**

	Land and Buildings $000	Plant and Equipment $000	Infrastructure Systems $000	Total $000
At 30 June 2023 - fair value				
Gross carrying amount	4,059,841	274,807	177,065	4,511,713
Less: accumulated depreciation and impairment	1,262,028	158,931	65,028	1,485,987
Net carrying amount	**2,797,813**	**115,876**	**112,037**	**3,025,726**

[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)

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

PARENT AND CONSOLIDATION

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

	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	52,163	-	-	**52,163**
Depreciation expense	(1,315)	-	-	**(1,315)**
Net carrying amount at end of year	**50,848**	**-**	**-**	**50,848**

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 28.

25. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings $000	Plant and Equipment $000	Infrastructure Systems $000	Total $000
At 1 July 2022 - fair value				
Gross carrying amount	52,601	-	-	52,601
Less: accumulated depreciation and impairment	1,753	-	-	1,753
Net carrying amount	**50,848**	**-**	**-**	**50,848**

	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	50,848	-	-	50,848
Depreciation expense	(1,151)	-	-	(1,151)
Net carrying amount at end of year	**49,697**	**-**	**-**	**49,697**

	Land and Buildings $000	Plant and Equipment $000	Infrastructure Systems $000	Total $000
At 30 June 2023 - fair value				
Gross carrying amount	52,601	-	-	52,601
Less: accumulated depreciation and impairment	2,904	-	-	2,904
Net carrying amount	**49,697**	**-**	**-**	**49,697**

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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 35).

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

Capitalisation thresholds

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

Major inspection costs

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

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 (g) 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 2020 and was based on an independent assessment.

Indices were subsequently obtained from external professionally qualified valuers since the last comprehensive revaluation. Indices obtained indicated a cumulative increase of 7.70% in market prices for specialised land, 10.30% for residential land and material increases in construction and labour costs of 14.10% for buildings and 14.10% 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 2022 and 2023.

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

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

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.

25. Property, plant and equipment (continued)

Revaluation of property, plant and equipment (continued)

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

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

Potential future cash outflows of $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 $Nil.

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

The 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.

26. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

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

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	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2022	2	23,693	23,695
Additions	-	3,169	3,169
Reassessments	-	804	804
Disposals	-	(910)	(910)
Depreciation expense	-	(6,044)	(6,044)
Balance at 30 June 2023	**2**	**20,712**	**20,714**

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

* 30 June 2022 disposals include the derecognition of the right-of-use assets of $2.26 million with Property NSW.

26. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

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	2023 $000	2022 $000
Balance at 1 July	24,520	16,290
Additions	3,169	18,041
Interest expenses	739	619
Payments	(6,809)	(7,583)
Terminations / derecognition*	(911)	(2,399)
Other adjustments	805	(448)
Balance at 30 June	**21,513**	**24,520**

* 30 June 2022 terminations / derecognition includes the derecognition of lease liabilities of $2.38 million with Property NSW.

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

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	2023 $000	2022 $000
Depreciation expense of right-of-use assets	6,044	7,071
Interest expense on lease liabilities	739	619
Expenses relating to short-term leases	583	667
Expenses relating to leases of low-value assets	2,867	3,673
(Gains) / losses on disposal*	(1)	(83)
Total amount recognised in the statement of comprehensive income	**10,232**	**11,947**

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

The District had total cash outflows for leases of $10.26 million for the year ended 30 June 2023 (2022: $11.92 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 number of leases, with lease terms ranging from 1 to 99 years with various New South Wales Government entities including Planning and Environment Commission and New South Wales Land and Housing Corporation for the use of community health buildings. The contract specifies lease payments of $1 per annum. The leased 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 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.

26. Leases (continued)

(a) Entity as a lessee (continued)

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
Plant and equipment	1 to 9 years
Motor vehicles and other equipment	1 to 4 years

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

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

ii. Lease liabilities

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

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

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.

26. Leases (continued)

(b) Entity as a lessor

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

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

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

Recognition and Measurement

Lessor for finance leases

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

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

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

Lessor for operating leases

Recognition and Measurement

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

27. Intangible assets

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

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

	Software $000	Total $000
At 1 July 2022		
Cost (gross carrying amount)	1,420	1,420
Less: accumulated amortisation and impairment	930	930
Net carrying amount	**490**	**490**

	Software $000	Total $000
Year ended 30 June 2023		
Net carrying amount at beginning of year	490	490
Reclassifications from plant and equipment	11	11
Amortisation (recognised in depreciation and amortisation)	(56)	(56)
Net carrying amount at end of year	**445**	**445**

27. Intangible assets (continued)

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	Software $000	Total $000
At 30 June 2023		
Cost (gross carrying amount)	1,432	1,432
Less: accumulated amortisation and impairment	987	987
Net carrying amount	**445**	**445**

Recognition and Measurement

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

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

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

The District's intangible assets are amortised using the straight-line method over a period of four years.

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

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

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

28. Fair value measurement of non-financial assets

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Fair value measurement and hierarchy

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

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, the 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

2023	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Property, plant and equipment (Note 25)				
- Land and buildings	-	120,062	2,641,111	2,761,173
- Infrastructure systems	-	63	111,974	112,037
	-	**120,125**	**2,753,085**	**2,873,210**

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

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 25.

2022	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Property, plant and equipment (Note 25)				
- Land and buildings	-	101,742	2,461,674	2,563,416
- Infrastructure systems	-	-	107,346	107,346
	-	**101,742**	**2,569,020**	**2,670,762**

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 2020-21 financial year. CBRE Valuations Pty Ltd is an independent entity and is not an associated entity of the District.

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

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

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

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

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

- For buildings and infrastructure, many assets are of a specialised nature or use, including some modified residential properties and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as level 3 as these assets have a high level of unobservable inputs. However some residential properties are valued on a market approach and included in level 2.

- Non-current assets held for sale is a non-recurring item that is measured at the lower of its fair value less cost to sell or its carrying amount. These assets are categorised as level 2.

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	2,461,674	107,346	2,569,020
Additions*	159,691	2,333	162,024
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	119,940	6,438	126,378
Depreciation expense	(90,790)	(4,143)	(94,933)
Equity transfers - transfers in / (out)	(9,404)	-	(9,404)
Fair value as at 30 June 2023	**2,641,111**	**111,974**	**2,753,085**

* 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	2,191,912	92,795	2,284,707
Additions*	169,798	9,964	179,762
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 25)	175,325	8,446	183,771
Disposals	(2,234)	-	(2,234)
Depreciation expense	(73,127)	(3,859)	(76,986)
Fair value as at 30 June 2022	**2,461,674**	**107,346**	**2,569,020**

* 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.

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 Opening $000	Revenue $000	Expense $000	30 June 2023 Closing $000
Community welfare	783	28	13	798
Facility improvements	12,555	2,755	2,719	12,591
Patient welfare	1,291	231	104	1,418
Private practice disbursements (No.2 Accounts)	69,930	16,472	16,842	69,560
Public contributions	450	20	237	233
Research	17,163	1,936	2,420	16,679
Staff welfare	114	16	(344)	474
Training and education including conferences	13,009	926	3,018	10,917
	115,295	**22,384**	**25,009**	**112,670**

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

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

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.

30. Payables

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Accrued salaries, wages and on-costs	27,094	21,736	-	-
Salaries and wages deductions	305	308	-	-
Payroll and fringe benefits tax	508	607	-	-
Accrued liability - purchase of personnel services	-	-	27,907	22,651
Creditors[1]	44,257	74,435	44,257	74,435
Other creditors				
- Payables to entities controlled by the immediate parent	31,510	29,572	31,510	29,572
- Other[1]	1,396	1,156	1,396	1,156
	105,070	**127,814**	**105,070**	**127,814**

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 $40.406 million and 'Creditors' has been restated higher by $40.406 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.

31. Contract liabilities

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Contract liabilities	19,271	14,852	19,271	14,852
	19,271	**14,852**	**19,271**	**14,852**

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 sale of goods and services from contracts with customers (grants and other contributions). The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2023. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Revenue recognised that was included in the contract liability balance at the beginning of the year	14,852	14,845	14,852	14,845
Transaction price allocated to the remaining performance obligations from contracts with customers	19,271	14,852	19,271	14,852

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

Specific revenue class	**2024 $'000**	**2025 $'000**	**2026 $'000**	**≥ 2027 $'000**
Sales of goods and services from contracts with customers	2,190	1,115	1,114	1,115
Grants and other contributions	8,121	4,314	1,048	254
	10,311	**5,429**	**2,162**	**1,369**

32. Borrowings

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Other loans and deposits	795	772	795	772
Lease liabilities (see Note 26)	5,255	6,438	5,255	6,438
	6,050	**7,210**	**6,050**	**7,210**
Non-current				
Other loans and deposits	3,439	4,235	3,439	4,235
Lease liabilities (see Note 26)	16,258	18,082	16,258	18,082
	19,697	**22,317**	**19,697**	**22,317**

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

Final repayment of Energy Efficient Government Programme loans provided by Treasury are scheduled for 30 June 2028.

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.

32. Borrowings (continued)

Recognition and Measurement

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

Financial liabilities at amortised cost

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

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial guarantees

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

32. Borrowings (continued)

Recognition and Measurement

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

The District has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2023 and as at 30 June 2022.

Changes in liabilities arising from financing activities

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	Other loans and deposits $000	Leases $000	Total liabilities from financing activities $000
1 July 2021	**5,754**	**16,290**	**22,044**
Cash flows	(747)	(6,964)	(7,711)
New leases	-	18,042	18,042
Lease terminations*	-	(2,399)	(2,399)
Lease reassessments	-	(449)	(449)
30 June 2022	**5,007**	**24,520**	**29,527**
1 July 2022	**5,007**	**24,520**	**29,527**
Cash flows	(773)	(6,070)	(6,843)
New leases	-	3,169	3,169
Lease terminations	-	(911)	(911)
Lease reassessments	-	805	805
30 June 2023	**4,234**	**21,513**	**25,747**

* Lease terminations include the derecognition of lease liabilities of $2.38 million with Property NSW as at the 30 June 2022. Please refer to Note 26 for further details on the derecognition.

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	140,365	124,203	-	-
Annual leave - obligations expected to be settled after 12 months	115,752	117,447	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	2,948	2,648	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	40,127	38,887	-	-
Provision for other employee benefits*	10,205	43,408	-	-
Provision for personnel services liability	-	-	309,397	326,593
	309,397	**326,593**	**309,397**	**326,593**
Other Provisions				
Other	-	894	-	894
	-	**894**	**-**	**894**
Total current provisions	**309,397**	**327,487**	**309,397**	**327,487**
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	4,247	4,095	-	-
Provision for personnel services liability	-	-	4,247	4,095
Total non-current provisions	**4,247**	**4,095**	**4,247**	**4,095**
Aggregate employee benefits and related on-costs				
Provisions - current	309,397	326,593	-	-
Provisions - non-current	4,247	4,095	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 30)	27,399	22,044	-	-
Liability - purchase of personnel services	-	-	341,043	352,732
	341,043	**352,732**	**341,043**	**352,732**

[1] Long service leave consequential on-costs has been restated to be higher by $1.45 million in the prior year for the consolidated entity. Provision for personnel services liability has been restated to be higher by $1.45 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 $33.90 million for the recognition of service during the COVID-19 pandemic.

33. Provisions (continued)

Movements in provisions (other than employee benefits)

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Other				
Carrying amount at beginning of period	894	-	894	-
- Additional provisions recognised*	-	894	-	894
- Amounts used	(894)	-	(894)	-
Carrying amount at end of period	**-**	**894**	**-**	**894**

* Additional provisions recognised in 2022 included a one-off payment of $0.89 million to visiting medical officers and $Nil to affiliated health organisations 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 21.28% are applied to the value of leave payable at 30 June 2023 (comparable on-costs for 30 June 2022 were 20.58%). 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.

34. Other liabilities

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Unearned revenue	2,540	2,240	2,540	2,240
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	-	90	-	90
	2,540	**2,330**	**2,540**	**2,330**
Non-current				
Unearned revenue	56,256	58,456	56,256	58,456
	56,256	**58,456**	**56,256**	**58,456**

Unearned revenue was derived from the following:

The University of Sydney contributed $22.89 million in advance for the use of Nominated space at the Westmead Innovation Centre over 40 years. It also contributed $40.70 million for the use of the Central Acute Services Building over 25 years. The University started occupying both spaces in March 2021 and the District has amortised income received in advance for the period between March 21 and June 23.

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

	2023 $'000	2022 $000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	90	90
Deduct: income recognised during the financial year	90	-
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	**-**	**90**

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

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

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).

Increase / (decrease) in net assets from equity transfers

Equity transfers effected in the 2022/23 year were:

a) The *Greater Sydney Parklands Trust Act 2022* commenced on 1 July 2022, which amended the *Paramatta Park Trust Act 2001* to provide for Wistaria Gardens to be vested in the Parramatta Park Trust, an entity controlled by the ultimate parent. The transfer of Wistaria Gardens to the Parramatta Park Trust was completed on the 1 July 2022 and was treated as an equity transfer. The Wistaria Garden assets were carried at fair value. The carrying amount of the assets prior to the transfer was $9.4 million.

Equity transfers effected in the 2021/22 year were:

(b) Nil

Equity transfers effected comprised:

	2023 $000	2022 $000
(a) Transfer of land	8,861	-
(b) Transfer of buildings	543	-
	9,404	-

Assets and Liabilities transferred are as follows:

	2023 $000	2022 $000
Assets		
(a) Land	(8,861)	-
(b) Buildings	(543)	-
Increase / (Decrease) in Net Assets From Equity Transfers	(9,404)	-

35. Equity (continued)

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.

36. Commitments

(a) Capital commitments

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Within one year	66,683	53,287	66,683	53,287
Later than one year and not later than five years	18,573	28,588	18,573	28,588
Total (including GST)	**85,256**	**81,875**	**85,256**	**81,875**

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of $85.26 million as at 30 June 2023 includes input tax credits of $7.75 million that are expected to be recoverable from the Australian Taxation Office (2022: $7.44 million).

37. Contingent liabilities and contingent assets

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

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.

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Net result

The actual Net Result was higher than adjusted budget by $52 million, primarily due to:

Goods and Services exceeded budget by ($25m). Ministry Recurrent and Capital Allocations exceeded budget by $87m and $5m respectively. Revenue from Sale of Goods and Services was below budget by ($28m) while Clinical Trials revenue exceeded budget by $12m. The remainder is the aggregate of small variances.

Assets and liabilities

In line with the favourable variance in Net Result Cash and Receivables exceeded budget by $7m and $39m respectively. Inventory exceeded budget by $6m and Property, Plant and Equipment exceeded budget by $91m. Payables were under budget by $20m whilst Contract Liabilities (Unearned Income) was over budget By $5m. Provisions were higher than budget as annual leave increased.

Cash flows

Operating cash flows were below budget by ($2m) primarily due to higher Payments to Suppliers ($56m), and lower Own Source Revenues ($48m) which were offset by higher MoH Recurrent Allocations $87m and Grant Revenue (Clinical Trials) $13m and lower than budget Employee Payments $8m. The remainder is minor movement across all other categories.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 29 July 2022 are as follows:

	$000
Initial allocation, 1 July 2022	1,711,005
COVID-19 Relief	66,457
COVID Workforce Bonus	34,792
Recovery and Resilience	12,226
Deferred Care Elective Surgery	11,038
Outsourced Beds	8,500
Nationally Funded Centres (NFC) Program	6,754
WSLHD Budget relief for pressures associated with increased complexity of patients treated one off FY23	6,249
Highly Specialised Therapies	5,920
WSLHD Budget relief one off FY23	5,900
New Gas Contract	4,648
Cell and Gene therapies – 2022-23	4,554

38. Adjusted Budget Note (continued)

Infrastructure OPEX Uplift $37m 22/23	4,119
January 2023 Locally Funded Initiative Program- Capital	2,500
COVID-19 Antiviral Pharmaceutical Drug Allocation from the State Pharmaceutical Stockpile	2,310
Queen's Memorial Public Holiday	2,213
Intra Health Technology Expense 2022-23 MS Uplift	1,520
2022/23 Budget Relief – Waived Car Parking Fees for Staff	1,462
WNSWLHD and WSLHD additional refurbishments funding FY22/23	1,391
Workforce Resilience Capacity Uplift	1,071
Collaborative Commissioning 2022/2023	1,066
Lower Cost and Fertility Preservation	1,029
Drug and Alcohol Services Ice Inquiry implementation support	1,000
Australian National – Aged Care Classification (AN-ACC) Assessment Services FY2022/23	872
Nurse and Midwifery Strategy Reserve	827
Enhancing end of life care	760
Pathways to Community Living Initiative (PCLI) – PCLI Stage Two Clinical Enhancement	744
S100 Highly Specialised Drugs Co-payments	692
Drug and Alcohol Services	625
Intra Health Technology Expense 2022-23 RIS/PACS Adjustment	593
2022-23 Defined Benefit Superannuation	582
Rouse Hill Hospital Operational Leadership Team	488
Food Cost Increase	451
Budget Supplementation – Workplace Culture & Safety	320
FY22 Budget Carry Forwards for Commonwealth National Partnership Agreements (NPA)	300
Assistants in Medicine (AiMs)	290
Workforce Wellbeing Initiative Funding	250
FY2022/23 NSW Aged Care Assessment Program (ACAP)	201
Voluntary Assisted Dying Implementation	200
Budget Retraction for Dental Services	(531)
Intra Health Technology Expense 2022-23 Q1 Wash Up	(595)
WORKERS COMPENSATION: TMF Agency Performance Adjustment (APA)	(4,253)
Other Budget Adjustments Individually < $200k	3,341
Balance as per Statement of Comprehensive Income	**1,903,881**

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	100,521	75,002	100,521	75,002
Depreciation and amortisation expense	(123,610)	(105,627)	(123,610)	(105,627)
Allowance for impairment	(2,828)	(3,817)	(2,828)	(3,817)
(Increase) / decrease in other liabilities	1,990	2,160	1,990	2,160
Decrease / (increase) in provisions	17,939	(55,882)	17,939	(55,882)
Increase / (decrease) in inventory	4,895	2,904	4,895	2,904
Increase / (decrease) in prepayments and other assets	42,125	3,402	42,125	3,402
Decrease / (increase) in payables	21,747	(29,164)	21,747	(29,164)
Decrease / (increase) in contract liabilities	(4,419)	(7)	(4,419)	(7)
Increase / (decrease) in financial instruments at fair value	1,625	(1,429)	1,625	(1,429)
Net gain / (loss) on sale of property, plant and equipment	1,366	(2,267)	1,366	(2,267)
Net gain / (loss) on disposal of right-of-use assets	1	83	1	83
Assets donated or brought to account (Note 40)	3,552	5,150	3,552	5,150
Net result	**64,904**	**(109,492)**	**64,904**	**(109,492)**

[1] 'Decrease / (increase) in provisions' has been restated to be lower by $0.17 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	3,552	5,150	3,552	5,150
Property, plant and equipment acquired by a lease	3,169	18,041	3,169	18,041
	6,721	**23,191**	**6,721**	**23,191**

41. Trust funds

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The District holds trust funds of $10.2 million (2022: $9.8 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 Opening balance $'000	Revenue $000	Expense $000	30 June 2023 Closing balance $'000
Patient Trust	346	29	(102)	273
Refundable Deposits	191	33	-	224
Private Patient Trust Funds	0	56,475	(56,476)	(1)
Third Party Funds	9,225	4,144	(3,621)	9,748
Total trust funds	**9,762**	**60,681**	**(60,199)**	**10,244**

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

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

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

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

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

(a) Financial instrument categories

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Class	Category	Carrying Amount 2023 $000	Carrying Amount 2022 $000
Financial assets			
Cash and cash equivalents (Note 21)	Amortised cost	98,397	100,098
Receivables (Note 22)[1]	Amortised cost	104,456	69,679
Financial assets at fair value (Note 24)	Fair value through profit or loss - mandatory classification	21,690	20,065
Total financial assets		**224,543**	**189,842**
Financial liabilities			
Borrowings (Note 32)	Financial liabilities measured at amortised cost	25,747	29,527
Payables (Note 30)[2]	Financial liabilities measured at amortised cost	104,562	127,207
Total financial liabilities		**130,309**	**156,734**

Notes

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

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

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.

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

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

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

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

Cash and cash equivalents

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

42. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables and other receivables

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

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

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

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

Trade receivables and other receivables 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 and other receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

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30 June 2023	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	0.23%	0.73%	1.07%	1.14%	24.98%	9.91%
Estimated total gross carrying amount [1]	49,558	4,803	2,143	2,009	37,209	95,722
Expected credit loss	114	35	23	23	9,293	9,488

30 June 2022	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	0.04%	0.16%	2.25%	8.24%	41.10%	15.44%
Estimated total gross carrying amount [1]	32,012	3,491	2,217	1,607	22,891	62,218
Expected credit loss	12	6	50	132	9,409	9,609

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 .

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.

42. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

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

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

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

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

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

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

			Interest Rate Exposure			Maturity Dates		
	EIR[3] %	Nominal Amount[1] $000	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]		104,562	-	-	104,562	104,562	-	-
Borrowings:								
- Other loans and deposits	3.10	4,234	4,234	-	-	795	3,439	-
- Lease liabilities	3.63	24,182	24,182	-	-	6,046	12,801	5,335
		132,978	**28,416**	**-**	**104,562**	**111,403**	**16,240**	**5,335**
2022								
Payables:								
- Creditors [2]		127,207	-	-	127,207	127,207	-	-
Borrowings:								
- TCorp borrowings		-	-	-	-	-	-	-
- Other loans and deposits	3.10%	5,006	5,006	-	-	772	3,335	899
- Lease liabilities	3.18%	26,218	26,218	-	-	6,205	13,903	6,110
		158,431	**31,224**	**-**	**127,207**	**134,184**	**17,238**	**7,009**

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).

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:

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	2023 $000		2022 $000	
	-1%	1%	-1%	1%
Net result	(943)	943	(906)	906
Equity	(943)	943	(906)	906

42. Financial instruments (continued)

iii. Market risk (continued)

Foreign exchange risk

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

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

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

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

42. Financial instruments (continued)

iii. Market risk (continued)

Other price risk - TCorpIM Funds

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

Facility	Investment Sectors	Investment Horizon	2023 $000	2022 $000
TCorpIM Medium Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	3 years to 7 years	9,611	9,085
TCorpIM Long Term Growth Fund	Cash and fixed income, credit, equities, alternative assets and real assets	7 years and over	12,079	10,980

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

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

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

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

	Change in unit price		Impact on net result	
	2023 %	2022 %	2023 $000	2022 $000
TCorpIM Medium Term Growth Fund	10%	10%	961	909
TCorpIM Long Term Growth Fund	10%	10%	1,208	1,098

42. Financial instruments (continued)

(e) Fair value measurement

i. Fair value compared to carrying amount

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

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

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

ii. Fair value recognised in the Statement of Financial Position

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

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2023 Total $'000
Financial assets at fair value				
TCorpIM Funds	-	21,690	-	21,690

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2022 Total $'000
Financial assets at fair value				
TCorpIM Funds	-	20,065	-	20,065

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

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

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

43. Related party disclosures

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(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2023 $000	2022 $000
Short-term employee benefits	396	447
Post-employment benefits	35	41
	431	**488**

During the financial year, Western Sydney Local Health District obtained key management personnel services from the immediate parent and incurred $0.47 million (2022: $0.44 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 parent) and the NSW Total State Sector (the ultimate parent) within the normal course of business.

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

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of 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
- Legal and consultancy services
- Utilities, including electricity, gas and water expenses
- Motor vehicle toll expenses
- Insurance costs
- Occupancy agreement expenses for Property NSW properties
- Various grants and subsidies towards research and other projects
- Data Records and Storage

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

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

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

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

Assets and liabilities as follows:

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

44. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS