



Annual Financial Statements

of

eHealth NSW

for the year ended, 30 June 2023

eHealth NSW

Annual Financial Statements for the period ended, 30 June 2023

Table of Contents		Page
Statement by the Accountable Authority		02
Statements of Comprehensive Income		03
Statement of Financial Position		04
Statement of Changes in Equity		05
Statements of Cash Flow		06
Notes to and forming part of the Financial Statements		07 - 62
Note 01	Statement of Significant Accounting Policies	07 – 10
	a) Reporting Entity	
	b) Basis of Preparation	
	c) Statement of Compliance	
	d) Accounting for the Goods & Services Tax (GST)	
	e) Foreign Currency Translation	
	f) Comparative Information	
	g) Changes in estimates	
	h) Changes in Accounting Policy, including new or revised Australian Accounting Standards	
	i) Impact of Covid-19 on Financial Reporting for 2022-23	
Note 02	Employee Related Expenses	11
Note 03	Personnel Services	11
Note 04	Other Expenses	12 – 13
Note 05	Depreciation & Amortisation	14
Note 06	Grants & Subsidies	14
Note 07	Finance Costs	15
Note 08	Revenue	16
Note 09	Summary of compliance	16 - 17
Note 10	NSW Ministry of Health Allocations	17
Note 11	Sale of Goods & Services from Contracts with Customers	17
Note 12	Grants & Other Contributions	18
Note 13	Acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits	19
Note 14	Other Income	19
Note 15	Gains /(Losses) on Disposals	20
Note 16	Other Gains / (Losses)	20
Note 17	Conditions & Restrictions on Income of Not-for-Profit entities	20
Note 18	Prior period error	21 - 22
Note 19	Cash & Cash Equivalents	23
Note 20	Receivables	24 – 25
Note 21	Financial assets at fair value	26
Note 22	Property, Plant & Equipment	27 - 31
Note 23	Leases	32 – 35
Note 24	Intangible Assets	36 – 37
Note 25	Restricted Assets	38
Note 26	Payables	39
Note 27	Contract Liabilities	40
Note 28	Borrowings	41 - 42
Note 29	Provisions	43 – 45
Note 30	Other liabilities	46
Note 31	Commitments	47
Note 32	Contingent Liabilities & Contingent Assets	47
Note 33	Adjusted Budget Review	48 – 49
Note 34	Reconciliation of Cash Flows from Operating Activities to Net Result	50
Note 35	Non-Cash Financing & Investing Activities	50
Note 36	Financial Instruments	51 - 57
Note 37	Related Party Disclosures	58 - 61
Note 38	Events after the Reporting Period	62



eHealth NSW
Statement by the Accountable Authority
for the year ended, 30 June 2023

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

- 1) The financial statements of eHealth NSW for the period ended 30 Jun 2023 have been prepared in accordance with:
 - a) Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b) applicable requirements of the GSF Act, the Government Sector Finance Regulation 2018; and
 - c) Treasurer's Directions issued under the GSF Act.

- 2) The financial statements present fairly eHealth NSW's financial position as at 30 June 2023 and the financial performance and cash flows for the year then ended; and

- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

.....
 Warren Clarke
Director of Finance
 13th July 2023

.....
 Zoran Bolevich
Chief Executive
 13th July 2023

eHealth NSW**Statement of Comprehensive Income for the year ended 30 June 2023**

		Consolidated Actual 2023 \$000	Consolidated Budget ¹ 2023 \$000	Consolidated Actual Restated 2022 \$000	Parent Actual 2023 \$000	Parent Actual Restated 2022 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	218,515	228,694	184,328	-	-
Personnel services	3	-	-	-	210,714	181,087
Operating expenses	4	490,718	450,082	426,975	490,718	426,975
Depreciation and amortisation	5	103,809	103,756	98,840	103,809	98,840
Grants and subsidies	6	5,713	5,439	444	5,713	444
Finance costs	7	520	518	1,375	520	1,375
Total expenses excluding losses		819,275	788,489	711,962	811,474	708,721
Revenue						
Ministry of Health recurrent allocations	10	321,616	161,754	155,770	321,616	155,770
Ministry of Health capital allocations	10	104,543	120,494	112,333	104,543	112,333
Acceptance by the Crown ² of employee benefits	13	7,801	7,642	3,241	-	-
Sale of goods and services from contracts with customers	11	548,358	529,131	432,463	548,358	432,463
Grants and other contributions	12	42,257	44,469	2,763	42,257	2,763
Other income	14	2,406	-	112	2,406	112
Total revenue		1,026,981	863,490	706,682	1,019,180	703,441
Operating result		207,706	75,001	(5,280)	207,706	(5,280)
Gains / (losses) on disposal	15	(2,386)	-	5,599	(2,386)	5,599
Impairment losses on financial assets	20	(41)	-	(47)	(41)	(47)
Other gains / (losses)	16	(60)	-	(1,412)	(60)	(1,412)
TOTAL COMPREHENSIVE INCOME		205,219	75,001	(1,140)	205,219	(1,140)

¹ Unaudited adjusted budget, see Note 33.

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

See Note 18 for details regarding restated prior year balances for eHNSW.

The accompanying notes form part of these financial statements.

eHealth NSW

Statement of Financial Position as at 30 June 2023

		Consolidated Actual 2023 \$000	Consolidated Budget ¹ 2023 \$000	Consolidated Actual Restated 2022 \$000	Consolidated Actual Restated 1 July 2021 \$000	Parent Actual 2023 \$000	Parent Actual Restated 2022 \$000	Parent Actual Restated 1 July 2021 \$000
ASSETS								
Current assets								
Cash and cash equivalents	19	91,508	88,713	65,006	45,889	91,508	65,006	45,889
Receivables	20	214,913	65,765	65,765	75,199	214,913	65,765	75,199
Financial assets at fair value	21	-	452	452	-	-	452	-
Total current assets		306,421	154,930	131,223	121,088	306,421	131,223	121,088
Non-current assets								
Receivables	20	6,134	10,082	10,082	5,116	6,134	10,082	5,116
Property, plant & equipment	22							
- Land and buildings		3,353	6,416	3,316	1,251	3,353	3,316	1,251
- Plant and equipment		4,617	5,454	3,627	6,606	4,617	3,627	6,606
Total property, plant & equipment		7,970	11,870	6,943	7,857	7,970	6,943	7,857
Right-of-use assets	23	31,922	32,488	39,128	67,273	31,922	39,128	67,273
Intangible assets	24	665,924	682,200	638,562	631,425	665,924	638,562	631,425
Total non-current assets		711,950	736,640	694,715	711,671	711,950	694,715	711,671
Total assets		1,018,371	891,570	825,938	832,759	1,018,371	825,938	832,759
LIABILITIES								
Current liabilities								
Payables	26	39,568	40,337	40,869	37,359	39,568	40,869	37,359
Contract liabilities	27	-	-	-	333	-	-	333
Borrowings	28	6,179	30	5,875	12,150	6,179	5,875	12,150
Provisions	29	44,728	40,060	42,719	31,125	44,728	42,719	31,125
Other current liabilities	30	6,568	11,150	11,150	-	6,568	11,150	-
Total current liabilities		97,043	91,577	100,613	80,967	97,043	100,613	80,967
Non-current liabilities								
Borrowings	28	26,112	32,263	32,665	60,408	26,112	32,665	60,408
Provisions	29	2,819	3,931	3,862	3,066	2,819	3,862	3,066
Other non-current liabilities	30	-	1,620	1,620	-	-	1,620	-
Total non-current liabilities		28,931	37,814	38,147	63,474	28,931	38,147	63,474
Total liabilities		125,974	129,391	138,760	144,441	125,974	138,760	144,441
Net assets		892,397	762,179	687,178	688,318	892,397	687,178	688,318
EQUITY								
Accumulated funds		892,397	762,179	687,178	688,318	892,397	687,178	688,318
Total Equity		892,397	762,179	687,178	688,318	892,397	687,178	688,318

¹ Unaudited adjusted budget, see Note 33.

See Note 18 for details regarding restated prior year balances for eHNSW.

The accompanying notes form part of these financial statements.

eHealth NSW**Statement of Changes in Equity for the year ended 30 June 2023****PARENT AND CONSOLIDATION**

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2022		687,202	-	687,202
Correction of error - long service leave calculations	18	(24)	-	(24)
Restated balance at 1 July 2022		687,178	-	687,178
Net result for the year		205,219	-	205,219
Total comprehensive income for the year		205,219	-	205,219
Balance at 30 June 2023		892,397	-	892,397

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2021		688,342	-	688,342
Correction of error - long service leave calculations	18	(24)	-	(24)
Restated balance at 1 July 2021		688,318	-	688,318
Restated net result for the year		(1,140)	-	(1,140)
Restated total comprehensive income for the year		(1,140)	-	(1,140)
Restated balance at 30 June 2022		687,178	-	687,178

The accompanying notes form part of these financial statements.

eHealth NSW

Statement of Cash Flows for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 \$000	Consolidated Budget ¹ 2023 \$000	Consolidated Actual 2022 \$000	Parent Actual 2023 \$000	Parent Actual 2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(217,139)	(234,192)	(179,511)	-	-
Suppliers for goods and services		(601,743)	(495,871)	(458,754)	(601,743)	(458,754)
Grants and subsidies		(275)	-	(444)	(275)	(444)
Finance costs		(520)	(520)	(1,375)	(520)	(1,375)
Personnel services		-	-	-	(217,139)	(179,511)
Total payments		(819,677)	(730,583)	(640,084)	(819,677)	(640,084)
Receipts						
Ministry of Health recurrent allocations		321,616	161,754	155,770	321,616	155,770
Ministry of Health capital allocations		104,543	120,494	112,333	104,543	112,333
Reimbursements from the Crown ²		1,508	1,508	1,835	1,508	1,835
Sale of goods and services		464,567	529,701	439,650	464,567	439,650
Grants and other contributions		36,398	44,483	19,090	36,398	19,090
Other		55,927	53,715	35,798	55,927	35,798
Total receipts		984,559	911,655	764,476	984,559	764,476
NET CASH FLOWS FROM OPERATING ACTIVITIES	34	164,882	181,072	124,392	164,882	124,392
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment and intangibles		(132,960)	(151,373)	(93,215)	(132,960)	(93,215)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(132,960)	(151,373)	(93,215)	(132,960)	(93,215)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(5,994)	(5,992)	(12,060)	(5,994)	(12,060)
Proceeds / (payment) of derivatives		574	-	-	574	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(5,420)	(5,992)	(12,060)	(5,420)	(12,060)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
		26,502	23,707	19,117	26,502	19,117
Opening cash and cash equivalents	19	65,006	65,006	45,889	65,006	45,889
CLOSING CASH AND CASH EQUIVALENTS	19	91,508	88,713	65,006	91,508	65,006

¹ Unaudited adjusted budget, see Note 33.

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

The accompanying notes form part of these financial statements.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

a) Reporting entity

eHNSW is a NSW Government entity and is controlled by the Ministry of Health, which is the senior 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.

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

- * The parent entity comprises all the operating activities of the eHealth NSW, as a reporting entity it is responsible for providing information strategy, forward planning, delivery of high quality information and communication technology and overall support to NSW Health.
- * eHealth NSW Special Purpose Service Entity which provides personnel services to eHNSW to exercise its functions and was established under the provisions of the Health Services Act 1997 with effect from 1 July 2014.

The consolidated entity includes eHNSW as a parent entity and eHNSW 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.

eHNSW is a division of the Health Administration Corporation which is a NSW government entity, controlled by the Ministry of Health. For the purposes of AASB 124 Related Party Disclosures, the Health Administration Corporation is referred to as the immediate parent in these financial statements, the Ministry of Health is referred to as the senior parent and the State of New South Wales, the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2023 have been authorised for issue by the Director of Finance on 13th July 2023.

b) Basis of preparation

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

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

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

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

eHealth NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

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

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

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

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

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

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

c) Statement of Compliance

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

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

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

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

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

e) Foreign currency translation

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

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

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

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

f) Comparative Information

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

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

g) Changes in estimates

(i) Componentisation

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

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

The net effect of the change in useful lives on actual and expected depreciation expense (increase / (decrease)), included in the Statement of Comprehensive Income is as follows:

PARENT AND CONSOLIDATED

	2023 Actual \$'000	Future years Expected \$'000
Expenses		
Depreciation and amortisation	-	-

eHealth NSW**Notes to and forming part of the Financial Statements**for the year ended 30 June 2023

1. Statement of Significant Accounting Policies**h) Changes in accounting policy, including new or revised Australian Accounting Standards****(i) Effective for the first time in 2022-23**

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

(ii) Issued but not yet effective

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

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

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

* Note 10 Ministry of Health allocations

* Note 33 Adjusted budget review

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**2. Employee related expenses**

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Salaries and wages (including annual leave and allocated days off)	186,204	162,052	-	-
Superannuation - defined benefit plans	281	309	-	-
Superannuation - defined contribution plans	22,437	17,986	-	-
Long service leave	8,290	3,060	-	-
Redundancies	333	379	-	-
Workers' compensation insurance	970	542	-	-
	218,515	184,328	-	-

¹ 'Long service leave' costs has been restated to be lower by \$0.00 million in the prior year for the consolidated entity. Refer to Note 18 for further details regarding restatement as a result of an error.

Refer to Note 29 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$31.12 million (2022: \$19.67 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

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

3. Personnel services

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	186,204	162,052
Superannuation - defined contribution plans	-	-	22,437	17,986
Long service leave	-	-	770	128
Redundancies	-	-	333	379
Workers' compensation insurance	-	-	970	542
	-	-	210,714	181,087

¹ 'Long service leave' costs has been restated to be lower by \$0.00 million in the prior year for the parent entity. Refer to Note 18 for further details regarding restatement as a result of an error.

Personnel services of eHealth NSW were provided by its controlled entity, eHealth NSW Special Purpose Service Entity.

Personnel services of \$31.12 million (2022: \$19.67 million) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**4. Operating expenses**

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Advertising	120	138	120	138
Auditor's remuneration - audit of financial statements	111	108	111	108
Consultancies	387	-	387	-
Contractors	139,123	155,254	139,123	155,254
Domestic supplies and services	310	292	310	292
Food supplies	36	21	36	21
Fuel, light and power	1,371	1,207	1,371	1,207
Information management expenses	288,475	206,119	288,475	206,119
Insurance	61	50	61	50
Maintenance (see Note 4 (b))	16,426	13,200	16,426	13,200
Medical and surgical supplies	25	-	25	-
Motor vehicle expenses	66	65	66	65
Occupancy agreement expenses - Property NSW	6,063	-	6,063	-
Postal and telephone costs	6,731	5,209	6,731	5,209
Printing and stationery	54	24	54	24
Staff related costs	5,358	4,229	5,358	4,229
Travel related costs	431	322	431	322
Other (see Note 4 (a))	25,570	40,737	25,570	40,737
	490,718	426,975	490,718	426,975

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
(a) Other				
Corporate support services ¹	6,178	9,566	6,178	9,566
Courier and freight	36	9	36	9
Legal services	1,024	192	1,024	192
Membership/professional fees	1,331	1,786	1,331	1,786
Quality assurance / accreditation	-	50	-	50
Security services	10	-	10	-
Expenses relating to short-term leases	1,338	1,131	1,338	1,131
Expenses relating to leases of low-value assets	6	-	6	-
G&S Other	1,229	3	1,229	3
Intra Health Other Expenses	777	468	777	468
G&S Capital Expenses MOH & Locally Funded	12,049	24,501	12,049	24,501
Op Lease Other	719	2,715	719	2,715
Other miscellaneous	873	316	873	316
	25,570	40,737	25,570	40,737

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**(b) Reconciliation of total maintenance expense**

Maintenance contracts	6,587	7,263	6,587	7,263
New / replacement equipment under \$10,000	9,973	5,388	9,973	5,388
Repairs maintenance / non contract	(134)	549	(134)	549
Maintenance expense - contracted labour and Employee related/personnel services maintenance expense included in Notes 2 and 3*.	16,426	13,200	16,426	13,200
	-	-	-	-
	16,426	13,200	16,426	13,200

Recognition and Measurement**Maintenance expense**

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

Insurance

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

Lease expense

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

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**5. Depreciation and amortisation**

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Depreciation - buildings	420	558	420	558
Depreciation - plant and equipment	2,364	3,870	2,364	3,870
Depreciation - right-of-use buildings	6,114	11,740	6,114	11,740
Depreciation - right-of-use plant and equipment	323	328	323	328
Amortisation - intangible assets	94,588	82,344	94,588	82,344
	103,809	98,840	103,809	98,840

Refer to Note 22 Property, plant and equipment, Note 23 Leases, and Note 24 Intangible assets for recognition and measurement policies on depreciation and amortisation.

6. Grants and subsidies

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Grants to entities controlled by the senior parent*	5,713	444	5,713	444
Other grants*	-	-	-	-
	5,713	444	5,713	444

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.

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**7. Finance costs**

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Interest expense from lease liabilities	520	1,375	520	1,375
	520	1,375	520	1,375

Recognition and Measurement

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

8. Revenue

Recognition and Measurement

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

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

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

9. Summary of compliance

The Appropriation Act 2022 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of [\$18.7 billion or \$18,729.86 million] to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2022-23. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including eHNSW.

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

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

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

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

The delegation / sub-delegations for 2023 and 2022, authorising officers of the eHNSW to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the eHNSW. 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.

eHealth NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

The State Budget and related Appropriation Bill for year commencing 1 July 2023 has been delayed and is anticipated to be tabled in September 2023. Pursuant to section 4.10 of the GSF Act, the Treasurer has authorised the payment of specified sums out of the Consolidated Fund to meet the requirements of this period. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2022-23 annual Appropriation Act.

10. Ministry of Health allocations

Payments are made by the senior parent as per the Statement of Service to eHNSW and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Statement of Service between the senior parent and eHNSW 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.

eHNSW recognised additional Ministry of Health recurrent allocations of \$6.37 million (2022: \$25.56 million) and Ministry of Health capital allocations of \$13.76 million (2022: \$23.42 million) to cover costs incurred for the testing, diagnosis, treatment and vaccination of COVID-19 patients.

11. Sale of goods and services from contracts with customers

(a) Rendering of services comprise the following:

Staff				
Salary packaging fee	14	57	14	57
Shared corporate service revenues	548,344	432,406	548,344	432,406
	548,358	432,463	548,358	432,463
	548,358	432,463	548,358	432,463

eHealth NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

12. Grants and other contributions

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Grants to acquire / construct a recognisable non-financial asset to be controlled by the entity				
Grants to acquire / construct non-financial asset	36,876	-	36,876	-
Other grants with sufficiently specific performance obligations				
Commonwealth government grants other	-	2,000	-	2,000
Grants from entities controlled by the ultimate parent	-	333	-	333
Other grants from entities controlled by the senior parent	-	25	-	25
Grants without specific performance obligations				
Grants from entities controlled by the ultimate parent	120	-	120	-
Other grants from entities controlled by the senior parent*	5,261	405	5,261	405
	42,257	2,763	42,257	2,763

Recognition and Measurement

Grants and other contributions

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

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

Refer to Note 27 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 eHNSW obtains control over the granted assets (e.g. cash).

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**13. Acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits**

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

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Superannuation - defined benefit plans	281	309	-	-
Long service leave provision	7,520	2,932	-	-
	7,801	3,241	-	-

¹ 'Long service leave provision' revenue has been restated to be lower by \$0.00 million in the prior year for the consolidated and parent entity. Refer to Note 18 for further details regarding restatement as a result of an error.

14. Other income

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Bad debts recovered	42	-	42	-
Other	2,364	112	2,364	112
	2,406	112	2,406	112

Recognition and Measurement**Other income**

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

Forgiveness of liabilities

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

eHealth NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

15. Gains / (losses) on disposal

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	462	245	462	245
Net gains / (losses) on disposal	(462)	(245)	(462)	(245)
Right-of-use assets				
Written down value of assets disposed	-	47,593	-	47,593
Less: lease liabilities extinguished	-	53,437	-	53,437
Net gains / (losses) on disposal*	-	5,844	-	5,844
Intangible assets				
Written down value of assets disposed	1,924	-	1,924	-
Net gains / (losses) on disposal	(1,924)	-	(1,924)	-
Total gains / (losses) on disposal	(2,386)	5,599	(2,386)	5,599

* As at 30 June 2022, \$5.84 million of the net gains / (losses) on disposal is a result of the derecognition of the right-of-use asset of \$47.59 million and the lease liability of \$53.44 million with Property NSW, an entity of the ultimate parent. Please refer to Note 23 for further details on the derecognition.

16. Other gains / (losses)

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Financial instruments at fair value revaluation increment / (decrement)	122	452	122	452
Foreign exchange gains / (losses)	(182)	(8)	(182)	(8)
Other	-	(1,856)	-	(1,856)
	(60)	(1,412)	(60)	(1,412)

Recognition and Measurement

Impairment losses on non-financial assets

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

- Note 20 Receivables
- Note 22 Property, plant and equipment
- Note 23 Leases
- Note 24 Intangible assets

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

eHNSW receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. eHNSW 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 25 Restricted assets.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

18. Prior period error

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

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

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

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

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

		Consolidated Actual 2022 \$000	Consolidated Adjustment 2022 \$000	Consolidated Restated 2022 \$000	Parent Actual 2022 \$000	Parent Adjustment 2022 \$000	Parent Restated 2022 \$000
	Notes						
Continuing operations							
Expenses excluding losses							
Employee related expenses	2	184,332	(4)	184,328	-	-	-
Personnel services	3	-	-	-	181,087	-	181,087
Total expenses excluding		711,966	(4)	711,962	708,721	-	708,721
Revenue							
Acceptance by the Crown of employee benefits	13	3,245	(4)	3,241	-	-	-
Total revenue		706,686	(4)	706,682	703,441	-	703,441
Operating result		(5,280)	-	(5,280)	(5,280)	-	(5,280)
Net result from continuing operations		-	-	-	-	-	-
Net result		(1,140)	-	(1,140)	(1,140)	-	(1,140)
Total other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		(1,140)	-	(1,140)	(1,140)	-	(1,140)

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

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**18. Prior period error (continued)****Statement of Financial Position as at 1 July 2021 (extract)**

	Notes	Consolidated Actual 1 July 2021 \$000	Consolidated Adjustment 1 July 2021 \$000	Consolidated Restated 1 July 2021 \$000	Parent Actual 1 July 2021 \$000	Parent Adjustment 1 July 2021 \$000	Parent Restated 1 July 2021 \$000
LIABILITIES							
Current liabilities							
Provisions	29	31,103	22	31,125	31,103	22	31,125
Total current liabilities		80,945	22	80,967	80,945	22	80,967
Non-current liabilities							
Provisions	29	3,064	2	3,066	3,064	2	3,066
Total non-current liabilities		63,472	2	63,474	63,472	2	63,474
Total liabilities		144,417	24	144,441	144,417	24	144,441
Net assets		688,342	(24)	688,318	688,342	(24)	688,318
EQUITY							
Accumulated funds		688,342	(24)	688,318	688,342	(24)	688,318
Total Equity		688,342	(24)	688,318	688,342	(24)	688,318

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

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

	Notes	Consolidated Actual 2022 \$000	Consolidated Adjustment 2022 \$000	Consolidated Restated 2022 \$000	Parent Actual 2022 \$000	Parent Adjustment 2022 \$000	Parent Restated 2022 \$000
LIABILITIES							
Current liabilities							
Provisions	29	42,697	22	42,719	42,697	22	42,719
Total current liabilities		100,591	22	100,613	100,591	22	100,613
Non-current liabilities							
Provisions	29	3,860	2	3,862	3,860	2	3,862
Total non-current liabilities		38,145	2	38,147	38,145	2	38,147
Total liabilities		138,736	24	138,760	138,736	24	138,760
Net assets		687,202	(24)	687,178	687,202	(24)	687,178
EQUITY							
Accumulated funds		687,202	(24)	687,178	687,202	(24)	687,178
Total Equity		687,202	(24)	687,178	687,202	(24)	687,178

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**19. Cash and cash equivalents**

	Consolidated	Consolidated	Parent	Parent
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash at bank and on hand	91,508	65,006	91,508	65,006
	91,508	65,006	91,508	65,006

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

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

Cash and cash equivalents (per Statement of Financial Position)	91,508	65,006	91,508	65,006
	91,508	65,006	91,508	65,006

Refer to Note 36 for details regarding credit risk and market risk arising from financial instruments.

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

HealthShare NSW, a controlled entity of the senior parent manages accounts payable and employee related payments on behalf of eHNSW for payments to suppliers and employees. HealthShare NSW makes payments after eHNSW has reviewed and approved the invoices and employee rosters. eHNSW'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 eHNSW.

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

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**20. Receivables**

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Trade receivables from contracts with customers	868	534	868	534
Intra health receivables	91,040	7,381	91,040	7,381
Goods and Services Tax	17,764	8,750	17,764	8,750
Other receivables	293	169	293	169
Sub total	109,965	16,834	109,965	16,834
<i>Less: Allowance for expected credit losses*</i>				
- Other receivables	(3)	(45)	(3)	(45)
Sub total	109,962	16,789	109,962	16,789
Prepayments	104,951	48,976	104,951	48,976
	214,913	65,765	214,913	65,765

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

Other receivables				
Balance at the beginning of the year	(45)	(3)	(45)	(3)
Amounts written off during the year	83	6	83	6
(Increase) / decrease in allowance recognised in the net result	(41)	(47)	(41)	(47)
Balance at the end of the year	(3)	(45)	(3)	(45)
	(3)	(45)	(3)	(45)

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Non-current				
Prepayments	6,134	10,082	6,134	10,082
	6,134	10,082	6,134	10,082

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

Current and non-current include:

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Contract receivables (included in Note 20)	91,908	7,915	91,908	7,915
Total contract receivables	91,908	7,915	91,908	7,915

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

Recognition and Measurement

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

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

Subsequent measurement

eHNSW 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

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

21. Financial assets at fair value

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Derivatives	-	452	-	452
	-	452	-	452
Non-current				
Derivatives	-	-	-	-
	-	-	-	-

Refer to Note 36 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

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

Classification and measurement

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

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

Financial assets at fair value through profit or loss

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

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

eHNSW has elected not to apply hedge accounting to the economic hedges.

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

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**22. Property, plant and equipment****(a) Total property, plant and equipment****PARENT AND CONSOLIDATION**

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2021 - fair value				
Gross carrying amount	3,921	39,732	-	43,653
Less: accumulated depreciation and impairment	2,670	33,126	-	35,796
Net carrying amount	1,251	6,606	-	7,857

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2022				
Net carrying amount at beginning of year	1,251	6,606	-	7,857
Additions	2,810	924	-	3,734
Disposals	(212)	(33)	-	(245)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	25	-	25
Depreciation expense	(558)	(3,870)	-	(4,428)
Reclassifications	25	(25)	-	-
Net carrying amount at end of year	3,316	3,627	-	6,943

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.

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 1 July 2022 - fair value				
Gross carrying amount	6,366	40,665	-	47,031
Less: accumulated depreciation and impairment	3,050	37,038	-	40,088
Net carrying amount	3,316	3,627	-	6,943

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
Year ended 30 June 2023				
Net carrying amount at beginning of year	3,316	3,627	-	6,943
Additions	7	9,126	-	9,133
Reclassification to intangibles	-	(47)	-	(47)
Reclassification to right-of-use assets	626	-	-	626
Disposals	-	(462)	-	(462)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(5,439)	-	(5,439)
Depreciation expense	(420)	(2,364)	-	(2,784)
Reclassifications	(176)	176	-	-
Net carrying amount at end of year	3,353	4,617	-	7,970

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Infrastructure Systems \$000	Total \$000
At 30 June 2023 - fair value				
Gross carrying amount	7,151	36,026	-	43,177
Less: accumulated depreciation and impairment	3,798	31,409	-	35,207
Net carrying amount	3,353	4,617	-	7,970

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.

(b) Property, plant and equipment held and used by eHNSW**PARENT AND CONSOLIDATION**

eHNSW 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 eHNSW.

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

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

Health Infrastructure, a controlled entity of the senior 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 eHNSW and records all costs incurred as work in progress or expenses and subsequently transfers to eHNSW. The costs are then accordingly reflected in eHNSW's financial statements. eHNSW acquires most assets in this manner.

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

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

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

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

Capitalisation thresholds

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

Major inspection costs

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Restoration costs

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

Depreciation of property, plant and equipment

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

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

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

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

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

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

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

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

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

Right-of-use assets acquired by lessees

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

Further information on leases is contained in Note 23.

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.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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.

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

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

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

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

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

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

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

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

Impairment of property, plant and equipment

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

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

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**for the year ended 30 June 2023

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

Derecognition of property, plant and equipment

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

23. Leases

(a) Entity as a lessee

eHNSW leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of <1 to 10> years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. eHNSW 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 eHNSW and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

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

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

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

The corresponding right-of-use assets and lease liabilities have been derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition is recognised in 'Gains/(Losses) on disposal' (refer to Note 15). From 1 July 2022, the accommodation charges are recognised as 'occupancy agreement expenses - Property NSW (refer to Note 4) when incurred over the agreement duration.

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

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.

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**PARENT AND CONSOLIDATION**

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	38,352	775	39,127
Additions	113	44	157
Reassessments	(299)	-	(299)
Depreciation expense	(6,114)	(323)	(6,437)
Reclassifications	(626)	-	(626)
Balance at 30 June 2023	31,426	496	31,922

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2021	66,170	1,103	67,273
Additions	1,447	-	1,447
Reassessments	30,069	-	30,069
Disposals*	(47,593)	-	(47,593)
Depreciation expense	(11,740)	(328)	(12,068)
Balance at 30 June 2022	38,353	775	39,128

* 30 June 2022 disposals include the derecognition of the right-of-use assets of \$47.59 million with Property NSW.

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2023 \$'000	2022 \$'000
Balance at 1 July	38,540	72,558
Additions	44	1,410
Interest expenses	520	1,375
Payments	(6,514)	(13,435)
Terminations / derecognition*	-	(53,437)
Other adjustments	(299)	30,069
Balance at 30 June	32,291	38,540

* 30 June 2022 terminations / derecognition includes the derecognition of lease liabilities of \$53.44 million with Property NSW.

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

PARENT AND CONSOLIDATION

	2023 \$'000	2022 \$'000
Depreciation expense of right-of-use assets	6,437	12,068
Interest expense on lease liabilities	520	1,375
Expenses relating to short-term leases	1,338	1,131
Expenses relating to leases of low-value assets	6	-
(Gains) / losses on disposal*	-	(5,844)
Total amount recognised in the statement of comprehensive income	8,301	8,730

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

* 30 June 2022 (gains) / losses on disposal includes \$5.84 million of net gains on disposal as a result of the derecognition of leases with Property NSW.

eHNSW had total cash outflows for leases of \$7.86 million for the year ended 30 June 2023 (2022: \$14.57 million).

Recognition and Measurement

eHNSW 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.

eHNSW 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

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

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

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

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

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

ii. Lease liabilities

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

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. eHNSW 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, eHNSW is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

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

eHNSW's lease liabilities are included in borrowings in Note 28.

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

24. Intangible assets**PARENT AND CONSOLIDATION**

	Software \$000	Total \$000
At 1 July 2021		
Cost (gross carrying amount)	1,145,501	1,145,501
Less: accumulated amortisation and impairment	514,076	514,076
Net carrying amount	631,425	631,425

	Software \$000	Total \$000
Year ended 30 June 2022		
Net carrying amount at beginning of year	631,425	631,425
Additions - acquired separately	89,481	89,481
Amortisation (recognised in depreciation and amortisation)	(82,344)	(82,344)
Net carrying amount at end of year	638,562	638,562

	Software \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	1,234,547	1,234,547
Less: accumulated amortisation and impairment	595,985	595,985
Net carrying amount	638,562	638,562

	Software \$000	Total \$000
Year ended 30 June 2023		
Net carrying amount at beginning of year	638,562	638,562
Additions - acquired separately	123,827	123,827
Reclassifications <to or from> plant and equipment	47	47
Disposals	(1,924)	(1,924)
Amortisation (recognised in depreciation and amortisation)	(94,588)	(94,588)
Net carrying amount at end of year	665,924	665,924

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 30 June 2023		
Cost (gross carrying amount)	1,352,621	1,352,621
Less: accumulated amortisation and impairment	686,697	686,697
Net carrying amount	665,924	665,924

eHealth NSW**Notes to and forming part of the Financial Statements**for the year ended 30 June 2023

Recognition and Measurement

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

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

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

eHNSW's intangible assets are amortised using the straight-line method over a period of 5 to 15 years.

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

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

25. Restricted assets**PARENT AND CONSOLIDATION**

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

Category	1 July 2022	Revenue	Expense	30 June 2023
	Opening			Closing
	\$000	\$000	\$000	\$000
Facility improvements	64,156	50,459	23,107	91,508
	64,156	50,459	23,107	91,508

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

Category	Purpose
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**26. Payables**

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Accrued salaries, wages and on-costs	7,666	5,845	-	-
Salaries and wages deductions	19	16	-	-
Payroll and fringe benefits tax	(15)	(33)	-	-
Accrued liability - purchase of personnel services	-	-	7,670	5,828
Creditors ^{1*}	29,659	31,884	29,659	31,884
Other creditors				
- Payables to entities controlled by the senior parent	2,239	4,242	2,239	4,242
- Other ¹	-	(1,085)	-	(1,085)
	39,568	40,869	39,568	40,869

¹ Manual creditors has been reclassified from 'Other creditors - other' to 'Creditors' in the current year. The prior period 'Other creditors - other' has been restated lower by \$12.236 million and 'Creditors' has been restated higher by \$12.236 million to reflect this change.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 36.

Recognition and Measurement

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**
for the year ended 30 June 2023**27. Contract liabilities**

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Contract liabilities	-	-	-	-
	-	-	-	-
Non-current				
Contract liabilities	-	-	-	-
	-	-	-	-

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	333	-	333
Revenue recognised from performance obligations satisfied in previous periods	-	-	-	-
Transaction price allocated to the remaining performance obligations from contracts with customers	-	-	-	-

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

Specific revenue class	2024 \$'000	2025 \$'000	2026 \$'000	≥ 2027 \$'000
Sales of goods and services from contracts with customers	-	-	-	-
Grants and other contributions	-	-	-	-
	-	-	-	-

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

28. Borrowings

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Lease liabilities (see Note 23)	6,179	5,875	6,179	5,875
	6,179	5,875	6,179	5,875
Non-current				
Lease liabilities (see Note 23)	26,112	32,665	26,112	32,665
	26,112	32,665	26,112	32,665

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

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

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 36.

Recognition and Measurement

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

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless eHNSW has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 36 (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.

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

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.

Recognition and Measurement

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

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

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

Changes in liabilities arising from financing activities**PARENT AND CONSOLIDATION**

	Derivatives \$000	Service concession arrangements \$000	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2021	-	-	-	72,558	72,558
Cash flows	-	-	-	(12,060)	(12,060)
New leases	-	-	-	1,410	1,410
Lease terminations*	-	-	-	(53,437)	(53,437)
Lease reassessments	-	-	-	30,069	30,069
30 June 2022	-	-	-	38,540	38,540
1 July 2022	-	-	-	38,540	38,540
Cash flows	-	-	-	(5,994)	(5,994)
New leases	-	-	-	44	44
Lease reassessments	-	-	-	(299)	(299)
30 June 2023	-	-	-	32,291	32,291

* Lease terminations include the derecognition of lease liabilities of \$53.44 million with Property NSW as at the 30 June 2022. Please refer to Note 23 for further details on the derecognition.

eHealth NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

29. Provisions

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	16,793	12,235	-	-
Annual leave - obligations expected to be settled after 12 months	19,366	19,165	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	221	189	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	4,027	3,358	-	-
Provision for other employee benefits*	2,791	6,548	-	-
Provision for personnel services liability	-	-	43,198	41,495
	43,198	41,495	43,198	41,495
Other Provisions				
Restoration costs	899	-	899	-
Other	631	1,224	631	1,224
	1,530	1,224	1,530	1,224
Total current provisions	44,728	42,719	44,728	42,719
Non-current				
Employee benefits and related on-costs				
Provision for other employee benefits*	-	-	-	-
Provision for personnel services liability	-	-	420	351
	420	351	420	351
Other Provisions				
Restoration costs	2,399	2,880	2,399	2,880
Other	-	631	-	631
	2,399	3,511	2,399	3,511
Total non-current provisions	2,819	3,862	2,819	3,862
Aggregate employee benefits and related on-costs				
Provisions - current	43,198	41,495	-	-
Provisions - non-current	420	351	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 26)	7,685	5,861	-	-
Liability - purchase of personnel services	-	-	51,303	47,707
	51,303	47,707	51,303	47,707

¹ Long service leave consequential on-costs has been restated to be higher by \$0.02 million in the prior year for the consolidated entity. Provision for personnel services liability has been restated to be higher by \$0.02 million in the prior year for the parent entity. Refer to Note 18 for further details regarding restatement as a result of an error.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

* Provision for other employee benefits in 2022 included a one-off payment to employees of \$4.01 million for the recognition of service during the COVID-19 pandemic.

Movements in provisions (other than employee benefits)

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

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Restoration costs				
Carrying amount at beginning of period	2,880	2,835	2,880	2,835
- Additional provisions recognised	418	45	418	45
Carrying amount at end of period	3,298	2,880	3,298	2,880

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

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Other				
Carrying amount at beginning of period	1,855	-	1,855	-
- Additional provisions recognised*	-	1,855	-	1,855
- Amounts used	(1,224)	-	(1,224)	-
Carrying amount at end of period	631	1,855	631	1,855

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

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 18.70% are applied to the value of leave payable at 30 June 2023 (comparable on-costs for 30 June 2022 were 18.20%). eHNSW has assessed the actuarial advice based on the eHNSW's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where eHNSW does not expect to settle the liability within 12 months as eHNSW does not have an unconditional right to defer settlement.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

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

Long service leave and superannuation

eHNSW'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. eHNSW 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 eHNSW.

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

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

Consequential on-costs

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

Other provisions

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

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

30. Other liabilities

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	6,568	11,150	6,568	11,150
	6,568	11,150	6,568	11,150
Non-current				
Liabilities under transfer to acquire or construct non-financial assets to be controlled by the entity	-	1,620	-	1,620
	-	1,620	-	1,620

* This is the unearned portion of the revenue from exchange of assets and is progressively reduced over the period of the arrangement. Refer to Note 14 and Note 22 for further information on service concession arrangement.

Unearned revenue was derived from the following:

eHealth NSW received State grants from Digital Restart Fund during the period amounting to \$30.67M. The grants are for Digital Baby Book \$4.97M, EDigital Access to Care \$9.21M, Patient Reported Measures \$9.32M, and Virtual Consultations

PARENT AND CONSOLIDATION

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

	2023 \$'000	2022 \$000
Opening balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	12,770	-
<i>Add:</i> receipt of cash during the financial year	30,674	12,770
<i>Deduct:</i> income recognised during the financial year	36,876	-
Closing balance of liabilities arising from transfers to acquire / construct non-financial assets to be controlled by the entity	6,568	12,770

Refer to Note 12 for a description of eHNSW's obligations under transfers received to acquire or construct non-financial assets to be controlled by eHNSW.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

31. Commitments

(a) Capital commitments

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

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Within one year	43,936	41,166	43,936	41,166
Total (including GST)	43,936	41,166	43,936	41,166

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$43.94 million as at 30 June 2023 includes input tax credits of \$3.99 million that are expected to be recoverable from the Australian Taxation Office (2022: \$3.74 million).

32. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

(a) Contingent liabilities

01) Workers Compensation Claim.

A number of claims have been made against the Entity, including in respect of personal injuries, and in relation to contracts which the Entity are party to as part of the Entities day to day operations. The personal injury claims which have been made against the Entity have largely been assumed by the insurers of the Entity under the Entities insurance policies. Management do not believe that the outcome of these claims will have a material impact on the Entities financial

(b) Contingent assets

There are no Contingent Assets receivable as of 30th June 2023, which will have a material impact on the entities financial position.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

33. 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). eHNSW'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, eHNSW's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between eHNSW and the Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant budget entries in the financial statements are unaudited.

PARENT AND CONSOLIDATION

Net result

The year to date result against the full year budget was a surplus of \$ 130M primarily due to due to higher recurrent allocation funding received during the year (\$160M) partially offset by lower than budgeted Capital allocation (\$16M) due to delay in Capital projects and overall unfavourable net result (\$ 14M) mainly due to cost overrun in Service Delivery (\$19M).

Assets and liabilities

Net Assets showed an increase of \$130M as compared to budget mainly due to higher than budgeted receivables (\$145M), higher bank balances(\$3M) and lower liabilities (\$3M) partially offset by lower intangible and property, plant and equipment (\$21M).

Cash flows

Cash and Cash equivalents have increased by \$3M as compared to Budget mainly due to lower outflows in investing activities due to underspend on capital projects (\$18M), lower outflow in financing activities (\$1M) partially offset by lower cashflows from operating activities (\$16M) due to higher expenses related payments.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on **01/07/2022** are as follows:

	Actual \$000
Recurrent Allocation	30-Jun-23
Initial allocation, FY2022-23	71,532
Auto-Reconciliation and Financial Task Manager	397
2022-23 Budget and Funding for Relocation to 1 Reserve Road (1RR)	1,502
NEW LFI - Non Covid-19 Immunisation - AIR	2,795
FY2022/23 NSW Aged Care Assessment Program (ACAP)	306
Phase 2 of the HOPE Patient Reported Measures PRMs IT solution	190
Extension of Health Grade Enterprise Network HGEN	5,900
Funding the Continuation of Core Resources for the HGEN Program	1,100
WORKERS COMPENSATION: TMF Agency Performance Adjustment (APA)	-248

Budget Supplementation – Workplace Culture & Safety	28
FY23 RIS-PACS Program	22,640
2022-23 Procurement Reform Projects	12,995
Implementation of Oracle Enterprise Performance Management to cloud Jan-Jun 2022-23	3,658
Voluntary Assisted Dying ICT discovery project	249
JMO Work Hours Management System	242
Recovery and Resilience	1,427
WORKERS COMPENSATION: TMF Agency Performance Adjustment (APA)	-205
PharmaLytix enhancements	130
State Formulary Publishing Platform	1,507
Voluntary Redundancy Reimbursement	333
Transfer of ICT procurement residual Subsidy	269
COVID-19 related Economic Stimulus Projects	6,369
Vaccination Administrations Management (VAM) for COVID-19 and Monkeypox	683
Single Touch Payroll Phase 2	300
Workforce Wellbeing Initiative Funding	250
HGEN pilot cost	8,976
Contribution to NIS Reserve to HGEN	20,000
Phase 4 of Auto-Reconciliation Project	-1,571
Higher Recurrent allocation received during the year	159,862
Balance as per Statement of Comprehensive Income	321,616

	Actual \$000
Capital Allocation	30-Jun-23
Digital Patient Records	9,515
Whole of System Digital Platform	36,317
Single Digital Patient Record	26,861
Brighter Beginnings - Digital Baby Book	3,199
Health Grade Enterprise Network (HGEN)	9,099
ICT Minor Works	922
NICU & PICU Clinical Information System (CIS)	0
Real Time Prescription Monitoring (COVID-19)	13,756
Fast track electronic prescribing	0
HIF2 - Rural and regional clinical data sharing	2,038
Clinical Device and Notification Platform - EH	2,408
Virtual Care Strategy - NSW Telestroke/TeleECG Service	31
Statewide Telestroke Service	397
Balance as per Statement of Comprehensive Income	104,543

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

34. Reconciliation of cash flows from operating activities to net result

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

	Consolidated 2023 \$000	Consolidated ^{1,2} 2022 \$000	Parent 2023 \$000	Parent ^{1,2} 2022 \$000
Net cash used on operating activities	164,882	124,392	164,882	124,392
Depreciation and amortisation expense	(103,809)	(98,840)	(103,809)	(98,840)
Allowance for impairment	(41)	(47)	(41)	(47)
(Increase) / decrease in other liabilities	6,202	(12,770)	6,202	(12,770)
Decrease / (increase) in provisions	(966)	(12,390)	(966)	(12,390)
Increase / (decrease) in prepayments and other assets	145,201	(8,969)	145,201	(8,969)
Decrease / (increase) in payables	1,340	1,037	1,340	1,037
Decrease / (increase) in contract liabilities	-	333	-	333
Increase / (decrease) in financial instruments at fair value	122	452	122	452
Net gain / (loss) on sale of property, plant and equipment	(2,386)	(245)	(2,386)	(245)
Net gain / (loss) on disposal of right-of-use assets	-	5,844	-	5,844
Assets donated or brought to account (Note 35)	(5,439)	25	(5,439)	25
Other	113	38	113	38
Net result	205,219	(1,140)	205,219	(1,140)

35. Non-cash financing and investing activities

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Assets donated or brought to account	(5,439)	25	(5,439)	25
Property, plant and equipment acquired by a lease	156	1,447	156	1,447
	(5,283)	1,472	(5,283)	1,472

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

36. Financial instruments

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

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

The Director of Finance 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 eHNSW, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying	Carrying
		Amount 2023 \$000	Amount 2022 \$000
Financial assets			
Cash and cash equivalents (Note 19)	Amortised cost	91,508	65,006
Receivables (Note 20) ¹	Amortised cost	92,198	8,039
Financial assets at fair value (Note 21)	Fair value through profit or loss - mandatory classification	-	452
Total financial assets		183,706	73,497
Financial liabilities			
Borrowings (Note 28)	Financial liabilities measured at amortised cost	32,291	38,540
Payables (Note 26) ²	Financial liabilities measured at amortised cost	39,583	40,902
Total financial liabilities		71,874	79,442

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).

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

(b) Derecognition of financial assets and financial liabilities

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

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

When eHNSW 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 eHNSW has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of eHNSW's continuing involvement in the asset. In that case, eHNSW also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that eHNSW 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 eHNSW 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 eHNSW. 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 eHNSW, including cash, receivables and authority deposits. No collateral is held by eHNSW. eHNSW has not granted any financial guarantees.

Credit risk associated with eHNSW'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.

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

Cash and cash equivalents

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

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

eHNSW 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. eHNSW has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

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

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

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	2.70%	0.26%
Estimated total gross carrying amount ¹	1,041	3	2	4	111	1,161
Expected credit loss	-	-	-	-	3	3
30 June 2022	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	86.54%	6.40%
Estimated total gross carrying amount ¹	538	2	26	85	52	703
Expected credit loss	-	-	-	-	45	45

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 20 and the contract assets total in Note .

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

ii. Liquidity risk

Liquidity risk is the risk that eHNSW will be unable to meet its payment obligations when they fall due. eHNSW 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.

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

eHealth NSW**Notes to and forming part of the Financial Statements**for the year ended 30 June 2023

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

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

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

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

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

36. Financial instruments (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Nominal Amount ¹ \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2023								
Payables:								
- Creditors ²		39,583	-	-	39,583	39,583	-	-
Borrowings:								
- Lease liabilities	1.75%	33,709	33,709	-	-	6,685	26,929	95
		73,292	33,709	-	39,583	46,268	26,929	95
2022								
Payables:								
- Creditors ²		40,902	-	-	40,902	40,902	-	-
Borrowings:								
- Lease liabilities	1.74%	40,672	40,672	-	-	6,500	26,811	7,361
		81,574	40,672	-	40,902	47,402	26,811	7,361

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which eHNSW 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).

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

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

	Fair Values \$000	Maturity Dates		
		< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2023				
Financial assets:				
- Derivatives - inflows	-	-	-	-
- Derivatives - outflows	-	-	-	-
	-	-	-	-
2022				
Financial assets:				
- Derivatives - inflows	452	4,571	-	-
- Derivatives - outflows		(4,106)	-	-
	452	(4,106)	-	-

Notes:

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

36. 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. eHNSW's exposures to market risk are primarily through interest rate risk on eHNSW's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. eHNSW 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 eHNSW operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2022. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through eHNSW's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. eHNSW 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, eHNSW is not permitted to borrow external to the Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and the Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

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

PARENT AND CONSOLIDATION

	2023		2022	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(592)	592	(269)	269
Equity	(592)	592	(269)	269

Foreign exchange risk

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

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

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

eHealth NSW**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2023

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

PARENT AND CONSOLIDATION

2023	+10%		-10%	
	Net result	Equity	Net result	Equity
	\$000	\$000	\$000	\$000
Denominated US Dollars	-	-	-	-
Derivatives	-	-	-	-

2022	+10%		-10%	
	Net result	Equity	Net result	Equity
	\$000	\$000	\$000	\$000
Derivatives	452	(408)	(408)	498

(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, eHNSW 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).

eHealth NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

37. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2023 \$000	2022 \$000
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
	-	-

During the financial year, eHealth NSW obtained key management personnel services from the senior parent and incurred \$0.4 million (2022: \$0.43 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

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

(c) Transactions with the ultimate parent

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

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

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

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

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of patient transport services, information management services, domestic supplies and services, food supplies and corporate support services.

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

- Contractors' Charges include charges to External Contractor Services \$16.05M and Contracted Health Services Expenses, Hiring of contracted personnel to perform the duties otherwise performed by Full-Time Employees \$123.07M. [Note: 04 (a)]
- Fuel, Light & Power Charges mainly include Electricity Charges, Which include payments to the Department Of Customer Service of \$1.09M and the Ministry Of Health of \$0.18M. [Note: 04 (a)]
- Information Management Expenses include Info Man Software Licences of \$201.07M, Info Man Proj Impl Costs of \$19.88M and Data Communications Services of \$67.901M. The above charges include payments to the Ministry Of Health \$4.71M, Western NSW Local Health District \$184M, Sydney Local Health District \$1.55M, Illawarra Shoalhaven Local Health District \$1.37M, The Sydney Childrens Hospital Network \$1.10M, Hunter New England Local Health District \$0.96M, South Western Sydney Local Health District \$0.89M, Northern Sydney Local Health District \$0.82M, South Eastern Sydney Local Health District \$0.78M, Western Sydney Local Health District \$0.75M, Mid North Coast Local Health District \$0.70M, Northern NSW Local Health District \$0.62M, HealthShare NSW \$0.53M, and NSW Health Pathology \$0.52M. [Note: 04 (a)]
- Other operating expenses include charges from the Ministry Of Health \$9.59M, the Department Of Customer Service \$0.69M, and the Audit Office of New South Wales \$144.23M. [Note: 04 (a)]
- Staff-related costs represent the secondment of staff in other Health entities.[Note: 04 (a)]
- Corporate Support services charges mainly include Intra Health Corporate Services Expenses of \$4.94M, Intra Health Procurement Services Expenses of \$0.27M and Intra Health Transactional Services Expense expenses of \$1.01M.[Note: 04 (a)]
- The Expenses relating to short-term leases mainly include Intra Health Rent Expense payments to the Ministry of Health of \$1.11M and Rent - Government Property NSW of \$0.22M. [Note: 04 (a)]
- The Grants to entities controlled by the senior parent mainly include Intra Health Grant Expenses \$0.27M, and IntraHealth Asset in Kind Expenses. Intra Health Grant Expenses are related Health Education and Training Institute, Western Sydney Local Health District, The Sydney Children's Hospitals Network, and Hunter New England Local Health District. The IntraHealth Asset in Kind Expenses are related assets transfers to Mid North Coast LHD \$0.46M, Ministry of Health \$0.52M, Sydney Children's Hospital Network \$1.37M, and Western Sydney LHD \$2.99M [Note-06]

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

- 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 senior parent:

- Revenue from recurrent and capital allocations
- Shared Corporate Services revenue mainly consists of Intra Health \$543.14M & Non-Intra Health Technology Revenue \$5.20M. The Intra Health Revenue is mainly from Western Sydney Local Health District \$46.52M, South Eastern Sydney Local Health District \$41.85M, South Western Sydney Local Health District \$39.42M, Sydney Local Health District \$36.22M, Hunter New England Local Health District \$32.47M, Northern Sydney Local Health District \$31.37M, Ambulance Service of NSW \$25.30M, NSW Ministry Of Health \$21.30M, Western NSW Local Health District \$21.22M, Nepean Blue Mountains Local Health District \$21.01M, Central Coast Local Health District \$20.98M, Illawarra Shoalhaven Local Health District \$19.94M, HealthShare NSW \$18.53M, Northern NSW Local Health District \$18.04M, Murrumbidgee Local Health District \$15.50M, Health Infrastructure \$14.75M, Mid North Coast Local Health District \$14.50M, NSW Health Pathology \$13.84M, The Sydney Children's Hospitals Network \$12.88M, Southern NSW Local Health District \$10.87M, Health System Support Group \$6.00M, Justice Health and Forensic Mental Health Network \$4.78M, Cancer Institute NSW \$3.68M, Far West Local Health District \$3.64M, Health Education and Training Institute \$1.73M, Clinical Excellence Commission \$1.22M, and Agency for Clinical Innovation \$1.02M, and Bureau of Health Information \$0.44M. [Note-11]
- Grants and other contributions: Grants to acquire/construct non-financial asset is mainly from the Department of Customer Services -Digital Restart fund of \$36.88M. The above funding is for projects such as Virtual Care Visual Consultations, Digital Baby Book, Engage Outpatients Digital Access to Care, HOPE Integration, and Cyber Security. The Grants from NSW Gov Agencies without specific performance obligations is mainly from NSW Treasury - for Environment Sustain plan. The Intra Health Grant Revenue is mainly from Health Infrastructure \$0.68M, Ministry of Health \$4.49M, and Sydney Children's Hospital Network \$0.10M. [Note-12]
- Other Income – Other is mainly from Intra Health Other Income from Clinical Excellence Commission \$0.36M, Health Education and Training Institute \$0.39M, Health Infrastructure \$0.54M, HealthShare NSW \$0.54M, and NSW Health Pathology \$0.54M. [Note-14]

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

eHealth NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

- Insurance refunds
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation

Assets and liabilities as follows:

- Cash and cash equivalents mainly consist of Restricted Funds of \$91.51M. [Note-19]
- Trade receivables from contracts with customers are related to Accrued Inc Other User Chrgs \$0.38M, Debtors Sale of Goods and Services \$0.26M, and Debtors Other Oracle AR \$0.23M. [Note-20]
- Intra-health receivables mainly consist of the amount receivable from the Western Sydney LHD \$8.20M, \$7.63M, South Eastern Sydney LHD \$7.10M, South Western Sydney LHD \$6.25M, Sydney LHD \$5.84M, Hunter New England LHD \$5.79M, Northern Sydney LHD \$5.34M, NSW Ambulance Service \$4.45M, Nepean Blue Mtns LHD \$4.19M, Health Infrastructure \$3.81M, HealthShare NSW \$3.51M, Western NSW LHD \$3.42M, Central Coast LHD \$3.41M, Illawarra Shoalhaven LHD \$3.32M, NSW Pathology \$3.23M, Northern NSW LHD \$2.78M, Mid North Coast LHD \$2.53M, Murrumbidgee LHD \$2.28M, Sydney Children's Hospital Network \$2.28M, Southern NSW LHD \$1.50M, Health System Support Group \$1.31M, Cancer Institute \$0.86M, Justice Health & Forensic Mental Health \$0.75M, Far West LHD \$0.50M, Health Education & Training Institute \$0.29M, Clinical Excellence Commission \$0.20M, Agency for Clinical Innovation \$0.14M, and Bureau of Health Information \$0.10M. . [Note-20]
- The Goods & Services Tax Represents the net amount of receivables from ATO amounting to \$17.76M. [Note-20]
- Prepayments, Current [\$104.95M] & Non-Current [\$6.14M], mainly consist of payments on Annual Software Licences, amounting to \$111.09M. [Note-20]
- Accrued Salaries, Wages, and On costs consist of Salaries and wages payable to employees as of 30th June 2023. [Note-26]
- Creditors' Balance consists of Accruals for the month of \$13.45M, General Creditors of \$12.17M, PO Receipt Accrual of \$3.90M, and Creditors Clearing Virtual, Purchase and Travel Card \$0.14M. The General Creditors' major payable are to DXC Technology Australia Pty Ltd \$2.37M, Data #3 Ltd \$1.47M, Sectra Pty Limited \$1.37M, and Micro Focus Australia Pty Ltd \$1.10M. [Note-26]
- Payables to entities controlled by the senior parent Balances are mainly to HealthShare NSW \$1.16M, HealthShare NSW \$0.54M, Agency for Clinical Innovation \$0.18M, Ministry of Health \$0.12M, Sydney Children's Hospital Network \$0.08M, Northern NSW LHD \$0.05M, Western Sydney LHD \$0.03M, Health System Support Group \$0.03M, and rest of the Healthagencies together \$0.06M. [Note-26]
- Borrowing consists of Current & Non-Current Lease Liabilities of \$32.29M. [Note -28]
- Provisions consist of Annual Leave \$36.16M, Long Service Leave \$4.67M, Accrued Day off Liability \$2.79M, Onerous Lease Adjustment Provision \$0.63M, and Make Good Provision \$3.30M. [Note-29]
- Other Liabilities, Current, mainly consist of unrealised state grants received from the Department of Customer Services -Digital Restart fund of \$6.57M. The grants are for Cyber Security-Health Cyber Uplift \$3.50M, HOPE Integration \$0.88M, Outpatients Digital Access to Care \$1.09M, and Virtual Care Visual Consultations \$1.10M. The above revenue will be recognised over time as these funds are utilised. [Note-30]

eHealth NSW**Notes to and forming part of the Financial Statements**for the year ended 30 June 2023

38. 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

