



Southern NSW Local Health District

Annual Financial Statements

for the year ended 30 June 2025

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

1. The financial statements of the Southern NSW Local Health District for the year ended 30 June 2025 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 2024*; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Southern NSW Local Health District's financial position as at 30 June 2025 and the financial performance and cash flows for the year then ended.



Margaret Bennett
Chief Executive
18 September 2025



Sarah Wallace
District Director Finance and Performance
18 September 2025

Southern NSW Local Health District

Statement of Comprehensive Income for the year ended 30 June 2025

		Consolidated Actual 2025 \$000	Consolidated Budget ¹ 2025 \$000	Consolidated Actual 2024 \$000	Parent Actual 2025 \$000	Parent Actual 2024 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	383,078	372,487	369,478	-	-
Personnel services	3	-	-	-	376,292	361,643
Visiting medical officers	4	55,806	53,189	52,776	55,806	52,776
Operating expenses	5	172,022	170,058	167,523	172,022	167,523
Depreciation and amortisation	6	29,429	29,429	28,575	29,429	28,575
Grants and subsidies	7	3,685	3,150	2,842	3,685	2,842
Finance costs	8	94	100	109	94	109
Total expenses excluding losses		644,114	628,413	621,303	637,328	613,468
Revenue						
Ministry of Health recurrent allocations	11	340,301	329,783	334,255	340,301	334,255
Ministry of Health capital allocations	11	81,666	82,994	63,797	81,666	63,797
Acceptance by the Crown ² of employee benefits	15	6,786	6,927	7,835	-	-
Sale of goods and services from contracts with customers	12	55,926	54,078	52,748	55,926	52,748
Investment revenue	13	225	201	233	225	233
Grants and other contributions	14	202,049	203,434	188,018	202,049	188,018
Other income	16	1,164	676	605	1,164	605
Total revenue		688,117	678,093	647,491	681,331	639,656
Operating result		44,003	49,680	26,188	44,003	26,188
Gains / (losses) on disposal	17	(269)	-	363	(269)	363
Impairment losses on financial assets	21	(477)	(148)	(1,068)	(477)	(1,068)
Other gains / (losses)	18	-	-	(15)	-	(15)
Net result from continuing operations	35	43,257	49,532	25,468	43,257	25,468
Net result		43,257	49,532	25,468	43,257	25,468
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods						
Changes in revaluation surplus of property, plant and equipment	23	13,065	-	33,014	13,065	33,014
Items that may be reclassified to net result in subsequent periods						
Debt instruments at fair value through other comprehensive income						
Other		(3)	-	-	(3)	-
Total other comprehensive income		13,062	-	33,014	13,062	33,014
TOTAL COMPREHENSIVE INCOME		56,319	49,532	58,482	56,319	58,482

¹ Unaudited adjusted budget, see Note 34.

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

The accompanying notes form part of these financial statements.

Southern NSW Local Health District

Statement of Financial Position as at 30 June 2025

		Consolidated Actual 2025 \$000	Consolidated Budget ¹ 2025 \$000	Consolidated Actual 2024 \$000	Parent Actual 2025 \$000	Parent Actual 2024 \$000
	Notes					
ASSETS						
Current assets						
Cash and cash equivalents	20	4,525	4,673	4,855	4,525	4,855
Receivables	21	31,692	41,032	18,422	31,692	18,422
Inventories	22	1,124	1,186	1,186	1,124	1,186
Total current assets		37,341	46,891	24,463	37,341	24,463
Non-current assets						
Receivables	21	-	-	22,723	-	22,723
Property, plant & equipment	23					
- Land and buildings		740,364	729,010	675,694	740,364	675,694
- Plant and equipment		46,640	47,336	45,247	46,640	45,247
- Infrastructure systems		21,288	20,627	20,627	21,288	20,627
Total property, plant & equipment		808,292	796,973	741,568	808,292	741,568
Right-of-use assets	24	1,253	1,603	2,080	1,253	2,080
Total non-current assets		809,545	798,576	766,371	809,545	766,371
Total assets		846,886	845,467	790,834	846,886	790,834
LIABILITIES						
Current liabilities						
Payables	27	34,827	43,391	38,061	34,827	38,061
Contract liabilities	28	2,252	707	707	2,252	707
Borrowings	29	729	918	1,028	729	1,028
Provisions	30	46,896	44,654	44,281	46,896	44,281
Other current liabilities	31	335	609	609	335	609
Total current liabilities		85,039	90,279	84,686	85,039	84,686
Non-current liabilities						
Borrowings	29	541	671	1,118	541	1,118
Provisions	30	636	636	679	636	679
Total non-current liabilities		1,177	1,307	1,797	1,177	1,797
Total liabilities		86,216	91,586	86,483	86,216	86,483
Net assets		760,670	753,881	704,351	760,670	704,351
EQUITY						
Reserves		219,309	197,694	197,696	219,309	197,696
Accumulated funds		541,361	556,187	506,655	541,361	506,655
Total Equity		760,670	753,881	704,351	760,670	704,351

¹ Unaudited adjusted budget, see Note 34.

The accompanying notes form part of these financial statements.

Southern NSW Local Health District
Statement of Changes in Equity for the year ended 30 June 2025

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2024		506,655	197,696	704,351
Net result for the year		43,257	-	43,257
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	23	-	13,065	13,065
Debt instruments at fair value through other comprehensive income:				
Other		(3)	-	(3)
Total other comprehensive income		(3)	13,065	13,062
Total comprehensive income for the year		43,254	13,065	56,319
Transfer of asset revaluation surplus to accumulated funds on disposal of assets		(8,548)	8,548	-
Balance at 30 June 2025		541,361	219,309	760,670

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2023		481,187	164,682	645,869
Net result for the year		25,468	-	25,468
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	23	-	33,014	33,014
Total other comprehensive income		-	33,014	33,014
Total comprehensive income for the year		25,468	33,014	58,482
Balance at 30 June 2024		506,655	197,696	704,351

The accompanying notes form part of these financial statements.

Southern NSW Local Health District

Statement of Cash Flows for the year ended 30 June 2025

		Consolidated Actual 2025 \$000	Consolidated Budget ¹ 2025 \$000	Consolidated Actual 2024 \$000	Parent Actual 2025 \$000	Parent Actual 2024 \$000
	Notes					
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(378,792)	(372,185)	(361,367)	-	-
Suppliers for goods and services		(244,063)	(235,323)	(227,302)	(244,063)	(227,302)
Grants and subsidies		(3,932)	(3,396)	(3,037)	(3,932)	(3,037)
Finance costs		(94)	(101)	(109)	(94)	(109)
Personnel services		-	-	-	(372,663)	(356,171)
Total payments		(626,881)	(611,005)	(591,815)	(620,752)	(586,619)
Receipts						
Ministry of Health recurrent allocations		340,301	329,783	334,255	340,301	334,255
Ministry of Health capital allocations		81,666	82,994	63,797	81,666	63,797
Reimbursements from the Crown ²		6,129	6,129	5,196	-	-
Sale of goods and services		59,396	54,320	53,877	59,396	53,877
Interest received		225	201	232	225	232
Grants and other contributions		207,238	208,567	183,295	207,238	183,295
Other		14,605	13,724	14,175	14,605	14,175
Total receipts		709,560	695,718	654,827	703,431	649,631
NET CASH FLOWS FROM OPERATING ACTIVITIES	35	82,679	84,713	63,012	82,679	63,012
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment		(81,818)	(83,643)	(60,808)	(81,818)	(60,808)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(81,818)	(83,643)	(60,808)	(81,818)	(60,808)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(1,191)	(1,252)	(1,473)	(1,191)	(1,473)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,191)	(1,252)	(1,473)	(1,191)	(1,473)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(330)	(182)	731	(330)	731
Opening cash and cash equivalents	20	4,855	4,855	4,124	4,855	4,124
CLOSING CASH AND CASH EQUIVALENTS	20	4,525	4,673	4,855	4,525	4,855

¹ Unaudited adjusted budget, see Note 34.

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

The accompanying notes form part of these financial statements.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

1. Statement of Material Accounting Policy Information

(a) Reporting entity

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2025 have been authorised for issue by the Chief Executive on 15 July 2025.

(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'), the *Government Sector Finance Regulation 2024*; and
- Treasurer's Directions issued under the GSF Act.

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

1. Statement of Material Accounting Policy Information (continued)

(b) Basis of Preparation (continued)

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.

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.

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) 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. These include:

- Statement of Cash Flows: 'Reimbursements from The Crown' has been reclassified to 'Personnel Services' in the Parent entity to align the cash flow presentation with the accounting of Crown reimbursements. The prior year comparatives have accordingly been updated.
- Note 25 Fair value measurement of non-financial assets: The fair value hierarchy disclosure has been updated in the current year to include leasehold improvements, work in progress and newly completed assets which are carried at cost for accurate presentation. Prior year comparatives have accordingly been updated.
- Note 26 Restricted assets: The restricted asset balances, which previously reported the opening and closing equity balances, have now been revised to present the opening and closing balances of restricted cash and cash equivalents, along with restricted TCorpIM fund investments, for each category of restricted financial assets.
- Note 37 Trust funds: The trust fund balances, which previously reported the opening and closing equity balances, have now been revised to present the opening and closing balances of trust fund cash and cash equivalents for each category of trust fund.
- Note 38 Financial instruments: The market risk sensitivity analysis, which demonstrates the sensitivity to a reasonably possible change in interest rates, has been revised to exclude assets and liabilities not exposed to interest rate risk. Prior year comparatives have accordingly been updated.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

1. Statement of Material Accounting Policy Information (continued)

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

(i) Effective for the first time in 2024-25

The following new Australian Accounting Standard has been applied for the first time in 2024-25:

- *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (AASB 2022-10)*

The nature and effect of the changes as a result of adoption of this amendment is described below.

AASB 2022-10 amends AASB 13 *Fair Value Measurement* to add authoritative implementation guidance and related illustrative examples for fair value measurement of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The guidance specifies that the entity is required to consider whether the asset's highest and best use differs from its current use, clarifies the 'financially feasible' criteria, specifies that an entity uses its own assumptions as a starting point for unobservable inputs and provides guidance on how the cost approach is to be applied to measure the assets fair value.

The District has reviewed its accounting policies with reference to the guidance and concluded that the impact of applying this amendment did not materially affect the financial statements.

Several amendments and interpretations apply for the first time in 2024-25, the impact of which is not material to the financial statements of the District.

As a result, the accounting policies applied in 2024-25 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

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

(f) Financial Result

The District received \$82 million from the Ministry of Health for capital work in progress during the 2024-25 financial year. Without this capital allocation or if there had been no timing difference between the revenue and the corresponding expenses, the District's net result would have been \$38 million unfavourable for the 2024-2025 financial year.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

2. Employee related expenses

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Salaries and wages*	336,365	325,438	-	-
Superannuation - defined benefit plans	671	705	-	-
Superannuation - defined contribution plans	36,129	32,246	-	-
Long service leave	5,679	7,675	-	-
Workers' compensation insurance	4,192	3,414	-	-
Fringe benefits tax	42	-	-	-
	383,078	369,478	-	-

* Salaries and wages include annual leave, accrued days off (ADO) and parental leave.

3. Personnel services

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Salaries and wages*	-	-	336,365	325,438
Superannuation - defined contribution plans	-	-	36,129	32,246
Long service leave	-	-	(436)	545
Workers' compensation insurance	-	-	4,192	3,414
Fringe benefits tax	-	-	42	-
	-	-	376,292	361,643

* Salaries and wages include annual leave, accrued days off (ADO) and parental leave.

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

Personnel services of \$0.32 million (2024: \$Nil) have been capitalised in property, plant and equipment and are excluded from the above amounts.

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 \$55.81 million (2024: \$52.78 million) represent part of the day-to-day running costs incurred in the normal operations of the District. These costs are expensed as incurred.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

5. Operating expenses

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Advertising	89	164	89	164
Agency expenses	6,907	7,412	6,907	7,412
Auditor's remuneration - audit of financial statements	120	111	120	111
Blood and blood products	2,564	2,390	2,564	2,390
Consultants	8	203	8	203
Contractors	191	1,258	191	1,258
Corporate support services	4,718	4,069	4,718	4,069
Courier and freight	471	369	471	369
Disability equipment support expenses	977	945	977	945
Domestic supplies and services	17,126	16,806	17,126	16,806
Drug supplies	11,122	10,499	11,122	10,499
Expenses relating to short-term leases	4,202	4,016	4,202	4,016
Expenses relating to leases of low-value assets	609	427	609	427
Food supplies	11,457	11,974	11,457	11,974
Fuel, light, power and water	6,475	6,299	6,475	6,299
Hosted services purchased from entities controlled by the immediate parent	1,644	1,576	1,644	1,576
Information management expenses	13,672	12,566	13,672	12,566
Insurance	1,193	1,368	1,193	1,368
Legal services	31	107	31	107
Maintenance (see Note 5 (a))	14,383	11,911	14,383	11,911
Medical and surgical supplies (including prostheses)	16,903	15,976	16,903	15,976
Membership / professional fees	67	236	67	236
Motor vehicle expenses	1,266	1,286	1,266	1,286
Outsourced patient services	1,506	1,322	1,506	1,322
Patient transport costs	12,958	13,039	12,958	13,039
Postal and telephone costs	758	938	758	938
Printing and stationery	887	964	887	964
Professional services (excluding consultants)	1,059	1,359	1,059	1,359
Quality assurance / accreditation	34	23	34	23
Rates and charges	180	190	180	190
Security services	616	787	616	787
Specialised services (dental, radiology, pathology and allied health)	28,653	26,921	28,653	26,921
Staff related costs	1,693	1,613	1,693	1,613
Travel related costs	6,013	6,730	6,013	6,730
Other miscellaneous	1,470	1,669	1,470	1,669
	172,022	167,523	172,022	167,523

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

5. Operating expenses (continued)

Other miscellaneous of \$1.47 million (2024: \$1.67 million) includes audiovisual expenses, capital project expenses, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services, patient support services and translator services amongst others.

(a) Reconciliation of total maintenance expense

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Corrective maintenance	3,770	3,896	3,770	3,896
Planned maintenance	6,448	4,551	6,448	4,551
New / replacement equipment not capitalised	4,164	3,463	4,164	3,463
Other	1	1	1	1
Maintenance expense - contracted labour and other (non-employee related) in Note 5	14,383	11,911	14,383	11,911
Employee related / personnel services maintenance expense included in Note 2 and Note 3*	1,531	1,407	1,531	1,407
	15,914	13,318	15,914	13,318

* 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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

6. Depreciation and amortisation

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Depreciation - buildings	22,498	21,052	22,498	21,052
Depreciation - plant and equipment	4,768	4,665	4,768	4,665
Depreciation - infrastructure systems	991	932	991	932
Depreciation - right-of-use buildings	198	732	198	732
Depreciation - right-of-use plant and equipment	974	1,194	974	1,194
	29,429	28,575	29,429	28,575

Refer to Note 23 Property, plant and equipment, Note 24 Leases for recognition and measurement policies on depreciation and amortisation.

7. Grants and subsidies

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Community packages	76	-	76	-
Grants to entities controlled by the immediate parent	1,007	907	1,007	907
Other grants	2,602	1,935	2,602	1,935
	3,685	2,842	3,685	2,842

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 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Interest expense from lease liabilities	94	109	94	109
	94	109	94	109

9. Revenue

Accounting policies for the recognition of income are discussed below.

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

10. Summary of compliance

The *Appropriation Act 2024* (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$20,367 million to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2024–25. 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 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 also deemed appropriation moneys 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)).

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 2025 and 2024, 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.

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.

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

12. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Sale and recovery of pharmaceutical supplies	4,343	3,583	4,343	3,583
Sale of Prosthesis	506	562	506	562
Other	62	75	62	75
	4,911	4,220	4,911	4,220

(b) Rendering of services comprise the following:

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Patients				
Patient Fees:				
- Inpatient fees	21,216	19,807	21,216	19,807
- Nursing home fees	547	250	547	250
- Non-inpatient fees	2,744	2,524	2,744	2,524
Department of Veterans' Affairs	3,938	5,662	3,938	5,662
Motor Accident Authority third party	1,176	1,976	1,176	1,976
Multi Purpose Service Centre fees	4,458	4,233	4,458	4,233
Patient transport fees	174	106	174	106
Staff				
Private use of motor vehicles	36	57	36	57
Salary packaging fee	85	63	85	63
Meals and accommodation	219	189	219	189
General community				
Clinical services (excluding clinical drug trials)	6,979	6,036	6,979	6,036
Commercial activities	13	13	13	13
Fees for medical records	70	71	70	71
Information retrieval	19	20	19	20
Non-NSW Health entities				
Services to other organisations	1,100	750	1,100	750
Entities controlled by the immediate parent				
Hosted service revenues	6,525	5,682	6,525	5,682
Other				
Infrastructure fees - monthly facility charge	1,119	848	1,119	848
Other	597	241	597	241
	51,015	48,528	51,015	48,528
	55,926	52,748	55,926	52,748

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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, compensable patients are billed for health services provided under various contractual arrangements. Billings are typically done upon patient discharge and is based on the rates specified by the Ministry of Health. The payments are typically due within 30 days after the invoice date.	Revenue is recognised on an accrual basis when the service has been provided to the patient. In limited circumstances the price is not fully recovered, e.g. due to inadequate insurance policies, overseas patients returning to their home country before paying, etc. The likelihood of their occurrences is considered on a case by case basis. In most instances revenue is initially recognised at full amounts and subsequently adjusted when more information is provided. No element of financing is deemed present as majority of the services are made with a short credit term.
Non-Patient services provided to staff, General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various non-patient related services are provided to the members of staff, general community, non-NSW health entities and entities controlled by the immediate parent. The performance obligations for these services are typically satisfied by transferring the promised services to its respective customers. The payments are typically due within 30 days after the invoice date.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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 28 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 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Interest income from financial assets at amortised cost	225	233	225	233
	225	233	225	233

Recognition and Measurement

Interest income from financial assets at amortised cost

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).

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

14. Grants and other contributions

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	273	2,577	273	2,577
Other grants with sufficiently specific performance obligations				
Ministry of Health National Health Reform Funding*	159,141	143,755	159,141	143,755
Cancer Institute grants received from an entity controlled by the immediate parent	839	720	839	720
Commonwealth government grants received for community based services	3,341	3,062	3,341	3,062
Other grants from entities controlled by the immediate parent	399	15	399	15
Other grants	2,218	3,331	2,218	3,331
Grants without specific performance obligations				
Ministry of Health National Health Reform Funding*	35,084	33,284	35,084	33,284
Grants from entities controlled by the ultimate parent	-	180	-	180
Other grants from entities controlled by the immediate parent	449	585	449	585
Other grants	2	-	2	-
Donations				
Donations	303	509	303	509
	202,049	188,018	202,049	188,018

* Represents funding received by the District from the Ministry of Health, the immediate parent, in respect of activity-based funding and block funding in scope of the Commonwealth National Health Reform Agreement (NHRA). The Ministry of Health receives funding from the Commonwealth and distributes based on activity levels for activity-based funding and at set amounts for the block funding component. The activity-based funding is recognised under AASB 15 *Revenue from Contracts with Customers* (AASB 15), while block funding is recognised under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) due to lack of specific performance obligations. The activity-based revenue is calculated by multiplying activity levels with the agreed National Weighted Activity Unit price. Any prior year adjustments are settled by adjusting Ministry of Health recurrent allocations.

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

14. Grants and other contributions (continued)

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 28 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).

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 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Superannuation - defined benefit plans	671	705	-	-
Long service leave provision	6,115	7,130	-	-
	6,786	7,835	-	-

16. Other income

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Other income comprises the following:				
Commissions	1	1	1	1
Discounts	218	112	218	112
Insurance refunds	502	164	502	164
Rental income				
- Other rental income	338	267	338	267
Unclaimed deposits	-	(1)	-	(1)
Other	105	62	105	62
	1,164	605	1,164	605

Recognition and Measurement

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

17. Gains / (losses) on disposal

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	300	61	300	61
Less: proceeds from disposal	-	-	-	-
Net gains / (losses) on disposal	(300)	(61)	(300)	(61)
Right-of-use assets				
Written down value of assets disposed	350	440	350	440
Less: lease liabilities extinguished	381	864	381	864
Net gains / (losses) on disposal	31	424	31	424
Total gains / (losses) on disposal	(269)	363	(269)	363

18. Other gains / (losses)

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Inventory write down	-	(15)	-	(15)
	-	(15)	-	(15)

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 26 Restricted assets.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

20. Cash and cash equivalents

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Cash at bank and on hand	151	380	151	380
Cash at bank - held by HealthShare NSW*	4,374	4,475	4,374	4,475
	4,525	4,855	4,525	4,855

* Represents cash held by HealthShare NSW, a controlled entity of the immediate parent, in a central bank account, on behalf of the District for its operating and investing activities. It is an operational bank account that earns interest on daily bank balances.

Refer to Note 13 Investment revenue for the recognition and measurement policies on interest income.

Refer to Note 38 for details regarding credit risk and market risk arising from financial instruments.

Most cash and cash equivalents held by the District are restricted assets. Refer to Note 26 for the details of restricted assets.

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 funds directly from the Ministry of Health to make these payments to suppliers and employees on behalf of the District. Upon payment, these are reported as revenue (Ministry of Health recurrent and capital allocations) and cash inflows in the financial statements of the District.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

21. Receivables

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Trade receivables from contracts with customers	5,988	5,889	5,988	5,889
Intra health receivables	411	8,219	411	8,219
Goods and Services Tax	1,121	1,318	1,121	1,318
Other receivables	(166)	102	(166)	102
Sub total	7,354	15,528	7,354	15,528
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(200)	(108)	(200)	(108)
- Other receivables	(29)	-	(29)	-
Sub total	7,125	15,420	7,125	15,420
Prepayments	24,567	3,002	24,567	3,002
	31,692	18,422	31,692	18,422

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

Trade receivables from contracts with customers				
Balance at the beginning of the year	(108)	(263)	(108)	(263)
Amounts written off during the year	294	1,169	294	1,169
(Increase) / decrease in allowance recognised in the net result ¹	(386)	(1,014)	(386)	(1,014)
Balance at the end of the year	(200)	(108)	(200)	(108)
Other receivables				
Balance at the beginning of the year	-	-	-	-
Amounts written off during the year	62	54	62	54
(Increase) / decrease in allowance recognised in the net result	(91)	(54)	(91)	(54)
Balance at the end of the year	(29)	-	(29)	-
	(229)	(108)	(229)	(108)

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Non-current				
Prepayments	-	22,723	-	22,723
	-	22,723	-	22,723

¹ Includes total impairment loss of \$0.39 million (2024: \$1.01 million) recognised on receivables from contracts with customers.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

21. Receivables (continued)

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

Current and non-current include:

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Patient fees - compensable	467	593	467	593
Patient fees - Medicare ineligible	263	439	263	439
Patient fees - inpatient & other	4,452	3,927	4,452	3,927
	5,182	4,959	5,182	4,959

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 38.

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Contract receivables (included in Note 21)	6,400	14,109	6,400	14,109
Total contract receivables	6,400	14,109	6,400	14,109

Recognition and Measurement

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

For trade receivables, the District applies a simplified approach in calculating expected credit losses (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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

22. Inventories

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Held-for-distribution				
Drug supplies	1,009	1,111	1,009	1,111
Engineering supplies	115	75	115	75
	1,124	1,186	1,124	1,186

Recognition and Measurement

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

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

23. 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 2023 - fair value				
Gross carrying amount	909,921	76,301	26,380	1,012,602
Less: accumulated depreciation and impairment	275,689	33,559	6,190	315,438
Net carrying amount	634,232	42,742	20,190	697,164
	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	634,232	42,742	20,190	697,164
Additions	29,857	8,228	-	38,085
Disposals	-	(61)	-	(61)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	15	-	15
Net revaluation increments less revaluation decrements	31,727	-	1,287	33,014
Depreciation expense	(21,052)	(4,665)	(932)	(26,649)
Reclassifications	930	(1,012)	82	-
Net carrying amount at end of year	675,694	45,247	20,627	741,568

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 25.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

23. 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 2024 - fair value				
Gross carrying amount	985,367	82,887	28,052	1,096,306
Less: accumulated depreciation and impairment	309,673	37,640	7,425	354,738
Net carrying amount	675,694	45,247	20,627	741,568

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2025				
Net carrying amount at beginning of year	675,694	45,247	20,627	741,568
Additions	76,055	5,762	-	81,817
Disposals	(300)	-	-	(300)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	399	-	399
Net revaluation increments less revaluation decrements	11,413	-	1,652	13,065
Depreciation expense	(22,498)	(4,768)	(991)	(28,257)
Net carrying amount at end of year	740,364	46,640	21,288	808,292

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2025 - fair value				
Gross carrying amount	1,063,125	89,049	30,016	1,182,190
Less: accumulated depreciation and impairment	322,761	42,409	8,728	373,898
Net carrying amount	740,364	46,640	21,288	808,292

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 25.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

23. Property, plant and equipment (continued)

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

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2023 - fair value				
Gross carrying amount	909,921	76,301	26,380	1,012,602
Less: accumulated depreciation and impairment	275,689	33,559	6,190	315,438
Net carrying amount	634,232	42,742	20,190	697,164
	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2024				
Net carrying amount at beginning of year	634,232	42,742	20,190	697,164
Additions	29,857	8,228	-	38,085
Disposals	-	(61)	-	(61)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	15	-	15
Net revaluation increments less revaluation decrements	31,727	-	1,287	33,014
Depreciation expense	(21,052)	(4,665)	(932)	(26,649)
Reclassifications	930	(1,012)	82	-
Net carrying amount at end of year	675,694	45,247	20,627	741,568

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 25.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

23. 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 2024 - fair value				
Gross carrying amount	985,367	82,887	28,052	1,096,306
Less: accumulated depreciation and impairment	309,673	37,640	7,425	354,738
Net carrying amount	675,694	45,247	20,627	741,568

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2025				
Net carrying amount at beginning of year	675,694	45,247	20,627	741,568
Additions	76,055	5,762	-	81,817
Disposals	(300)	-	-	(300)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	399	-	399
Net revaluation increments less revaluation decrements	11,413	-	1,652	13,065
Depreciation expense	(22,498)	(4,768)	(991)	(28,257)
Net carrying amount at end of year	740,364	46,640	21,288	808,292

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2025 - fair value				
Gross carrying amount	1,063,125	89,049	30,016	1,182,190
Less: accumulated depreciation and impairment	322,761	42,409	8,728	373,898
Net carrying amount	740,364	46,640	21,288	808,292

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 25.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

23. 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.

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 those costs to the District. The costs are then accordingly reflected in the District's financial statements. The District acquires most assets in this manner.

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

Capitalisation thresholds

Property, plant and equipment assets costing more than \$10,000 individually (or forming part of a group costing more than \$100,000) are capitalised.

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 artworks and collections may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

23. Property, plant and equipment (continued)

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 24.

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.

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 2024 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 0% in market prices for land and material increases in construction and labour costs of 3% for buildings and 3% for infrastructure. Management has applied these indices to perform an interim revaluation.

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.

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

24. Leases

(a) Entity as a lessee

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

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

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

24. Leases (continued)

(a) Entity as a lessee (continued)

Right-of-use assets under leases

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Balance at 1 July 2024	166	1,914	2,080
Additions	407	256	663
Reassessments - increase / (decrease)	38	(6)	32
Disposals	(335)	(15)	(350)
Depreciation expense	(198)	(974)	(1,172)
Balance at 30 June 2025	78	1,175	1,253

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Balance at 1 July 2023	783	1,273	2,056
Additions	107	1,715	1,822
Reassessments - increase / (decrease)	432	136	568
Disposals	(424)	(16)	(440)
Depreciation expense	(732)	(1,194)	(1,926)
Balance at 30 June 2024	166	1,914	2,080

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

24. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2025 \$000	2024 \$000
Balance at 1 July	2,146	2,094
Additions	663	1,822
Interest expenses	94	109
Payments	(1,285)	(1,582)
Terminations / derecognition	(381)	(864)
Other adjustments	33	567
Balance at 30 June	1,270	2,146

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

PARENT AND CONSOLIDATION

	2025 \$000	2024 \$000
Depreciation expense of right-of-use assets	1,172	1,926
Interest expense on lease liabilities	94	109
Expenses relating to short-term leases	4,202	4,016
Expenses relating to leases of low-value assets	609	427
(Gains) / losses on disposal	(31)	(424)
Total amount recognised in the statement of comprehensive income	6,046	6,054

The District had total cash outflows for leases of \$6.10 million for the year ended 30 June 2025 (2024: \$6.03 million).

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

24. Leases (continued)

Recognition and Measurement

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

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

i. Right-of-use assets

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

	Useful lives
Buildings	1 to 5 years
Plant and equipment	1 to 5 years
Motor vehicles and other equipment	1 to 5 years

ii. Lease liabilities

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.

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

25. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

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

2025	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total Fair Value \$000
Property, plant and equipment (Note 23)				
- Land and buildings	-	4,883	735,481	740,364
- Infrastructure systems	-	-	21,288	21,288
	-	4,883	756,769	761,652

2024	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total Fair Value \$000
Property, plant and equipment (Note 23)				
- Land and buildings	-	3,597	672,097	675,694
- Infrastructure systems	-	-	20,627	20,627
	-	3,597	692,724	696,321

There were no transfers between level 1 and 2 during the year ended 30 June 2024.

The above figures include leasehold improvements, work in progress and newly completed assets which are carried at cost. Cost for such assets are regarded as an approximation of fair value.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

25. 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 Opteon Property Group Pty Ltd for the 2024-25 financial year. Opteon Property Group 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 23).

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

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

(c) Reconciliation of recurring Level 3 fair value measurements

PARENT AND CONSOLIDATION

	Land and Buildings	Infrastructure Systems	Total Level 3 Recurring
2025	\$000	\$000	\$000
Fair value as at 1 July 2024	672,097	20,627	692,724
Additions	76,055	-	76,055
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 23)	10,091	1,652	11,743
Disposals	(300)	-	(300)
Depreciation expense	(22,462)	(991)	(23,453)
Fair value as at 30 June 2025	735,481	21,288	756,769

There were no transfers between level 2 or 3 during the year ended 30 June 2025.

	Land and Buildings	Infrastructure Systems	Total Level 3 Recurring
2024	\$000	\$000	\$000
Fair value as at 1 July 2023	630,690	20,190	650,880
Additions	29,857	-	29,857
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 23)	31,670	1,287	32,957
Depreciation expense	(21,050)	(932)	(21,982)
Reclassification	930	82	1,012
Fair value as at 30 June 2024	672,097	20,627	692,724

There were no transfers between level 2 or 3 during the year ended 30 June 2024.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

26. Restricted assets

PARENT AND CONSOLIDATION

The District's financial statements include cash and cash equivalents and TCorpIM fund investments, the use of which is restricted for stipulated purposes and / or by externally imposed conditions, e.g. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

Category	2025 \$000	2024 \$000
Community welfare	603	741
Facility improvements	2,164	2,227
Patient welfare	97	94
Public contributions	998	1,080
Research	57	54
Staff welfare	10	13
Training and education including conferences	397	371
Other	48	(105)
	4,374	4,475

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.
Public contributions	Donations or legacies received without any donor-specified conditions as to its use.
Clinical trials	A study designed to test the safety and effectiveness of a treatment.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and education including conferences	Professional training, education and conferences.
Other	Does not meet the definition of any of the above categories.

Unclaimed monies

All money and personal effects of patients which are left in the custody of the 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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

27. Payables

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Accrued salaries, wages and on-costs	7,995	5,928	-	-
Salaries and wages deductions	86	60	-	-
Payroll and fringe benefits tax	(160)	(157)	-	-
Accrued liability - purchase of personnel services	-	-	7,921	5,831
Creditors	23,331	22,375	23,331	22,375
Other creditors				
- Payables to entities controlled by the immediate parent	3,575	9,854	3,575	9,854
- Other	-	1	-	1
	34,827	38,061	34,827	38,061

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 38.

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.

28. Contract liabilities

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Contract liabilities	2,252	707	2,252	707
	2,252	707	2,252	707

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers.

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

Specific revenue class	2026 \$000	2027 \$000	2028 \$000	≥ 2029 \$000	Total \$000
Grants and other contributions	2,252	-	-	-	2,252
	2,252	-	-	-	2,252

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

29. Borrowings

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Lease liabilities (see Note 24)	729	1,028	729	1,028
	729	1,028	729	1,028
Non-current				
Lease liabilities (see Note 24)	541	1,118	541	1,118
	541	1,118	541	1,118

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 38.

Recognition and Measurement

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.

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

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 38 (b) for derecognition policy.

Financial liabilities at fair value through profit or loss

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

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

29. Borrowings (continued)

Financial guarantees

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, being the premium received. Subsequent to initial recognition, the 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 2025 and as at 30 June 2024.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Leases \$000	Total liabilities from financing activities \$000
1 July 2023	2,095	2,095
Cash flows	(1,474)	(1,474)
New leases	1,822	1,822
Lease terminations	(864)	(864)
Lease reassessments	567	567
30 June 2024	2,146	2,146
1 July 2024	2,146	2,146
Cash flows	(1,191)	(1,191)
New leases	663	663
Lease terminations	(381)	(381)
Lease reassessments	33	33
30 June 2025	1,270	1,270

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

30. Provisions

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
-Obligations expected to be settled within 12 months	29,937	28,216	-	-
-Obligations expected to be settled after 12 months	7,657	7,264	-	-
Long service leave consequential on-costs				
-Obligations expected to be settled within 12 months	904	907	-	-
-Obligations expected to be settled after 12 months	4,865	5,254	-	-
Parental leave				
-Obligations expected to be settled within 12 months	2,225	1,323	-	-
Provision for other employee benefits	1,308	1,317	-	-
Provision for personnel services liability	-	-	46,896	44,281
Total current provisions	46,896	44,281	46,896	44,281
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	636	679	-	-
Provision for personnel services liability	-	-	636	679
Total non-current provisions	636	679	636	679
Aggregate employee benefits and related on-costs				
Provisions - current	46,896	44,281	-	-
Provisions - non-current	636	679	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 27)	8,081	5,988	-	-
Liability - purchase of personnel services	-	-	55,613	50,948
	55,613	50,948	55,613	50,948

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

30. Provisions (continued)

Employee benefits and other provisions

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 20.70% are applied to the value of leave payable at 30 June 2025 (comparable on-costs for 30 June 2024 were 21.58%). The District has assessed the actuarial advice based on the District's circumstances to the annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave 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.

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.

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

31. Other liabilities

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Current				
Unearned revenue	12	12	12	12
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	323	597	323	597
	335	609	335	609

PARENT AND CONSOLIDATION

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

	2025 \$000	2024 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	597	377
Add: receipt of cash during the financial year	-	2,797
Deduct: income recognised during the financial year	273	2,577
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	324	597

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. At June 2025, a remaining balance of \$0.30 million is held under the terms of contract for Virtual Care - Remote Patient Monitoring (VC-RPM) to implement a state-wide Remote Patient Monitoring (RPM) solution and a remaining balance of \$0.02 million is held under the terms of contract to construct and operate a training facility at South East Regional Hospital.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

32. Commitments

(a) Capital commitments

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

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Not later than one year	141,897	15,859	141,897	15,859
Later than one year and not later than five years	68,859	2,221	68,859	2,221
Total (including GST)	210,756	18,080	210,756	18,080

(b) Input tax receivable related to commitments for expenditure

The total 'Capital expenditure commitments' of \$210.76 million as at 30 June 2025 includes input tax credits of \$19.2 million that are expected to be recoverable from the Australian Taxation Office (2024: \$1.64) million.

33. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

The District is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements. The majority of capital commitments contracted are related to capital works overseen by the Health Administration Corporation which are fully funded.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements for the year ended 30 June 2025

34. Adjusted budget review

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

PARENT AND CONSOLIDATION

The District received an additional \$10 million revenue from the Ministry of Health recurrent allocation compared to budget which funded an increase in expenses during the year including employee-related costs which surpassed the allocated budget by \$10 million. Challenges in recruiting and retaining staff in rural and regional areas is contributing to workforce instability which continues to drive the unfavourable financial result.

Net Result

The actual Net Result was lower than adjusted budget by \$7 million, primarily due to the continued reliance on high-cost premium nursing and medical agency staff to ensure continuity of service provision for patients in Southern NSW Local Health District. This is offset partially by an increase in Ministry of Health recurrent allocations.

Assets and Liabilities

Current assets are lower than budget by \$10 million due to a reduction in receivables of \$9 million compared to budget. Non-current assets are \$11 million higher than budget due to the indices applied to land, buildings and infrastructure systems as part of the Comprehensive Revaluation of Land and Buildings. Liabilities were \$6 million lower than budget due to a lower payables compared to budget \$8 million.

Cash Flows

Net cash flows from operating activities was \$2 million lower than budget.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2024 are as follows:

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

34. Adjusted budget review (continued)

	\$000
Initial Allocation	291,455
Premium Medical Labour	20,000
Additional Budget Support for activity and consumer price index	4,200
Additional Budget Service and Surgery Demand	3,838
Rural Workforce Initiatives - Rural Doctors Settlement Package	2,850
Workers Compensation - Treasury Managed Fund Agency Performance Adjustment	1,970
Funding for Small Rural and Remote Hospitals	1,833
Salary Packaging for NSW Health Employees Health Services Union Award	1,237
John Flynn Prevocational Doctor Support Program	1,125
Health Fund for Energy Efficiency Projects	1,092
Paid Parental Leave Support	1,001
0.5% Health Services Union Award Increase	577
COVID-19 Antiviral Stockpile	525
Rural Doctors Association Obstetric and Anaesthetic Incentives	498
Special Inquiry into the Drug ICE Funding	431
Blook Recharge for Price Adjustments	431
Aged Care Assessment Program	394
John Flynn Prevocational Doctor Program	375
Towards Zero Suicides Initiative	323
Nursing and Midwifery Strategy Reserve	285
Rural Generalist Medical and General Practitioner Procedural Training Program	275
Residential Aged Care Funding Assessment Services	229
Comprehensive Palliative Care in Aged Care	219
Transitional Aged Care Program	216
Tertiary Health Study Subsidy Program	208
Procurement Reform SmartChain	184
Rural Regional and Remote Clinical Trial Enabling Program	181
Transitional Aged Care Program	178
Rural Regional and Remote Clinical Trial Enabling Program	164
Workplace Culture and Safety	144
Rural Generalist Medical and General Practitioner Procedural Training Program	141
Procurement Reform DeliverEASE	100
Dental General Waitlist Reduction Funding	100
Other (less than \$100,000 each)	820
National Health Reform Agreement Revised Commonwealth Contribution	(952)
Single Room Rate Revenue Budget Adjustment	(1,811)
National Health Reform Agreement Revised Commonwealth Contribution	(5,051)
Balance as per Statement of Comprehensive Income	329,783

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

35. 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 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Net cash used on operating activities	82,679	63,012	82,679	63,012
Depreciation and amortisation expense	(29,429)	(28,575)	(29,429)	(28,575)
Allowance for impairment	(477)	(1,083)	(477)	(1,083)
(Increase) / decrease in other liabilities	273	(232)	273	(232)
(Increase) / decrease in provisions	(2,572)	(4,239)	(2,572)	(4,239)
Increase / (decrease) in inventory	(62)	(245)	(62)	(245)
Increase / (decrease) in prepayments and other assets	(8,994)	3,939	(8,994)	3,939
(Increase) / decrease in payables	3,253	(7,611)	3,253	(7,611)
(Increase) / decrease in contract liabilities	(1,544)	125	(1,544)	125
Net gain / (loss) on sale of property, plant and equipment	(300)	(61)	(300)	(61)
Net gain / (loss) on disposal of right-of-use assets	31	424	31	424
Assets donated or brought to account (Note 36)	399	15	399	15
Other	-	(1)	-	(1)
Net result	43,257	25,468	43,257	25,468

36. Non-cash financing and investing activities

	Consolidated 2025 \$000	Consolidated 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Assets donated or brought to account	399	15	399	15
Property, plant and equipment acquired by a lease	663	1,822	663	1,822
	1,062	1,837	1,062	1,837

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

37. Trust funds

PARENT AND CONSOLIDATION

The District holds trust funds of \$88 thousand (2024: \$568 thousand) 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.

2025	Cash balance at the beginning of the financial year	Add: receipts	Less: expenditure	Cash balance at the end of the financial year
Category	\$000	\$000	\$000	\$000
Patient Trust	496	-	(489)	7
Refundable Deposits	1	-	-	1
Third Party Funds	74	7	-	81
Other	(3)	2	-	(1)
Total trust funds	568	9	(489)	88

2024	Cash balance at the beginning of the financial year	Add: receipts	Less: expenditure	Cash balance at the end of the financial year
Category	\$000	\$000	\$000	\$000
Patient Trust	468	28	-	496
Refundable Deposits	2	-	(1)	1
Third Party Funds	71	3	-	74
Other	62	-	(65)	(3)
Total trust funds	603	31	(66)	568

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2025 \$000	Carrying Amount 2024 \$000
Financial assets			
Cash and cash equivalents (Note 20)	Amortised cost	4,525	4,855
Receivables (Note 21) ¹	Amortised cost	6,004	14,102
Total financial assets		10,529	18,957
Financial liabilities			
Borrowings (Note 29)	Financial liabilities measured at amortised cost	1,270	2,146
Payables (Note 27) ²	Financial liabilities measured at amortised cost	34,987	38,218
Total financial liabilities		36,257	40,364

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. Financial instruments (continued)

(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.

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

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.

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

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

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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. Financial instruments(continued)

(d) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2025 and 30 June 2024 was determined as follows:

PARENT AND CONSOLIDATION

30 June 2025	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	1.38%	6.56%	12.27%	14.63%	8.87%	3.93%
Estimated total gross carrying amount ¹	3,981	205	366	55	1,215	5,822
Expected credit loss	55	13	45	8	108	229

30 June 2024	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.31%	1.77%	6.12%	7.81%	8.04%	1.80%
Estimated total gross carrying amount ¹	4,484	339	294	128	746	5,991
Expected credit loss	14	6	18	10	60	108

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 21.

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2025 and 30 June 2024.

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. Financial instruments(continued)

(d) Financial risk(continued)

ii. Liquidity risk

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

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that has a correctly rendered invoice, a matched purchase order and where goods have been received, a 30 day payment term is applied.

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure				Maturity Dates		
	EIR ³	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2025								
Payables:								
- Creditors ²		34,987	-	-	34,987	34,987	-	-
Borrowings:								
- Lease liabilities	5.19	1,331	1,331	-	-	774	557	-
		36,318	1,331	-	34,987	35,761	557	-
2024								
Payables:								
- Creditors ²		38,218	-	-	38,218	38,218	-	-
Borrowings:								
- Lease liabilities	5.02	2,237	2,237	-	-	1,072	1,165	-
		40,455	2,237	-	38,218	39,290	1,165	-

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).

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. 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 2024. 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.

The District does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

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

PARENT AND CONSOLIDATION

	2025		2024	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(45)	45	(49)	49
Equity	(45)	45	(49)	49

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. 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:

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.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

38. 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.

There were no transfers between level 1, 2 or 3 during the year ended 30 June 2025.

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.

The fair values of derivatives are determined using standard valuation technique based on the applicable market observable rates including spot rate and forward points.

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

39. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2025 \$000	2024 \$000
Short-term employee benefits	214	705
Post-employment benefits	22	37
	236	742

During the financial year, Southern NSW Local Health District obtained key management personnel services from the immediate parent and incurred \$0.40 million (2024: \$0.39 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 (2024: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2024: \$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 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 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

Southern NSW Local Health District

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

39. 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

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 NSW Pathology and Ambulance NSW
- Hosted information technology services to Murrumbidgee Local Health District

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

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

Assets and liabilities as follows:

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

40. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Southern NSW Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Southern NSW Local Health District (the District), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the District's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Chief Executive's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 September 2025
SYDNEY