



Financial statements



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Child and Adolescent Health Service

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Child and Adolescent Health Service (Health Service) which comprise:

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Child and Adolescent Health Service for the year ended 30 June 2024 and the financial position as at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

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

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Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Health Service.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.ausab.gov.au/auditors_responsibilities/ar4.pdf

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Health Service. The controls exercised by the Health Service are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Child and Adolescent Health Service are sufficiently adequate to provide reasonable assurance that the controls within the system were suitably designed to achieve the overall control objectives identified as at 30 June 2024, and the controls were implemented as designed as at 30 June 2024.



The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Child and Adolescent Health Service for the year ended 30 June 2024 reported in accordance with *Financial Management Act 2006* and the Treasurer's Instructions (legislative requirements). The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators report of the Child and Adolescent Health Service for the year ended 30 June 2024 is in accordance with the legislative requirements, and the key performance indicators are relevant and appropriate to assist users to assess the Health Service's performance and fairly represent indicated performance for the year ended 30 June 2024.



The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 Key Performance Indicators.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments, I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality management relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Other information

Those charged with governance are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Child and Adolescent Health Service for the year ended 30 June 2024 included in the annual report on the Health Service's website. The Health Service's management is responsible for the integrity of the Health Service's website. This audit does not provide assurance on the integrity of the Health Service's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 September 2024



Certification of financial statements

Child and Adolescent Health Service

Certification of financial statements for the year ended 30 June 2024

The accompanying financial statements of the Child and Adolescent Health Service have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Dr Rosanna Capolingua AM
Board Chair
Child and Adolescent Health Service
9 September 2024

Ms Pamela Michael
Deputy Board Chair
Child and Adolescent Health Service
9 September 2024

Mr Michael Hutchings
Chief Finance Officer
Child and Adolescent Health Service
9 September 2024

Child and Adolescent Health Service Statement of comprehensive income for the year ended 30 June 2024



	Notes	2024 \$000	2023 \$000		Notes	2024 \$000	2023 \$000
COST OF SERVICES							
Expenses				INCOME FROM STATE GOVERNMENT			
Employee benefits expense	3.1(a)	753,206	702,324	Service agreement funding - State	4.1	626,677	566,629
Fees for visiting medical practitioners		4,053	3,559	Service agreement funding - Commonwealth	4.1	188,238	173,533
Contracts for services	3.2	8,785	9,218	Grants from other state government agencies	4.1	89,962	85,883
Patient support costs	3.3	134,505	131,670	Services provided to other government agencies	4.1	4,060	3,762
Finance costs	7.2	421	349	Assets (transferred)/assumed	4.1	(20)	425
Depreciation and amortisation expenses	5	51,363	63,835	Resources received free of charge	4.1	60,689	57,566
Impairment charges	5.1.1	-	1,820	Total income from State Government		969,606	887,798
Loss on disposal of non-current assets	5.1.2	205	109				
Repairs, maintenance and consumable equipment	3.4	27,551	26,489	DEFICIT FOR THE PERIOD		(14,633)	(49,007)
Other supplies and services	3.5	62,904	58,017				
Other expenses	3.6	44,528	37,166	OTHER COMPREHENSIVE INCOME			
Total cost of services		1,087,521	1,034,556	Items not reclassified subsequently to profit or loss			
				Changes in asset revaluation reserve	9.12	74,488	72,956
INCOME				Total other comprehensive income		74,488	72,956
Patient charges	4.2	28,476	27,321				
Other fees for services	4.2	48,615	47,949	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		59,855	23,949
Grants and contributions	4.3	15,563	13,575				
Donation revenue	4.4	1,821	866				
Asset revaluation increments	5.1	2,375	2,250				
Other income	4.5	6,432	5,790				
Total income		103,282	97,751				
NET COST OF SERVICES		984,239	936,805				

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Child and Adolescent Health Service Statement of financial position for the year ended 30 June 2024



	Notes	2024 \$000	2023 \$000		Notes	2024 \$000	2023 \$000
ASSETS				LIABILITIES			
Current Assets				Current Liabilities			
Cash and cash equivalents	7.3	17,152	12,695	Payables	6.5	47,562	37,928
Restricted cash and cash equivalents	7.3	25,821	21,946	Contract liabilities	6.6	472	280
Receivables	6.1	13,648	13,378	Capital grant liabilities	6.7	101	409
Inventories	6.3	5,359	5,095	Lease liabilities	7.1	2,132	2,207
Other current assets	6.4	1,209	1,133	Employee benefits provisions	3.1 (b)	157,424	146,888
Total Current Assets		63,189	54,247	Other current liabilities	6.8	104	61
Non-Current Assets				Total Current Liabilities			
Receivables	6.1	15,372	15,372			207,795	187,773
Amounts receivable for services	6.2	581,135	529,342	Non-Current Liabilities			
Property, plant and equipment	5.1	1,192,637	1,151,747	Lease liabilities	7.1	8,830	8,848
Right-of-use assets	5.2	10,040	10,381	Employee benefits provisions	3.1 (b)	26,777	24,560
Intangible assets	5.3	9,822	12,794	Total Non-Current Liabilities		35,607	33,408
Total Non-Current Assets		1,809,006	1,719,636	TOTAL LIABILITIES		243,402	221,181
TOTAL ASSETS		1,872,195	1,773,883	NET ASSETS		1,628,793	1,552,702
				EQUITY			
				Contributed equity	9.12	1,489,537	1,473,301
				Reserves	9.12	227,804	153,316
				Accumulated deficit		(88,548)	(73,915)
				TOTAL EQUITY		1,628,793	1,552,702

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Child and Adolescent Health Service Statement of cash flows for the year ended 30 June 2024



	Notes	2024 \$000	2023 \$000		Notes	2024 \$000	2023 \$000
CASH FLOWS FROM STATE GOVERNMENT				CASH FLOWS FROM INVESTING ACTIVITIES			
Service agreement funding - State		574,884	507,566	Payments			
Service agreement funding - Commonwealth		188,238	173,533	Purchase of non-current assets		(7,883)	(5,707)
Grants from other state government agencies		89,962	85,883	Receipts			
Services provided to other government agencies		4,060	3,762	Proceeds from sale of non-current assets	5.1.2	13	22
Capital appropriations administered by Department of Health		16,236	7,354	Net cash used in investing activities		(7,870)	(5,685)
Net cash provided by State Government	7.3.3	873,380	778,098	CASH FLOWS FROM FINANCING ACTIVITIES			
CASH FLOWS FROM OPERATING ACTIVITIES				Payments			
Payments				Principal elements of lease payments		(2,321)	(2,230)
Employee benefits		(734,300)	(689,719)	Payment to accrued salaries account		-	(2,700)
Supplies and services		(218,825)	(204,073)	Net cash used in financing activities		(2,321)	(4,930)
Finance costs		(413)	(340)	Net decrease in cash and cash equivalents		8,332	(34,590)
Receipts				Cash and cash equivalents at the beginning of the period		34,641	69,231
Receipts from customers		28,255	26,589	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.3	42,973	34,641
Grants and contributions		15,447	14,145				
Donations received		364	134				
Other receipts		54,615	51,191				
Net cash used in operating activities	7.3.2	(854,857)	(802,073)				

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Child and Adolescent Health Service Statement of changes in equity for the year ended 30 June 2024



	Notes	Contributed equity \$000	Reserves \$000	Accumulated deficit \$000	Total equity \$000
Balance at 1 July 2022		1,465,947	80,360	(24,908)	1,521,399
Deficit		-	-	(49,007)	(49,007)
Other comprehensive income	9.12	-	72,956	-	72,956
Total comprehensive income for the period		-	72,956	(49,007)	23,949
Transactions with owners in their capacity as owners:					
Capital appropriations administered by Department of Health	9.12	7,354	-	-	7,354
Total		7,354	-	-	7,354
Balance at 30 June 2023		1,473,301	153,316	(73,915)	1,552,702
Balance at 1 July 2023		1,473,301	153,316	(73,915)	1,552,702
Deficit		-	-	(14,633)	(14,633)
Other comprehensive income	9.12	-	74,488	-	74,488
Total comprehensive income for the period		-	74,488	(14,633)	59,855
Transactions with owners in their capacity as owners:					
Capital appropriations administered by Department of Health	9.12	16,236	-	-	16,236
Total		16,236	-	-	16,236
Balance at 30 June 2024		1,489,537	227,804	(88,548)	1,628,793

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



1. Basis of preparation

The Child and Adolescent Health Service (The Health Service) is a statutory authority established under the *Health Services Act 2016* and governed by a Board. The Health Service is controlled by the State of Western Australia, which is the ultimate parent. The Health Service is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of the Health Service's operations and its principal activities has been included in the 'Overview' section of the annual report which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority (the Board) of the Health Service on 5 September 2024.

Statement of compliance

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by Treasurer's instructions. Several of these are modified by Treasurer's instructions to vary application, disclosure, format and wording.

The Act and Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$000).

Notwithstanding the Health Service's deficiency of working capital (total current assets being less than total current liabilities), the financial statements have been prepared on the going concern basis. This basis has been adopted because, with continuing funding from the State Government, the Health Service is able to pay its liabilities as and when they fall due.



Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and will be credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.



2. Health Service outputs

How the Health Service operates

This section includes information regarding the nature of funding the Health Service receives and how this funding is utilised to achieve the Health Service's objectives.

	Notes
Health Service objectives	2.1
Schedule of Income and Expenses by Service	2.2

2.1 Health Service objectives

Vision and objectives

The Health Service's vision of 'healthy kids, healthy communities' sees that children and young people get the best start in life through health promotion, early identification and intervention, and patient centred, family focused care. The objectives are to care for children, young people and families, provide high value healthcare, collaborate with key support partners, value and respect staff, and promote teaching, training and research.

The Health Service is predominantly funded by Parliamentary appropriations.

Services

The key services of the Health Service are:

Public Hospital Admitted Services

Public hospital admitted patient services describe the care services provided to inpatients in the hospital (excluding specialised mental health wards). An admission to hospital can be for a period of one or more days and includes medical and surgical treatment, oncology services and neonatology services.



2.1 Health Service objectives (cont.)

Public Hospital Emergency Services

Emergency department services describe the treatment provided to those people with sudden onset of illness or injury of such severity and urgency that they need immediate medical help which is either not available from their general practitioner, or for which their general practitioner has referred them for treatment. An emergency department can provide a range of services and may result in admission to hospital or in treatment without admission.

Public Hospital Non-admitted Services

Medical officers, nurses and allied health staff provide non-admitted (out-patient) care services and include clinics for pre- and post-surgical care, allied health care and medical care.

Mental Health Services

Contracted mental health services describe inpatient care in an authorised ward and community mental health services provided by the Health Service under an agreement with the Mental Health Commission for specialised admitted and community mental health.

Aged and Continuing Care Services

The provision of continuing care services includes the programs that provide functional interim care or support for children with disabilities to continue living with their families.

Public and Community Health Services

Community Health provides services and programs delivered to increase optimal health and wellbeing, encourage healthy lifestyle, reduce the onset of disease and disability, reduce the risk of long-term illness as well as detect, protect and monitor the incidence of disease in the population. These include child health services, school health services, child development services, public health programs and Aboriginal health programs.

2.2 Schedule of income and expenses by service

The Schedule of Income and Expenses by Service should be read in conjunction with the accompany notes. Comparative figures have been reclassified to be comparable with the figures presented in the current financial year.

(a) Under the service category of Aged and Continuing Care, only the Continuing Care Service component is applicable to the Health Service.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



2.2 Schedule of income and expenses by service (cont.)

	Public Hospital Admitted Services		Public Hospital Emergency Services		Public Hospital Non-Admitted Services		Mental Health Services	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000
COST OF SERVICES								
Expenses								
Employee benefits expense	360,020	333,393	67,745	60,796	108,767	97,628	84,911	79,369
Fees for visiting medical practitioners	1,016	890	2,225	1,957	812	712	-	-
Contracts for services	7,117	6,986	4	13	12	21	13	17
Patient support costs	77,789	73,321	9,161	8,102	34,172	32,320	2,659	2,593
Finance costs	49	50	9	9	17	18	106	109
Depreciation and amortisation expenses	29,525	38,065	5,884	6,938	9,144	11,987	3,266	3,623
Impairment charges	-	868	-	126	-	261	-	212
Loss on disposal of non-current assets	93	72	91	16	17	17	4	-
Repairs, maintenance and consumable equipment	14,952	13,478	2,818	2,882	4,675	4,330	2,074	1,932
Other supplies and services	29,951	28,285	4,412	3,959	8,993	8,441	7,184	5,917
Other expenses	16,827	13,225	2,414	2,050	4,766	4,054	6,446	6,847
Total cost of services	537,339	508,633	94,763	86,848	171,375	159,789	106,663	100,619
Income								
Patient charges	24,308	23,387	1,084	1,027	2,512	1,947	572	960
Other fees for services	32,049	31,810	5,772	5,506	10,408	10,131	43	209
Grants and contributions	7,149	7,649	838	948	4,708	3,854	575	796
Donation revenue	1,265	514	194	77	352	143	-	-
Asset revaluation increments	164	-	30	-	54	-	(30)	160
Other income	4,130	3,682	731	583	1,319	1,076	5	22
Total income	69,065	67,042	8,649	8,141	19,353	17,151	1,165	2,147
NET COST OF SERVICES	468,274	441,591	86,114	78,707	152,022	142,638	105,498	98,472
INCOME FROM STATE GOVERNMENT								
Service agreement funding - State	307,824	274,471	55,635	45,590	100,567	82,496	6,661	6,966
Service agreement funding - Commonwealth	121,876	100,703	24,837	19,820	39,974	45,356	21	-
Grants from other state government agencies	329	217	85	49	198	77	88,981	85,463
Services provided to other government agencies	3,471	3,242	242	228	354	282	(3)	3
Assets (transferred)/assumed	(14)	306	(2)	34	(4)	63	-	-
Resources received free of charge	28,873	25,276	4,197	3,677	8,683	7,602	6,987	6,072
Total income from State Government	462,359	404,215	84,994	69,398	149,772	135,876	102,647	98,504
SURPLUS / (DEFICIT) FOR THE PERIOD	(5,915)	(37,376)	(1,120)	(9,309)	(2,250)	(6,762)	(2,851)	32

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



2.2 Schedule of income and expenses by service (cont.)

	Aged and Continuing Care Services ^(a)		Public and Community Health Services		Total	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000
COST OF SERVICES						
Expenses						
Employee benefits expense	3,363	2,925	128,400	128,213	753,206	702,324
Fees for visiting medical practitioners	-	-	-	-	4,053	3,559
Contracts for services	3	-	1,636	2,181	8,785	9,218
Patient support costs	1,138	548	9,586	14,786	134,505	131,670
Finance costs	-	-	240	163	421	349
Depreciation and amortisation expenses	8	8	3,536	3,214	51,363	63,835
Impairment charges	-	5	-	348	-	1,820
Loss on disposal of non-current assets	-	-	-	4	205	109
Repairs, maintenance and consumable equipment	56	306	2,976	3,561	27,551	26,489
Other supplies and services	148	283	12,216	11,132	62,904	58,017
Other expenses	194	136	13,881	10,854	44,528	37,166
Total cost of services	4,910	4,211	172,471	174,456	1,087,521	1,034,556
Income						
Patient charges	-	-	-	-	28,476	27,321
Other fees for services	291	252	52	41	48,615	47,949
Grants and contributions	65	109	2,228	219	15,563	13,575
Donation revenue	10	4	-	128	1,821	866
Asset revaluation increments	2	-	2,155	2,090	2,375	2,250
Other income	37	27	210	400	6,432	5,790
Total income	405	392	4,645	2,878	103,282	97,751
NET COST OF SERVICES	4,505	3,819	167,826	171,578	984,239	936,805
INCOME FROM STATE GOVERNMENT						
Service agreement funding - State	3,258	3,252	152,732	153,854	626,677	566,629
Service agreement funding - Commonwealth	973	588	557	7,066	188,238	173,533
Grants from other state government agencies	1	13	368	64	89,962	85,883
Services provided to other government agencies	-	-	(4)	7	4,060	3,762
Assets (transferred)/assumed	-	2	-	20	(20)	425
Resources received free of charge	161	141	11,788	14,798	60,689	57,566
Total income from State Government	4,393	3,996	165,441	175,809	969,606	887,798
SURPLUS / (DEFICIT) FOR THE PERIOD	(112)	177	(2,385)	4,231	(14,633)	(49,007)



3. Use of our funding

This section provides information about how the Health Service's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Expenses incurred in the delivery of services

The primary expenses incurred by the Health Service in achieving its objectives are:

	Notes	2024 \$000	2023 \$000
Employee benefits expense	3.1(a)	753,206	702,324
Contracts for services	3.2	8,785	9,218
Patient support costs	3.3	134,505	131,670
Repairs, maintenance and consumable equipment	3.4	27,551	26,489
Other supplies and services	3.5	62,904	58,017
Other expenses	3.6	44,528	37,166

Liabilities incurred in the delivery of services

The primary employee related liabilities incurred by the Health Service in achieving its objectives are:

	Notes	2024 \$000	2023 \$000
Employee benefits provision	3.1(b)	<u>184,201</u>	<u>171,448</u>



3.1(a) Employee benefits expense

	2024	2023
	\$000	\$000
Employee benefits	682,241	638,925
Termination benefits	-	37
Superannuation - defined contribution plans	70,965	63,362
	<u>753,206</u>	<u>702,324</u>

Employee benefits: Include salaries, wages, accrued and paid leave entitlements, paid sick leave and non-monetary benefits for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Health Service is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amounts recognised in the Statement of Comprehensive Income comprise employer contributions paid to the Gold State Superannuation Scheme (GSS), the West State Superannuation Scheme (WSS), the GESB Super Scheme (GESBS), or other superannuation funds.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for the Health Service's purposes because the concurrent contributions (defined contributions) made by the Health Service to the Government Employees Superannuation Board (GESB) extinguishes the Health Service's obligations to the related superannuation liability.

The Health Service does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Health Service to the GESB.

The GESB administers the public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



3.1(b) Employee benefits provisions

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave, time off in lieu leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2024	2023
	\$000	\$000
Current		
Employee benefits provisions		
Annual leave ^(a)	76,517	72,254
Time off in lieu leave ^(a)	18,447	17,318
Long service leave ^(b)	61,518	56,379
Deferred salary scheme ^(c)	942	937
	<u>157,424</u>	<u>146,888</u>
Non-Current		
Employee benefits provisions		
Long service leave ^(b)	26,777	24,560
	<u>26,777</u>	<u>24,560</u>
Total employee benefits provisions	<u><u>184,201</u></u>	<u><u>171,448</u></u>

(a) **Annual leave and time off in lieu leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2024	2023
	\$000	\$000
Within 12 months of the end of the reporting period	66,863	62,974
More than 12 months after the end of the reporting period	28,101	26,598
	<u>94,964</u>	<u>89,572</u>

The provision for annual leave and time off in lieu leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.



3.1(b) Employee benefits provisions (cont.)

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Health Service does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Health Service has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2024	2023
	\$000	\$000
Within 12 months of the end of the reporting period	16,335	14,175
More than 12 months after the end of the reporting period	71,960	66,764
	<u>88,295</u>	<u>80,939</u>

The provision of the long service leave liabilities is calculated at present value as the Health Service does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2024	2023
	\$000	\$000
Within 12 months of the end of the reporting period	221	85
More than 12 months after the end of the reporting period	721	852
	<u>942</u>	<u>937</u>



3.1(b) Employee benefits provisions (cont.)

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Health Service's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

The employee retention rates were based on an analysis of the historical turnover rates exhibited by employees in the Health Service.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



3.2 Contracts for services

	2024	2023
	\$000	\$000
Neonatal services ^(a)	7,065	6,673
Community and primary health	1,645	2,218
Other contracts	75	327
	<u>8,785</u>	<u>9,218</u>

Contracts for services include the costs related to the provision of health care services by external organisations. Expenses are recognised in the reporting period in which they are incurred.

- (a) The neonatal services at the King Edward Memorial Hospital (KEMH) site formally became part of the Child and Adolescent Health Service on 1 February 2020. A purchasing arrangement has been in place with the North Metropolitan Health Service to continue the provision of support services.

3.3 Patient support costs

	2024	2023
	\$000	\$000
Medical supplies and services ^{(a) (b)}	114,240	113,143
Domestic charges	9,295	9,301
Food supplies	1,817	1,655
Power and water charges	7,233	6,105
Patient transport costs	1,532	1,201
Research, development and other grants	388	265
	<u>134,505</u>	<u>131,670</u>

Patient support costs are recognised in the reporting period in which expenses are incurred.

- (a) Medical supplies and services include the pathology services received free of charge amounting to \$6.715 million from PathWest Laboratory Medicine WA (2023: \$5.980 million). See Note 4.1 'Income from State Government'.
- (b) In accordance with the WA Health COVID-19 Framework, the Health Support Services has provided the Rapid Antigen Test kits free of charge amounting to \$0.174 million (2023: \$4.817 million) to the Health Service in the current financial year. See Note 4.1 'Income from State Government'.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



3.4 Repairs, maintenance and consumable equipment

	2024	2023
	\$000	\$000
Repairs and maintenance	21,897	22,243
Consumable equipment	5,654	4,246
	<u>27,551</u>	<u>26,489</u>

Repairs and maintenance expenses include the day-to-day servicing and minor replacement parts of property, plant and equipment. The cost of replacing a significant part of an item of property, plant and equipment is recognised in its carrying amount, if the recognition criteria are met.

3.5 Other supplies and services

	2024	2023
	\$000	\$000
Facility management services	2,648	4,096
Administrative services	3,749	4,530
Interpreter services	1,262	1,016
Shared services for accounting ^(a)	933	926
Shared services for human resources ^(a)	6,277	5,413
Shared services for information technology ^(a)	41,812	34,993
Shared services for supply ^(a)	4,112	4,684
Other	2,111	2,359
	<u>62,904</u>	<u>58,017</u>

Other supplies and services are recognised in the reporting period in which expenses are incurred.

(a) The Health Service receives the shared services free of charge from the Health Support Services. See Note 4.1 'Income from State Government'.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



3.6 Other expenses

	2024	2023
	\$000	\$000
Workers compensation insurance	10,029	7,051
Other insurances	11,356	5,887
Computer services	3,438	3,032
Printing and stationery	2,809	2,724
Consultancy fees	2,087	2,521
Rental expenses ^(a)	1,932	1,992
Expected credit losses expense ^(b)	581	1,871
Other employee related expenses	2,663	1,781
Communications	1,667	1,726
Other accommodation expenses ^(c)	1,713	1,634
Audit expenses	667	1,119
Legal expenses	511	801
Freight and cartage	598	700
Motor vehicle expenses	511	505
Periodical subscription	624	577
Write-off of plant and equipment (Note 5.1)	256	-
Other	3,086	3,245
	<u>44,528</u>	<u>37,166</u>

Other expenses generally represent the administrative costs incurred by the Health Service.

(a) **Rental expenses** include:

- (i) Short-term leases with a lease term of 12 months or less;
- (ii) Low-value leases with an underlying value of \$5,000 or less; and
- (iii) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

(b) **Expected credit losses expense** is recognised as the movement in the allowance for impairment of receivables, measured at the lifetime expected credit losses at each reporting date. The Health Service has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. See Note 6.1.1 'Movement of the allowance for impairment of receivables'.

(c) **Other accommodation expenses** are for outgoing expenses only.



4. Our funding sources

How we obtain our funding

This section provides information about how the Health Service obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Health Service are:

	Notes	2024 \$000	2023 \$000
Income from State Government	4.1	969,606	887,798
Patient charges and other fees for services	4.2	77,091	75,270
Grants and contributions	4.3	15,563	13,575
Donations	4.4	1,821	866
Other revenue	4.5	6,432	5,790

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



4.1 Income from State Government

	2024 \$000	2023 \$000
Service agreement funding received during the period:		
Department of Health - Service agreement - State component	626,677	566,629
Department of Health - Service agreement - Commonwealth component ⁽ⁱ⁾	188,238	173,533
Total service agreement funding	814,915	740,162
Grants from other state government agencies during the period:		
Mental Health Commission - Service delivery agreement	88,652	85,462
Mental Health Commission - Specific project	307	-
Department of Health - Research development grant	192	117
Department of Health - Implementation of ARC Pathway	326	-
Department of Health - Institute of Health Leadership program	100	-
Department of Health - Aboriginal cadetship program	24	30
Department of Health - Auspman fitout capital project	25	48
Department of Health - Graduate Transition to Practice Support Program	336	226
Total grants from other state government agencies	89,962	85,883
Services provided to other state government agencies during the period:		
North Metropolitan Health Service - various clinical services	3,286	3,192
WA Country Health Service - various clinical services	480	292
Pathwest - infectious diseases program	262	254
Other	32	24
Total services provided to other state government agencies	4,060	3,762
Assets transferred from other State government agencies during the period:		
Transfer of medical equipment from/(to) other Health Services	(20)	399
Transfer of plant & equipment from other Health Services	-	26
Net assets transferred	(20)	425
Resources received free of charge from other State government agencies during the period:		
Health Support Services - accounting, human resources, information technology and supply services	53,134	46,016
Health Support Services - supply of Rapid Antigen Test Kits	174	4,817
State Solicitor's Office - legal services	482	700
Department of Education - uses of Child Parent Centres on school sites and other facilities	131	-
Department of Finance - leasing of accommodation service	53	53
PathWest Laboratory Medicine WA - pathology services	6,715	5,980
Total resources received free of charge	60,689	57,566
Total income from State Government	969,606	887,798



4.1 Income from State Government (cont.)

- (a) **Service agreement funding** is recognised as income at fair value in the period in which the Health Service gains control of the funds as appropriated under the Service Agreement with the Department of Health. The Health Service gains control of the appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at the Department of Treasury.

Being the major income source to fund the net cost of services delivered (as set out in Note 2.2), service agreement funding comprises a cash component; and a receivable (asset) component. See Note 6.2 'Amounts Receivable for Services'.

- (i) Included in the Commonwealth component of the service agreement funding are activity based funding and block grant funding received from the Commonwealth Government under the National Health Reform Agreement for services, health teaching, training and research provided by local hospital networks (Health Services). The funding arrangement established under the Agreement requires the Commonwealth Government to make funding payments to the State Pool Account from which distributions to the local hospital networks (Health Services) are made by the Department of Health and Mental Health Commission.
- (b) **Grants from other state government agencies** are recognised as revenue when the Health Service has satisfied its performance obligations under the grants agreement. If there is no performance obligation, revenue will be recognised when the grant is received or receivable.
- (c) **Transfer of assets:** Discretionary transfers of assets and liabilities between State government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.
- (d) **Resources received free of charge** or for nominal cost, are recognised as revenue at the fair value of those services that can be reliably measured and which would have been purchased if not received as free services. A corresponding expense is recognised for services received (Note 3.3 'Patient support costs' and Note 3.5 'Other supplies and services').



4.2 Patient charges and other fees for services

	2024	2023
	\$000	\$000
Patient charges ^(a)		
Inpatient charges	24,880	24,345
Outpatient charges	3,596	2,976
	<u>28,476</u>	<u>27,321</u>
Other fees for services		
Recoveries from the Pharmaceutical Benefits Scheme ^(b)	43,684	44,009
Clinical services to other health organisations ^(c)	3,624	3,386
Non clinical services to other health organisations ^(c)	1,307	554
	<u>48,615</u>	<u>47,949</u>
	<u><u>77,091</u></u>	<u><u>75,270</u></u>

- (a) Patient charges are recognised at a point in time (or over a relatively short period of time) when the services have been provided to patients. As the Health Service is a not-for-profit entity, patient charges have not been determined on a full cost recovery basis.
- (b) Under the Pharmaceutical Benefits Scheme (PBS), the Health Service receives reimbursements from Medicare Australia for PBS-listed medicines dispensed to patients at the Perth Children's Hospital. Reimbursements are mostly received within the month of claims.
- (c) Revenue is recognised over time for services provided to other health organisations. The Health Service typically satisfies its performance obligations in relation to the fees and charges when the services are performed. The progress towards performance obligations is measured on the basis of resources consumed in the service delivery.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



4.3 Grants and contributions

	2024	2023
	\$000	\$000
Perth Children's Hospital Foundation	4,266	4,039
Channel 7 Telethon Trust	2,346	2,199
Stan Perron Charitable Trust	1,879	1,764
Telethon Kids Institute	1,358	1,359
Murdoch Children's Research Institute	510	175
Royal Australasian College of Physicians	498	174
Raine Medical Research Foundation	420	516
Angela Wright Bennett Foundation	333	167
Australian & New Zealand Childrens Haematology/Oncology Group	234	302
Diabetes Australia	243	267
The Nova Institute	228	81
Monash University	218	29
Parexel International Pty Ltd	192	83
Northern Star Resources Ltd	187	239
Rural Health West	96	204
Rare Voices Australia Ltd	160	-
Little Big Steps Ltd	143	60
Syneos Health Australia Pty Ltd	140	-
Public Health Institute	134	154
Sydney Childrens Hospital Network	125	42
Novartis Pharmaceuticals Australia Pty Ltd	106	85
University of Western Australia	64	134
University of Queensland	51	109
Queensland Health	45	195
Other	1,587	1,198
	<u>15,563</u>	<u>13,575</u>

Where the arrangements are not classified as contracts with customers, operational grants are recognised as income when the Health Service obtains control over the assets comprising the contribution, usually when cash is received. For contracts with customers, operational grants are recognised as revenue either over time or at a point in time, when the specific performance obligations are satisfied. Capital grants are recognised as income when the Health Service achieves milestones specified in the grant agreements.

Key judgements under AASB 15 *Revenue from Contracts with Customers* include determining the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations.



4.4 Donation revenue

	2024	2023
	\$000	\$000
Perth Children's Hospital Foundation - donations of equipment	1,457	732
Other	364	134
	<u>1,821</u>	<u>866</u>

Donations and other bequests are recognised as revenue when cash or assets are received.

4.5 Other revenue

	2024	2023
	\$000	\$000
Pharmaceutical manufacturing activities	2,345	1,830
Rent from commercial tenants	570	449
Expense recoupment from tenants	2,807	2,526
RiskCover insurance premium rebate	30	-
Immunisation services	180	159
Use of hospital facilities by medical practitioners	8	14
Other	492	812
	<u>6,432</u>	<u>5,790</u>

Revenue from pharmaceutical manufacturing activities, immunisation services and other services is recognised when the goods or services are delivered to the customers.

Rent and recoupment of outgoing expenses are received in accordance with the agreements with tenants, and are recognised as revenue on a monthly basis.



5. Key assets

This section includes information regarding the key assets the Health Service utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2024 \$000	2023 \$000
Property, plant and equipment	5.1	1,192,637	1,151,747
Right-of-use assets	5.2	10,040	10,381
Intangible assets	5.3	9,822	12,794
Total key assets		<u>1,212,499</u>	<u>1,174,922</u>

	Notes	2024 \$000	2023 \$000
Depreciation and amortisation expense			
Property, plant and equipment	5.1.1	45,818	53,406
Right-of-use assets	5.2	2,573	2,372
Intangible assets	5.3.1	2,972	8,057
		<u>51,363</u>	<u>63,835</u>

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



5.1 Property, plant and equipment

	Land	Buildings	Site infra- struc- -ture	Lease -hold -improve -ments	Com- -puter -equip- -ment	Furni- -ture & -fittings	Medical equip- -ment	Motor vehicles, other plant & equip- -ment	Work in progress	Art- works	Total
Year ended 30 June 2024	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1 July 2023											
Gross carrying amount	26,920	1,019,413	20,380	6,403	76,815	11,380	114,388	24,174	2,014	5,067	1,306,954
Accumulated depreciation	-	-	(2,641)	(1,571)	(69,131)	(3,736)	(63,329)	(12,979)	-	-	(153,387)
Accumulated impairment losses										(1,820)	(1,820)
Carrying amount at start of period	26,920	1,019,413	17,739	4,832	7,684	7,644	51,059	11,195	2,014	3,247	1,151,747
Additions	-	-	-	-	20	3	5,037	112	5,162	5	10,339
Transfer to other Health Services (Note 4.1)	-	-	-	-	-	-	(20)	-	-	-	(20)
Disposals (Note 5.1.2)	-	-	-	-	-	-	(218)	-	-	-	(218)
Transfer between asset classes	-	-	-	-	-	(11)	-	11	-	-	-
Revaluation increments ^(a)	2,375	74,488	-	-	-	-	-	-	-	-	76,863
Depreciation (Note 5.1.1)	-	(23,512)	(479)	(666)	(6,160)	(717)	(12,177)	(2,107)	-	-	(45,818)
Write-offs (Note 3.6)	-	-	-	-	-	(7)	(223)	(26)	-	-	(256)
Carrying amount at 30 June 2024	29,295	1,070,389	17,260	4,166	1,544	6,912	43,458	9,185	7,176	3,252	1,192,637
Gross carrying amount	29,295	1,070,389	20,380	6,403	76,777	11,358	116,470	24,249	7,176	5,072	1,367,569
Accumulated depreciation	-	-	(3,120)	(2,237)	(75,233)	(4,446)	(73,012)	(15,064)	-	-	(173,112)
Accumulated impairment losses	-	-	-	-	-	-	-	-	-	(1,820)	(1,820)

- (a) Revaluation increment is recorded in the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense. Revaluation decrement is recognised as an expense, except to the extent of any balance existing in the asset revaluation reserve in respect of that class of assets. In 2023-24, revaluation increment of \$2.375 million for land is recognised as an income and revaluation increment of \$74.488 million for buildings is recognised in the asset revaluation reserve.
- (b) Recognised in the Statement of comprehensive income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



5.1 Property, plant and equipment (cont.)

	Land	Buildings	Site infra- struc- -ture	Lease -hold improve- -ments	Com- -puter equip- -ment	Furni- -ture & fittings	Medical equip- -ment	Motor vehicles, other plant & equip- -ment	Work in progress	Art- works	Total
Year ended 30 June 2023	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1 July 2022											
Gross carrying amount	24,670	968,279	20,380	6,403	76,677	11,378	111,079	23,764	183	5,067	1,247,880
Accumulated depreciation	-	-	(2,161)	(906)	(53,444)	(3,011)	(52,641)	(10,351)	-	-	(122,514)
Carrying amount at start of period	24,670	968,279	18,219	5,497	23,233	8,367	58,438	13,413	183	5,067	1,125,366
Additions	-	-	-	-	138	12	3,749	377	1,831	-	6,107
Transfer from/(to) other Health Services (Note 4.1)	-	-	-	-	-	-	399	26	-	-	425
Disposals (Note 5.1.2)	-	-	-	-	-	-	(127)	(4)	-	-	(131)
Transfer between asset classes	-	-	-	-	-	(7)	-	7	-	-	-
Revaluation increments ^(a)	2,250	72,956	-	-	-	-	-	-	-	-	75,206
Depreciation (Note 5.1.1)	-	(21,822)	(480)	(665)	(15,687)	(728)	(11,400)	(2,624)	-	-	(53,406)
Impairment losses (Note 5.1.1.) ^(b)	-	-	-	-	-	-	-	-	-	(1,820)	(1,820)
Carrying amount at 30 June 2023	26,920	1,019,413	17,739	4,832	7,684	7,644	51,059	11,195	2,014	3,247	1,151,747
Gross carrying amount	26,920	1,019,413	20,380	6,403	76,815	11,380	114,388	24,174	2,014	5,067	1,306,954
Accumulated depreciation	-	-	(2,641)	(1,571)	(69,131)	(3,736)	(63,329)	(12,979)	-	-	(153,387)
Accumulated impairment losses	-	-	-	-	-	-	-	-	-	(1,820)	(1,820)

(a) Revaluation increment is recorded in the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense. Revaluation decrement is recognised as an expense, except to the extent of any balance existing in the asset revaluation reserve in respect of that class of assets. In 2022-23, revaluation increment of \$2.250 million for land is recognised as an income and revaluation increment of \$72.956 million for buildings is recognised in the asset revaluation reserve.

(b) Recognised in the Statement of comprehensive income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss.



5.1 Property, plant and equipment (cont.)

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land and buildings.

Land is carried at fair value. Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2023 by Landgate. The valuations were performed during the year ended 30 June 2024 and recognised at 30 June 2024. In undertaking the revaluation, fair value was determined by reference to market values for land: \$0.740 million (2023: \$0.700 million) and buildings: \$0.090 million (2023: \$0.085 million). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Revaluation model:

(a) Fair Value where market-based evidence is available:

The fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions.



5.1 Property, plant and equipment (cont.)

(b) Fair value in the absence of market-based evidence:

Fair value of land and buildings is determined on the basis of existing use where buildings are specialised or where land is restricted.

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Significant assumptions and judgements

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

A number of buildings that are located on the land of local government agencies have been recognised in the financial statements. The Health Service believes that, based on past experience, its occupancy in these buildings will continue to the end of their useful lives.



5.1.1 Depreciation and impairment charges for the period

	Notes	2024 \$000	2023 \$000
<u>Depreciation</u>			
Buildings	5.1	23,512	21,822
Site infrastructure	5.1	479	480
Leasehold improvement	5.1	666	665
Medical equipment	5.1	12,177	11,400
Computer equipment	5.1	6,160	15,687
Furniture and fittings	5.1	717	728
Motor vehicles, other plant and equipment	5.1	2,107	2,624
Total depreciation for the period		45,818	53,406
<u>Impairment</u>			
Artworks	5.1	-	1,820
Total impairment for the period		-	1,820

As at 30 June 2024 there were no indications of other impairments.



5.1.1 Depreciation and impairment (cont.)

Finite useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale and land.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Buildings	50 years
Site infrastructure	50 years
Leasehold improvements	Term of the lease
Computer equipment	4 to 8 years
Furniture and fittings	5 to 20 years
Motor vehicles	4 to 10 years
Medical equipment	4 to 15 years
Other plant and equipment	4 to 20 years

Land and artworks, which are considered to have an indefinite useful life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.



5.1.1 Depreciation and impairment (cont.)

Impairment (cont.)

As the Health Service is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

5.1.2 Gain/(loss) on disposal of non-current assets

The Health Service recognised the following gains on disposal of non-current assets:

	2024	2023
	\$000	\$000
Carrying amount of non-current assets disposed:		
Property, plant and equipment	(218)	(131)
Proceeds from disposal of non-current assets:		
Property, plant and equipment	13	22
Net gain/(loss) on disposal of non-current assets	(205)	(109)

Realised and unrealised gains are usually recognised on a net basis.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



5.2 Right-of-use assets

	Buildings	Vehicles	Total
	\$000	\$000	\$000
Year ended 30 June 2024			
1 July 2023			
Gross carrying amount	14,306	2,347	16,653
Accumulated depreciation	(5,263)	(1,009)	(6,272)
Carrying amount at start of period	9,043	1,338	10,381
Additions	1,876	296	2,172
Adjustments	-	60	60
Disposals	-	-	-
Depreciation	(2,091)	(482)	(2,573)
Carrying amount at 30 June 2024	8,828	1,212	10,040
Gross carrying amount	15,322	2,518	17,840
Accumulated depreciation	(6,494)	(1,306)	(7,800)

	Buildings	Vehicles	Total
	\$000	\$000	\$000
Year ended 30 June 2023			
1 July 2022			
Gross carrying amount	12,325	2,018	14,343
Accumulated depreciation	(3,624)	(1,013)	(4,637)
Carrying amount at start of period	8,701	1,005	9,706
Additions	2,231	742	2,973
Adjustments	-	92	92
Disposals	-	(18)	(18)
Depreciation	(1,889)	(483)	(2,372)
Carrying amount at 30 June 2023	9,043	1,338	10,381
Gross carrying amount	14,306	2,347	16,653
Accumulated depreciation	(5,263)	(1,009)	(6,272)



5.2 Right-of-use assets (cont.)

The Health Service has leases for vehicles, office and clinical accommodations.

The Health Service has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

The Health Service recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 7.1.

Initial recognition

At the commencement date of the lease, the Health Service recognises right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset

The Health Service has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.



5.2 Right-of-use assets (cont.)

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. If ownership of the leased asset transfers to the Health Service 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.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1.1.

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

	Notes	2024 \$000	2023 \$000
Depreciation expense of right-of-use assets	5.2	2,573	2,372
Lease interest expense	7.2	421	349
Short-term leases		-	43
Low-value leases		5	9
Total amount recognised in the Statement of Comprehensive Income		2,999	2,773

The total cash outflow for leases in 2024 was \$2.734 million (2023: \$2.570 million). As at 30 June 2024, there were no indications of impairment to right-of-use assets.



5.3 Intangible assets

Computer software	2024	2023
	\$000	\$000
Carrying amount at start of period	12,794	20,851
Amortisation expense (Note 5.3.1)	(2,972)	(8,057)
Carrying amount at 30 June	9,822	12,794
Gross carrying amount	55,638	55,638
Accumulated amortisation	(45,816)	(42,844)
	9,822	12,794

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Acquired and internally generated intangible assets costing \$5,000 or more that comply with the recognition criteria of AASB 138.57 *Intangible Assets*, are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.



5.3 Intangible assets (cont.)

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use;
- (b) An intention to complete the intangible asset and use it;
- (c) The ability to use the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses.



5.3.1 Amortisation and impairment

Charges for the period

	2024	2023
	\$000	\$000
<u>Amortisation</u>		
Computer software	2,972	8,057
Total amortisation for the period	2,972	8,057

The Health Service held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Health Service have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Computer software ^(a) 5 to 10 years

(a) Software that is not integral to the operation of any related hardware.

Impairment

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1.1.

As at 30 June 2024, there were no indications of impairment to intangible assets.



6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Health Service's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2024 \$000	2023 \$000
Receivables	6.1	29,020	28,750
Amount receivable for services	6.2	581,135	529,342
Inventories	6.3	5,359	5,095
Other current assets	6.4	1,209	1,133
Payables	6.5	47,562	37,928
Contract liabilities	6.6	472	280
Capital grant liabilities	6.7	101	409
Other liabilities	6.8	104	61

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



6.1 Receivables

	2024	2023
	\$000	\$000
Current		
Patient fee debtors	5,458	7,489
GST receivable	807	712
Receivable from North Metropolitan Health Service	788	1,126
Other receivables	4,980	5,222
Allowance for impairment of receivables	(3,891)	(4,383)
Accrued revenue	5,506	3,212
	13,648	13,378
Non-current		
Accrued salaries account ^(a)	15,372	15,372
	15,372	15,372
Total Receivables	29,020	28,750

(a) Funds transferred to Treasury for the purpose of meeting the 27th pay in a reporting period that generally occurs every 11 years. This account is classified as non-current except for the year before the 27th pay year.

Patient fee debtors and other receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amounts of net patient fee debtors and other receivables are equivalent to fair value as it is due for settlement within 30 days.

The Health Service recognises an allowance for expected credit losses (ECLs) on patient fee debtors, measured at the lifetime expected credit losses at each reporting date. The Health Service has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 3.6 for the amount of ECLs expensed in this financial year.

The Health Service does not hold any collateral or other credit enhancements as security for receivables.

Accrued salaries account contains amounts paid annually into the Treasurer's special purpose account. It is restricted for meeting the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

Accrued salaries account has been reclassified from 'Cash and cash equivalents' to 'Receivables' as it is considered that funds in the account are not cash but a right to receive the cash in future. Comparative amounts have also been reclassified.



6.1 Receivables (cont.)

Accounting procedure for Goods and Services Tax

Rights to collect amounts receivable from the Australian Taxation Office (ATO) and responsibilities to make payments for GST have been assigned to the Department of Health. This accounting procedure was a result of application of the grouping provisions of "A New Tax System (Goods and Services Tax) Act 1999" whereby the Department of Health became the Nominated Group Representative (NGR) for the GST Group as from 1 July 2012. The entities in the GST group include the Department of Health, Child and Adolescent Health Service, East Metropolitan Health Service, North Metropolitan Health Service, South Metropolitan Health Service, WA Country Health Service, Health Support Services, PathWest Laboratory Medicine WA, Queen Elizabeth II Medical Centre Trust, Mental Health Commission, and Health and Disability Services Complaints Office.

GST receivables on accrued expenses are recognised by the Health Service. Upon the receipt of tax invoices, GST receivables for the GST group are recorded in the accounts of the Department of Health.

6.1.1 Movement of the allowance for impairment of receivables

	2024	2023
	\$000	\$000
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	4,383	3,450
Expected credit losses expense	581	1,871
Amount written off during the period	(1,073)	(938)
Balance at end of period	<u>3,891</u>	<u>4,383</u>

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account.

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Notes to the financial statements for the year ended 30 June 2024



6.2 Amounts receivable for services (Holding Account)

	2024	2023
	\$000	\$000
Current	-	-
Non-Current	581,135	529,342
	<u>581,135</u>	<u>529,342</u>

The Health Service receives service appropriations from the State Government via the Department of Health, partly in cash and partly as a non-cash asset. Amounts receivable for services represent the non-cash component and it is restricted in that it can only be used for asset replacement or payment of leave liability.

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss for the holding account).

Subject to the State Government's approval, the receivable is accessible on the emergence of the cash funding requirement to cover the payments for leave entitlements and asset replacement.

6.3 Inventories

	2024	2023
	\$000	\$000
Current		
Pharmaceutical stores - at cost	5,359	5,095
	<u>5,359</u>	<u>5,095</u>

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted average cost basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

6.4 Other assets

	2024	2023
	\$000	\$000
Current		
Prepayments	1,190	1,072
Unearned patient charges	19	61
	<u>1,209</u>	<u>1,133</u>

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.



6.5 Payables

	2024	2023
	\$000	\$000
Current		
Trade payables	9,035	6,559
Other payables	39	48
Accrued expenses	12,187	10,469
Accrued salaries	26,301	20,852
	<u>47,562</u>	<u>37,928</u>

Payables are recognised at the amounts payable when the Health Service becomes obliged to make future payments as a result of a purchase of assets or services.

The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to employees but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Health Service considers the carrying amount of accrued salaries to be equivalent to its fair value.

6.6 Contract liabilities

	2024	2023
	\$000	\$000
Reconciliation of changes in contract liabilities		
Opening balance	280	119
Additions	495	280
Revenue recognised in the reporting period	(303)	(119)
Total contract liabilities at end of period	<u>472</u>	<u>280</u>
Current	472	280
Non-current	-	-

Contract liabilities are the values of payments received for services yet to be provided to the customers at the reporting date. Refer to Note 4.3 for details of the revenue recognition policy.

The Health Service expects to satisfy the performance obligations within the next 12 months.



6.7 Capital grant liabilities

	2024	2023
	\$000	\$000
Reconciliation of changes in capital grant liabilities		
Opening balance	409	-
Additions	-	409
Revenue recognised in the reporting period	(308)	-
Total capital grant liabilities at end of period	<u>101</u>	<u>409</u>
Current	101	409
Non-current	-	-

The Health Service recognises a capital grant liability for the excess of the initial carrying amount of a financial asset received in a transfer to enable the acquisition or construction of a recognisable non-financial asset under its control.

When (or as) the obligations of the capital grant liability are satisfied under the transfer, the Health Service recognises income in profit or loss. Refer to Note 4.3 for the details of revenue recognition policy.

The Health Service expects to satisfy the obligations within the next 12 months.

6.8 Other liabilities

	2024	2023
	\$000	\$000
Current		
Paid parental leave scheme	104	58
Others	-	3
	<u>104</u>	<u>61</u>



7. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Health Service.

	Notes
Lease liabilities	7.1
Finance costs	7.2
Cash and cash equivalents	7.3
Reconciliation of cash	7.3.1
Reconciliation of cash flows used in operating activities	7.3.2
Reconciliation of cash flows from State Government	7.3.3
Capital commitments	7.4

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



7.1 Lease liabilities

	2024	2023
	\$000	\$000
Current	2,132	2,207
Non-current	8,830	8,848
Total lease liabilities ^(a)	<u>10,962</u>	<u>11,055</u>

(a) The 2024 total lease liabilities include \$9.647 million for leased buildings and \$1.315 million for leased vehicles. The 2023 total lease liabilities include \$9.634 million for leased buildings and \$1.421 million for leased vehicles.

Initial measurement

The Health Service measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Health Service uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Health Service as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the lessee exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Health Service if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, are recognised by the Health Service in profit or loss in the period in which the condition that triggers the payment occurs.

This section should be read in conjunction with Note 5.2.



7.1 Lease liabilities (cont.)

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Significant assumptions and judgements

Judgements have been made in the identification of leases within contracts, assessment of lease terms by considering the reasonable certainty in exercising extension or termination options, and identification of appropriate rate to discount the lease payments.

7.2 Finance costs

	2024	2023
	\$000	\$000
Lease interest expense	421	349
	421	349

Finance costs are recognised as expenses in the period in which they are incurred.

Lease interest expense is the interest component of lease liability repayments.



7.3 Cash and cash equivalents

7.3.1 Reconciliation of cash

	2024	2023
	\$000	\$000
Cash and cash equivalents	17,152	12,695
Restricted cash and cash equivalents		
<u>Current</u>		
Capital work projects	10,164	9,274
Mental Health Commission Funding ^(a)	737	581
Restricted cash assets held for other specific purposes ^(b)	<u>14,920</u>	<u>12,091</u>
Total restricted cash and cash equivalents	<u>25,821</u>	<u>21,946</u>
Balance at end of period	<u>42,973</u>	<u>34,641</u>

Restricted cash and cash equivalents are assets of which the uses are restricted by specific legal or other externally imposed requirements.

- (a) The unspent funds from the Mental Health Commission are committed to the provision of mental health services.
- (b) The specific purposes include medical research grants, donations for the benefits of patients, medical education, scholarships, capital projects, employee contributions and staff benevolent funds.

For the purpose of the Statement of Cash Flows, cash and cash equivalents and restricted cash and cash equivalents assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.



7.3.2 Reconciliation of net cost of services to net cash flows used in operating activities

	Notes	2024 \$000	2023 \$000
Net cost of services (Statement of Comprehensive Income)		(984,239)	(936,805)
<u>Non-cash items:</u>			
Expected credit losses expense	3.6	581	1,871
Write-off of inventory		12	7
Depreciation and amortisation expenses	5	51,363	63,834
Asset revaluation increments	5.1	(2,375)	(2,250)
Loss on disposal of non-current assets	5.1.2	205	109
Write-off of plant and equipment	3.6	256	-
Impairment charges		-	1,820
Interest capitalised		8	9
Donations of assets		(929)	(420)
Resources received free of charge	4.1	60,689	57,566
<u>(Increase)/decrease in assets:</u>			
Receivables		(851)	(3,287)
Inventories		(276)	449
Other current assets		(88)	(33)
<u>Increase/(Decrease) in liabilities:</u>			
Payables		8,107	4,483
Current provisions		10,536	9,994
Non-current provisions		2,217	74
Grant liabilities		(308)	409
Contract liabilities		192	161
Other current liabilities		43	(64)
Net cash used in operating activities (Statement of Cash Flows)		(854,857)	(802,073)



7.3.3 Reconciliation of cash flows from State Government

	2024	2023
	\$000	\$000
Service agreement funding - State	626,677	566,629
Service agreement funding - Commonwealth	188,238	173,533
Grants from other state government agencies	89,962	85,883
Services provided to other government agencies	4,060	3,762
Capital appropriation credited directly to Contributed equity (refer Note 9.12)	16,236	7,354
	<u>925,173</u>	<u>837,161</u>
<u>Less notional cash flows:</u>		
Accrual appropriations	(51,793)	(59,063)
Cash Flows from State Government as per Statement of Cash Flows	<u><u>873,380</u></u>	<u><u>778,098</u></u>

At the end of the reporting period, the Health Service had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

7.4 Capital commitments

	2024	2023
	\$000	\$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements are payable as follows:		
Within 1 year	7,400	2,488
Later than 1 year, and not later than 5 years	117	222
Later than 5 years	51	-
	<u>7,568</u>	<u>2,710</u>

Amounts presented for capital expenditure commitments are GST inclusive.



8. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Health Service.

Notes

Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3



8.1 Financial risk management

Financial instruments held by the Health Service are cash and cash equivalents, restricted cash and cash equivalents, lease liabilities, receivables and payables. The Health Service has limited exposure to financial risks. The Health Service's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Health Service's receivables defaulting on their contractual obligations resulting in financial loss to the Health Service.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the tables at Note 8.1(c) 'Credit risk exposure' and Note 6.1 'Receivables'.

Credit risk associated with the Health Service's financial assets is generally confined to patient fee debtors (see Note 6.1). The main receivable of the Health Service is the amounts receivable for services (holding account). For receivables other than government agencies and patient fee debtors, the Health Service trades only with recognised, creditworthy third parties. The Health Service has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Health Service's exposure to bad debts is minimised. At the end of the reporting period, there were no significant concentrations of credit risk.

All debts are individually reviewed, on a timely basis at 30, 60, 90 and 120 days. In a circumstance where a third party is responsible for payment, or there are legal considerations, payment of accounts can be delayed considerably. Unpaid debts are referred to an external debt collection service within six months of the accounts being raised.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings.

Liquidity risk

Liquidity risk arises when the Health Service is unable to meet its financial obligations as they fall due. The Health Service is exposed to liquidity risk through its normal course of operations.

The Health Service has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Health Service's income or the value of its holdings of financial instruments. The Health Service does not trade in foreign currency and is not materially exposed to other price risks. The Health Service's exposure to market risk for changes in interest rates relates primarily to the lease liabilities.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



8.1 Financial risk management (cont.)

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2024	2023
	\$000	\$000
Financial Assets		
Cash and cash equivalents	17,152	12,695
Restricted cash and cash equivalents	25,821	21,946
Financial assets at amortised cost ^(a)	609,348	557,380
	652,321	592,021
Financial Liabilities		
Financial liabilities measured at amortised cost	58,524	48,983
	58,524	48,983

(a) The amount of financial assets at amortised cost excludes GST recoverable from ATO (statutory receivable).

(c) Credit risk exposure

The following table details the credit risk exposure on the Health Service's receivables using a provision matrix.

	Days past due						
	Total	Current	31-60 days	61-90 days	91-180 days	181-365 days	>1 year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2024							
Expected credit loss rate	37%	3%	6%	23%	28%	50%	85%
Estimated total gross carrying amount	10,473	4,002	1,041	488	616	719	3,607
Expected credit losses	(3,890)	(105)	(64)	(110)	(173)	(360)	(3,078)
30 June 2023							
Expected credit loss rate	33%	4%	9%	18%	49%	60%	77%
Estimated total gross carrying amount	13,246	4,898	1,703	517	1,789	1,679	2,660
Expected credit losses	(4,384)	(205)	(146)	(95)	(884)	(1,015)	(2,039)



8.1 Financial risk management (cont.)

(d) Liquidity Risk and Interest Rate Exposure

The following table details the Health Service's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure			Nominal Amount \$000	Maturity dates			
			Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000		Up to 3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2024										
<u>Financial Assets</u>										
Cash and cash equivalents		17,152	-	-	17,152	17,152	17,152	-	-	-
Restricted cash and cash equivalents		25,821	-	-	25,821	25,821	25,821	-	-	-
Receivables ^(a)		28,213	-	-	28,213	28,213	12,841	-	15,372	-
Amounts receivable for services		581,135	-	-	581,135	581,135	-	-	-	581,135
		652,321	-	-	652,321	652,321	55,814	-	15,372	581,135
<u>Financial Liabilities</u>										
Payables		47,562	-	-	47,562	47,562	47,562	-	-	-
Lease liabilities	3.83%	10,962	10,962	-	-	12,265	650	1,683	6,695	3,237
		58,524	10,962	-	47,562	59,827	48,212	1,683	6,695	3,237

(a) The amount of receivables excludes the GST recoverable from ATO (statutory receivable).



8.1 Financial risk management (cont.)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount \$000	Interest rate exposure			Nominal Amount \$000	Maturity dates			
			Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000		Up to 3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2023										
<u>Financial Assets</u>										
Cash and cash equivalents		12,695	-	-	12,695	12,695	12,695	-	-	-
Restricted cash and cash equivalents		21,946	-	-	21,946	21,946	21,946	-	-	-
Receivables ^(a)		28,038	-	-	28,038	28,038	12,666	-	15,372	-
Amounts receivable for services		529,342	-	-	529,342	529,342	-	-	-	529,342
		592,021	-	-	592,021	592,021	47,307	-	15,372	529,342
<u>Financial Liabilities</u>										
Payables		37,928	-	-	37,928	37,928	37,928	-	-	-
Lease liabilities	3.29%	11,055	11,055	-	-	11,084	533	1,556	5,699	3,296
		48,983	11,055	-	37,928	49,012	38,461	1,556	5,699	3,296

(a) The amount of receivables excludes the GST recoverable from ATO (statutory receivable).



8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.2.1 Contingent assets

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

8.2.2 Contingent liabilities

At the reporting date, the Health Service is not aware of any contingent liabilities.

Litigation in progress

The Health Service does not have any pending litigation that are not recoverable from RiskCover insurance at the reporting date.

Contaminated sites

Under the *Contaminated Sites Act 2003*, the Health Service is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values.

Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Health Service may have a liability in respect of investigation or remediation expenses.

At the reporting date, the Health Service does not have any suspected contaminated sites reported under the Act.



8.3 Fair value measurements

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets (level 1);
- input other than quoted prices included within level 1 that are observable for the asset either directly or indirectly (level 2); and
- inputs for the asset that are not based on observable market data (unobservable input) (level 3).

The following table represents the Health Service's assets measured at fair value:

		Level 1	Level 2	Level 3	Fair value at end of period
2024	Notes	\$000	\$000	\$000	\$000
Land	5.1				
Residential		-	740	-	740
Specialised		-	-	28,555	28,555
Buildings	5.1				
Residential		-	90	-	90
Specialised		-	-	1,070,299	1,070,299
		-	830	1,098,854	1,099,684
2023					
Land	5.1				
Residential		-	700	-	700
Specialised		-	-	26,220	26,220
Buildings	5.1				
Residential		-	85	-	85
Specialised		-	-	1,019,328	1,019,328
		-	785	1,045,548	1,046,333

There were no transfers between Levels 1, 2 or 3 during the current and previous periods.



8.3 Fair value measurements (cont.)

Valuation processes

The Health Service obtains independent valuations of land and buildings from the Western Australian Land Information Authority (Landgate) annually.

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land and buildings to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Valuation techniques to derive Level 2 fair values

Level 2 fair values of land and buildings (converted residential properties) are derived using the market approach. This approach provides an indication of value by comparing the asset with identical or similar properties for which price information is available. Analysis of comparable sales information and market data provides the basis for fair value measurement.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, Landgate consider current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, and adjust the valuation for differences in property characteristics and market conditions.

For properties with buildings and other improvements, the land value is measured by comparison and analysis of open market transactions on the assumption that the land is in a vacant and marketable condition. The amount determined is deducted from the total property value and the residual amount represents the building value.

The Health Service's residential properties consist of residential buildings that have been re-configured to be used as health centres or clinics.



8.3 Fair value measurements (cont.)

Fair value measurements using significant unobservable inputs (Level 3)

	Land \$000	Buildings \$000
2024		
Fair value at start of period	26,220	1,019,328
Additions	-	-
Revaluation increments/(decrements) recognised in Profit or Loss	2,335	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	74,483
Depreciation expense	-	(23,512)
Fair Value at end of period	28,555	1,070,299
2023		
Fair value at start of period	23,995	968,199
Additions	-	-
Revaluation increments/(decrements) recognised in Profit or Loss	2,225	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	72,949
Depreciation expense	-	(21,820)
Fair Value at end of period	26,220	1,019,328

Valuation techniques to derive Level 3 fair values

Properties of a specialised nature that are rarely sold in an active market or are held to deliver public services are referred to as non-market or current use type assets. These properties do not normally have a feasible alternative use due to restrictions or limitations on their use and disposal. The existing use is their highest and best use.

Land (Level 3 fair values)

For current use land assets, fair value is measured firstly by establishing the opportunity cost of public purpose land, which is termed the hypothetical alternate land use value. This approach assumes unencumbered land use based upon potential highest and best alternative use as represented by surrounding land uses and market analysis.

Fair value of the land is then determined on the assumption that the site is rehabilitated to a vacant marketable condition. This requires costs associated with rehabilitation to be deducted from the hypothetical alternate land use value of the land. Costs may include building demolition, clearing, planning approvals and time allowances associated with realising that potential.



8.3 Fair value measurements (cont.)

In some instances the legal, physical, economic and socio political restrictions on a land results in a minimal or negative current use land value. In this situation the land value adopted is the higher of the calculated rehabilitation amount or the amount determined on the basis of comparison to market corroborated evidence of land with low level utility. Land of low level utility is considered to be grazing land on the urban fringe of the metropolitan area with no economic farming potential or foreseeable development or redevelopment potential at the measurement date.

Buildings (Level 3 fair values)

The Health Service's hospital and medical centres are specialised buildings valued under the cost approach. This approach uses the depreciated replacement cost method which estimates the current cost of reproduction or replacement of the buildings, on its current site, less deduction for physical deterioration and relevant forms of obsolescence. Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

The techniques involved in the determination of the current replacement costs include:

- a) Review and updating of the 'as-constructed' drawing documentation;
- b) Categorisation of the drawings using the Building Utilisation Categories (BUC's) which designate the functional areas within the clinical facilities. Each BUC has different cost rates which are calculated from the historical construction costs of similar clinical facilities and are adjusted for the year-to-year change in building costs using building cost index;
- c) Measurement of the general floor areas;
- d) Application of the BUC cost rates per square meter of general floor areas.

The maximum effective age used in the valuation of specialised buildings is 50 years. The effective age of buildings is initially calculated from the commissioning date, and is reviewed after the buildings have undergone substantial renewal, upgrade or expansion.

The straight line method of depreciation is applied to derive the depreciated replacement cost, assuming a uniform pattern of consumption over the initial 37 years of asset life (up to 75% of current replacement costs). All specialised buildings are assumed to have a residual value of 25% of their current replacement costs.

The valuations are prepared on a going concern basis until the year in which the current use is discontinued.

Buildings with definite demolition plan are not subject to annual revaluation. The depreciated replacement costs at the last valuation dates for these buildings are written down to the Statement of Comprehensive Income as depreciation expenses over their remaining useful life.



9. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

Events occurring after the end of the reporting period	9.1
Future impact of Australian Accounting Standards issued not yet operative	9.2
Remuneration of auditors	9.3
Key management personnel	9.4
Related party transactions	9.5
Related bodies	9.6
Affiliated bodies	9.7
Services provided free of charge	9.8
Other statement of receipts and payments	9.9
Special purpose accounts	9.10
Administered trust accounts	9.11
Equity	9.12
Supplementary financial information	9.13
Explanatory statement	9.14



9.1 Events occurring after the end of the reporting period

There were no events occurring after the reporting period which had significant financial effects on these financial statements.

Upon execution of lease agreement, the lease for Murdoch Community Hub will have a significant impact on the right-of-use asset and lease liability in the coming financial year.

9.2 Future impact of Australian Accounting Standards not yet operative

The Health Service cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Where applicable, the Health Service plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 2020-1	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 Jan 2024
	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	
	There is no financial impact.	
AASB 2022-10	<i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	1 Jan 2024
	This Standard amends AASB 13 for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. Specifically, it provides guidance on how the cost approach is to be applied to measure the asset's fair value, including guidance on the nature of costs to include in the replacement cost of a reference asset.	
	As such, for non-financial assets measured by the cost approach, professional and management fees are to be included in the replacement cost of a reference asset (that are currently excluded by the valuer). This is likely to increase the fair value of those assets (and a corresponding increase in other comprehensive income accumulated in revaluation surplus).	



9.3 Remuneration of auditors

Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2024	2023
	\$000	\$000
Auditing the accounts, financial statements, controls, and key performance indicators	292	254

9.4 Key management personnel

The key management personnel include Ministers, board members, and senior officers of the Health Service. The Health Service does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the Accountable Authority for the reporting period are presented within the following bands:

Compensation band (\$)	2024	2023
\$10,001 - \$20,000	3	-
\$30,001 - \$40,000	1	-
\$40,001 - \$50,000	6	9
\$80,001 - \$90,000	1	1
Total number of members of the Accountable Authority	11	10

	2024	2023
	\$000	\$000
Short-term employee benefits	394	448
Post-employment benefits	43	47
Total compensation of members of the Accountable Authority	437	495



9.4 Key management personnel (cont.)

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers for the reporting period are presented within the following bands:

Compensation band (\$)	2024	2023
\$0 - \$50,000	1	1
\$50,001 - \$100,000	1	1
\$100,001 - \$150,000	1	2
\$150,001 - \$200,000	-	2
\$200,001 - \$250,000	5	5
\$250,001 - \$300,000	2	1
\$450,001 - \$500,000	-	1
\$500,001 - \$550,000	2	1
Total number of senior officers	12	14

	2024 \$000	2023 \$000
Short-term employee benefits	2,333	2,498
Post-employment benefits	296	290
Other long-term benefits	276	271
Termination benefits	-	37
Total compensation of senior officers	2,905	3,096

The short-term employee benefits include salaries, motor vehicle benefits and travel allowances incurred by the Health Service in respect of senior officers.



9.5 Related party transactions

The Health Service is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Health Service include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all board members, senior officers and their close family members, and their controlled or jointly controlled entities;
- Wholly owned public sector entities (departments and statutory authorities), including their related bodies, that are included in the whole of government consolidated financial statements;
- Associates and joint ventures of a wholly-owned public sector entity; and
- Government Employees Superannuation Board (GESB).



9.5 Related party transactions (cont.)

Significant transactions with Government-related entities

In conducting its activities, the Health Service is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

	Notes	2024 \$000	2023 \$000
<u>Income</u>			
Service agreement funding - State	4.1	626,677	566,629
Service agreement funding - Commonwealth	4.1	188,238	173,533
Mental Health Commission - Service delivery agreement	4.1	88,652	85,462
Department of Health - Research development grant	4.1	192	117
Department of Health grant - COVID-19 vaccination	4.1	100	-
Department of Health grant - Aboriginal Cadetship Program	4.1	24	30
North Metropolitan Health Service - various clinical services	4.1	3,286	3,192
WA Country Health Service - various clinical services	4.1	480	292
Department of Health - Auspman fitout capital project	4.1	25	48
Department of Health - Graduate Transition to Practice Support Program	4.1	336	226
Assets assumed/(transferred)	4.1	(20)	425
Services received free of charge	4.1	60,689	57,566
<u>Expenses</u>			
Contracts for services - North Metropolitan Health Service ^(a)		7,065	6,673
Facility management services - North Metropolitan Health Service ^(a)		2,648	4,096
Contracts for services - Department of Communities ^(a)		684	585
Insurance payments - Insurance Commission (RiskCover)		21,402	12,884
Rental and other accommodation expenses - Department of Finance ^(a)		1,600	1,635
Lease interest expense - State Fleet	7.2	81	54
Remuneration for audit services - Office of the Auditor General	9.3	292	254

(a) These transactions are included at Note 3.2 'Contracts for services', Note 3.5 'Other supplies and services' and Note 3.6 'Other expenses'.



9.5 Related party transactions (cont.)

Significant transactions with Government-related entities (cont.)

	Notes	2024 \$000	2023 \$000
<u>Assets</u>			
Receivables at 30 June - North Metropolitan Health Service	6.1	788	1,126
<u>Liabilities</u>			
Lease liabilities at 30 June - State Fleet	7.1	1,315	1,421
Repayments of lease liabilities - State Fleet		462	431
<u>Contributed Equity</u>			
Capital appropriations administered by Department of Health	9.12	16,236	7,354

Material transactions with other related parties

Details of significant transactions between the Health Service and other related parties are as follows:

	2024 \$000	2023 \$000
Superannuation payments to GESB	51,476	47,070
Payable to GESB	2,826	1,700

All other transactions (including normal citizen type transactions) between the Health Service and Ministers, or board members, or senior officers, or their close family members, or their controlled (or jointly controlled) entities are not material for disclosure.



9.6 Related bodies

A related body is a body which receives more than half its funding and resources from the Health Service and is subject to operational control by the Health Service.

The Health Service had no related bodies during the financial year.

9.7 Affiliated bodies

An affiliated body is a body which receives more than half its funding and resources from the Health Service but is not subject to operational control by the Health Service.

The Health Service had no affiliated bodies during the financial year.

9.8 Services provided free of charge

During the reporting period, the following services were provided to other agencies free of charge:

	2024	2023
	\$000	\$000
Department for Communities - health assessments for children in care	234	228
Department of Education - school health services	13,807	14,256
	<u>14,041</u>	<u>14,484</u>



9.9 Other statement of receipts and payments

	2024	2023
	\$000	\$000
Commonwealth Grant - Christmas and Cocos Island		
Balance at the start of period	(83)	-
Receipts		
Commonwealth grant - provision of paediatric services ^(b)	83	-
Payments		
Costs of visiting specialists ^{(a) (c)}	(82)	(83)
Balance at the end of period ^(a)	(82)	(83)

(a) The 2023 amounts have been restated.

(b) The grant to cover the costs of visiting specialists in 2022-23 has been received from Commonwealth in 2023-24.

(c) The grant to cover the costs of visiting specialists in 2023-24 will be received from Commonwealth in 2024-25.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



9.10 Special purpose accounts

Mental Health Commission Fund (Child and Adolescent Health Service) Account

The purpose of the special purpose account is to receive funds from the Mental Health Commission, to fund the provision of mental health services as jointly endorsed by the Department of Health and the Mental Health Commission, in the Child and Adolescent Health Service, in accordance with the annual Service Agreement and subsequent agreements.

The special purpose account has been established under section 16(1)(d) of the *Financial Management Act 2006*.

	2024	2023
	\$000	\$000
Balance at the start of period	581	2,090
Receipts		
Service delivery agreement - Commonwealth contributions	18,387	20,302
Service delivery agreement - State contributions	70,265	65,161
Specific project - Ward 5A relocation costs ^(a)	307	-
	<u>88,959</u>	<u>85,463</u>
Payments	<u>(88,803)</u>	<u>(86,972)</u>
	156	(1,509)
Balance at the end of period ^(b)	<u>737</u>	<u>581</u>

(a) \$307,000 was received in June 2024 for the specific project on Ward 5A relocation costs.

(b) The closing cash balance of \$737,392 is classified as restricted cash.

9.11 Administered trust accounts

Trust Accounts are used by the Health Service to account for funds that they may be holding on behalf of another party. The Health Service does not have control of the use of these funds, and cannot deploy them to meet its objectives. Trust Accounts do not form part of the resources available to the Health Service, and are not reported as assets in the financial statements.

The Health Service administers a trust account for the purpose of holding patients' private moneys.

The trust account did not have any receipts or payments during the financial year.

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



9.12 Equity

The Western Australian Government holds the equity interest in the Health Service on behalf of the community. Equity represents the residual interest in the net assets of the Health Service. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

	2024	2023
	\$000	\$000
Contributed equity		
Balance at start of period	1,473,301	1,465,947
<i>Contributions by owners</i>		
Capital appropriations administered by Department of Health ^(a)	16,236	7,354
Distributions to owners	-	-
Balance at end of period	1,489,537	1,473,301

- (a) Treasurer's Instruction (TI) 955 '*Contributions by Owners Made to Wholly Owned Public Sector Entities*' designates capital appropriations as contributions by owners in accordance with AASB Interpretation 1038 '*Contributions by Owners Made to Wholly-Owned Public Sector Entities*'.
- (b) AASB 1004 '*Contributions*' requires transfers of net assets as a result of a restructure of administrative arrangements to be accounted for as contributions by owners and distributions to owners. TI 955 designates non-discretionary and non-reciprocal transfers of net assets between state government agencies as contributions by owners in accordance with AASB Interpretation 1038. Where the transferee agency accounts for a non-discretionary and non-reciprocal transfer of net assets as a contribution by owners, the transferor agency accounts for the transfer as a distribution to owners.

	2024	2023
	\$000	\$000
Assets revaluation reserve		
Balance at start of period	153,316	80,360
Net revaluation increments/(decrements) ^{(a)(b)}		
Buildings	74,488	72,956
Balance at end of period	227,804	153,316

- (a) Any revaluation increment is credited directly to the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement of the same class of assets previously recognised as an expense.
- (b) Any revaluation decrement is recognised as an expense, except to the extent of any balance existing in the asset revaluation reserve in respect of that class of assets.



9.13 Supplementary financial information

(a) Revenue, public and other property written off

	2024	2023
	\$000	\$000
Revenue and debts written off under the authority of the Accountable Authority	1,039	992
Revenue and debts written off under the authority of the Minister	-	468
Public and other property written off under the authority of the Accountable Authority	313	-
	<u>1,352</u>	<u>1,460</u>

(b) Losses through theft, defaults and other causes

	2024	2023
	\$000	\$000
Losses of public money and public and other property through theft or default	-	-
	<u>-</u>	<u>-</u>

(c) Gifts of public property

The Health Service has donated various medical equipment to the Australian Doctors for Africa, Operation Rainbow Australia Limited, Neurospheric Pty Ltd and Royal Flying Doctor Service during the current financial year.



9.14 Explanatory statement

All variances between annual estimates (original budget) and actual results for 2024, and between the actual results for 2024 and 2023 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the following variance analyses for the:

1. Estimate and actual results for the current year
 - Total Cost of Services of the estimate for the Statement of comprehensive income and Statement of cash flows (\$9.564 million), and
 - Total Assets of the estimate for the Statement of financial position (\$18.121 million).
2. Actual results for the current year and the prior year actual
 - Total Cost of Services for the previous year for the Statements of comprehensive income and Statement of cash flows (\$10.345 million), and
 - Total Assets for the previous year for the Statement of financial position (\$17.739 million).

Treasurer's Instruction 945 excludes changes in asset revaluation surplus, cash assets, receivables, payables, contributed equity and accumulated surplus from the definition of major variances for disclosure purpose.



9.14.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2024 \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
Expenses						
Employee benefits expense	(a)	656,480	753,206	702,324	96,726	50,882
Fees for visiting medical practitioners		3,460	4,053	3,559	593	494
Contracts for services		7,684	8,785	9,218	1,101	(433)
Patient support costs	(b)	112,638	134,505	131,670	21,867	2,835
Finance costs		570	421	349	(149)	72
Depreciation and amortisation expenses	(g)	51,792	51,363	63,835	(429)	(12,472)
Impairment charges		-	-	1,820	-	(1,820)
Loss on disposal of non-current assets		-	205	109	205	96
Repairs, maintenance and consumable equipment		25,999	27,551	26,489	1,552	1,062
Other supplies and services		55,205	62,904	58,017	7,699	4,887
Other expenses		42,603	44,528	37,166	1,925	7,362
Total cost of services		956,431	1,087,521	1,034,556	131,090	52,965

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



9.14.1 Statement of Comprehensive Income Variances (cont.)

	Variance note	Estimate 2024 \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
Income						
Patient charges		29,111	28,476	27,321	(635)	1,155
Other fees for services		44,745	48,615	47,949	3,870	666
Grants and contributions	(c)	4,996	15,563	13,575	10,567	1,988
Donation revenue		296	1,821	866	1,525	955
Asset revaluation increments		-	2,375	2,250	2,375	125
Other income		3,115	6,432	5,790	3,317	642
Total income		82,263	103,282	97,751	21,019	5,531
NET COST OF SERVICES		874,168	984,239	936,805	110,071	47,434
INCOME FROM STATE GOVERNMENT						
Service agreement funding - State	(d) (h)	563,438	626,677	566,629	63,239	60,048
Service agreement funding - Commonwealth	(e)	166,468	188,238	173,533	21,770	14,705
Grants from other state government agencies		89,071	89,962	85,883	891	4,079
Services provided to other government agencies		4,123	4,060	3,762	(63)	298
Assets (transferred)/assumed		-	(20)	425	(20)	(445)
Resources received free of charge	(f)	51,068	60,689	57,566	9,621	3,123
Total income from State Government		874,168	969,606	887,798	95,438	81,808
SURPLUS / (DEFICIT) FOR THE PERIOD		-	(14,633)	(49,007)	(14,633)	34,374
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation reserve		-	74,488	72,956	74,488	1,532
Total other comprehensive income		-	74,488	72,956	74,488	1,532
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	59,855	23,949	59,855	35,906



9.14.1 Statement of Comprehensive Income Variances (cont.)

Major Variance Narratives

Variances between estimates and actuals

- (a) The \$96.7 million variance in employee benefits expense is partly caused by the reduced funding base in the initial estimates and partly because of additional staff resourcing engaged to address essential service needs, to enhance the service capability of the Emergency Department, to improve nurse-to-patient ratio and to maintain safety and quality measures within the Perth Children's Hospital. The costs of additional staff resourcing and the related increases in leave liabilities were not provided for within the initial estimates.
- (b) The variance in patient support costs is attributed to the reduced funding base in the initial estimates, increased medical and diagnostic supplies, higher pathology costs to support greater patient volumes and the increased use of high cost drugs.
- (c) The initial estimate for grants and contributions omitted the specific purpose grants from charitable organisations.
- (d) The increase in service agreement funding from State Government reflects the additional funds received in the last quarter of 2023-24 to support the increased costs of existing, expanded, and new services delivered during the year. Funding supplementation has also been received for annual pay increases paid to employees and increasing costs for supplies and services.
- (e) The higher than expected funding from the Commonwealth relates to increased funding provided through the National Health Reform Agreement (\$21.0 million) and funding for the vaccination programs (\$0.8 million) which were not budgeted for.
- (f) The majority of the variance in resources received free of charge relates to the information technology services received from Health Support Services for which \$8.4 million increase was not provided in the initial estimates.

Variances between actuals for 2023-24 and 2022-23

- (g) The reduction in depreciation and amortisation expenses includes \$9.5 million decrease for computer equipment and \$5.1 million decrease for computer software as a result of information technology assets reaching the end of their useful lives in 2022-23 and 2023-24.
- (h) The increase in service agreement funding from State Government is mainly due to additional funding received for supporting the increased costs of existing, expanded, and new services delivered by the Health Service in 2023-24. Funding supplementation has also been received to meet the expenses associated with annual pay increases for employees and increasing costs for supplies and services.



9.14.2 Statement of Financial Position Variances

	Variance note	Estimate 2024 \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
ASSETS						
Current Assets						
Cash and cash equivalents		11,574	17,152	12,695	5,578	4,457
Restricted cash and cash equivalents		15,646	25,821	21,946	10,175	3,875
Receivables		14,090	13,648	13,378	(442)	270
Inventories		5,095	5,359	5,095	264	264
Other current assets		1,141	1,209	1,133	68	76
Total Current Assets		47,546	63,189	54,247	15,643	8,942
Non-Current Assets						
Receivables		18,172	15,372	15,372	(2,800)	-
Amounts receivable for services		581,134	581,135	529,342	1	51,793
Property, plant and equipment		1,127,007	1,192,637	1,151,747	65,630	40,890
Right-of-use assets	(a)	28,452	10,040	10,381	(18,412)	(341)
Intangible assets		9,823	9,822	12,794	(1)	(2,972)
Total Non-Current Assets		1,764,588	1,809,006	1,719,636	44,418	89,370
TOTAL ASSETS		1,812,134	1,872,195	1,773,883	60,061	98,312

Child and Adolescent Health Service

Notes to the financial statements for the year ended 30 June 2024



9.14.2 Statement of Financial Position Variances (cont.)

	Variance note	Estimate 2024 \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
LIABILITIES						
Current Liabilities						
Payables		40,380	47,562	37,928	7,182	9,634
Contract liabilities		-	472	280	472	192
Capital grant liabilities		-	101	409	101	(308)
Lease liabilities		2,690	2,132	2,207	(558)	(75)
Employee benefits provisions		146,888	157,424	146,888	10,536	10,536
Other current liabilities		750	104	61	(646)	43
Total Current Liabilities		190,708	207,795	187,773	17,087	20,022
Non-Current Liabilities						
Lease liabilities		26,745	8,830	8,848	(17,915)	(18)
Employee benefits provisions		24,560	26,777	24,560	2,217	2,217
Total Non-Current Liabilities		51,305	35,607	33,408	(15,698)	2,199
TOTAL LIABILITIES		242,013	243,402	221,181	1,389	22,221
NET ASSETS		1,570,121	1,628,793	1,552,702	58,672	76,091
EQUITY						
Contributed equity		1,491,169	1,489,537	1,473,301	(1,632)	16,236
Reserves		153,316	227,804	153,316	74,488	74,488
Accumulated surplus		(74,364)	(88,548)	(73,915)	(14,184)	(14,633)
TOTAL EQUITY		1,570,121	1,628,793	1,552,702	58,672	76,091

Major Variance Narratives

Variances between estimates and actuals

- (a) Right-of-use assets – The variance is caused by the deferral of the lease commencement for the Murdoch Community Hub to the 2024-25 financial year.



9.14.3 Statement of Cash Flows Variances

	Variance note	Estimate 2024 \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Service agreement funding - State	(a) (g)	511,646	574,884	507,566	63,238	67,318
Service agreement funding - Commonwealth	(b)	166,468	188,238	173,533	21,770	14,705
Grants from other state government agencies		89,071	89,962	85,883	891	4,079
Services provided to other government agencies		4,123	4,060	3,762	(63)	298
Capital appropriations administered by Department of Health		19,849	16,236	7,354	(3,613)	8,882
Net cash provided by State Government		791,157	873,380	778,098	82,223	95,282
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	(c)	(654,025)	(734,300)	(689,719)	(80,275)	(44,581)
Supplies and services	(d)	(196,521)	(218,825)	(204,073)	(22,304)	(14,752)
Finance costs		(570)	(413)	(340)	157	(73)
Receipts						
Receipts from customers		28,842	28,255	26,589	(587)	1,666
Grants and contributions	(e)	4,996	15,447	14,145	10,451	1,302
Donations received		233	364	134	131	230
Other receipts		47,418	54,615	51,191	7,197	3,424
Net cash used in operating activities		(769,627)	(854,857)	(802,073)	(85,230)	(52,784)



9.14.3 Statement of Cash Flows Variances (cont.)

	Variance note	Estimate 2024 \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	(f)	(23,671)	(7,883)	(5,707)	15,788	(2,176)
Receipts						
Proceeds from sale of non-current assets		-	13	22	13	(9)
Net cash used in investing activities		(23,671)	(7,870)	(5,685)	15,801	(2,185)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease		(2,478)	(2,321)	(2,230)	157	(91)
Payment to accrued salaries account		(2,800)	-	(2,700)	2,800	2,700
Net cash used in financing activities		(5,278)	(2,321)	(4,930)	2,957	2,609
Net increase / (decrease) in cash and cash equivalents		(7,419)	8,332	(34,590)	15,751	42,922
Cash and cash equivalents at the beginning of period		34,641	34,641	69,231	-	(34,590)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		27,222	42,973	34,641	15,751	8,332



9.14.3 Statement of Cash Flows Variances

Major Variance Narratives

Variances between estimates and actuals

- (a) Service agreement funding – State – see explanation in variance note (d) for the Statement of Comprehensive Income.
- (b) Service agreement funding – Commonwealth – see explanation in variance note (e) for the Statement of Comprehensive Income.
- (c) Employee benefits – The variance in payments to employees is partly caused by the reduced funding base in the initial estimates and partly because of additional staff resourcing to address service needs, increased service capability for the Emergency Department, improved nurse-to-patient ratio and maintaining safety and quality measures within the Perth Children’s Hospital.
- (d) Supplies and services – The variance in payments for supplies and services is mainly attributed to the reduced funding base in the initial estimates, increased medical and diagnostic supplies, higher pathology costs to support greater patient volumes, increased use of high cost drugs and higher insurance payments.
- (e) Grants and contributions – see explanation in variance note (c) for the Statement of Comprehensive Income.
- (f) Purchase of non-current assets – The variance is mainly because of the rescheduling of capital project completion for the Ward 5A reconfiguration, Midland Community Hub and Murdoch Community Hub, and the change in project expense categories from non-current assets to supplies and services.

Variances between actuals for 2023-24 and 2022-23

- (g) Service agreement funding – State – see explanation in variance note (h) for the Statement of Comprehensive Income.