



INDEPENDENT AUDITOR'S REPORT

Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 2013, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, statement of financial position and statement of cash flows.

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

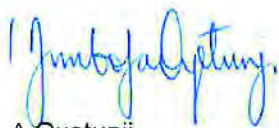
My opinion does *not* provide assurance:

- about the future viability of the District or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



A Oyetunji
Director, Financial Audit Services

20 September 2013
SYDNEY

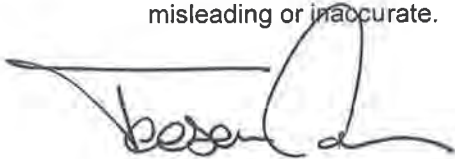
**Sydney Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Sydney Local Health District for the year ended 30 June 2013 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.

- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Sydney Local Health District; and

- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Teresa Anderson
Chief Executive
19 September 2013



Steven Carr
Director of Finance

Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2013

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual
2013	2013	2012			2013	2013	2012
\$000	\$000	\$000			\$000	\$000	\$000
			Expenses excluding losses				
			Operating Expenses				
			Employee Related	3	863,386	868,064	856,448
838,319	868,064	802,649	Personnel Services	4	----	----	----
42,390	34,454	41,758	Visiting Medical Officers		42,390	34,454	41,758
407,783	408,462	417,467	Other Operating Expenses	5	410,804	408,462	420,958
41,952	43,609	35,177	Depreciation and Amortisation	2(i), 6	42,770	43,609	35,969
16,009	16,204	15,904	Grants and Subsidies	7	16,142	16,204	16,091
179	----	----	Finance Costs	8	179	----	----
7,182	7,639	7,241	Payments to Affiliated Health Organisations	9	7,182	7,639	7,241
1,353,814	1,378,432	1,320,196	Total Expenses excluding losses		1,382,853	1,378,432	1,378,465
			Revenue				
1,097,990	1,094,102	1,071,718	NSW Ministry of Health Recurrent Allocations	2(d)	1,097,990	1,094,102	1,071,718
18,733	18,966	7,407	NSW Ministry of Health Capital Allocations	2(d)	18,733	18,966	7,407
----	22,910	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	21,649	22,910	49,233
177,210	172,250	170,738	Sale of Goods and Services	10	177,216	172,250	170,740
7,065	9,400	5,399	Investment Revenue	11	7,772	9,400	6,274
43,846	39,483	37,735	Grants and Contributions	12	51,930	39,483	43,534
11,381	2,999	6,949	Other Revenue	14	12,855	2,999	8,464
1,356,225	1,360,110	1,299,946	Total Revenue		1,388,145	1,360,110	1,357,370
26,227	----	(2,271)	Gain / (Loss) on Disposal	15	26,203	----	(2,271)
(685)	(770)	(9,010)	Other Gains / (Losses)	16	(681)	(770)	(9,010)
27,953	(19,092)	(31,531)	Net Result	32	30,814	(19,092)	(32,376)
			Other Comprehensive Income				
			Items that will not be reclassified to net result				
			Net Increase/(Decrease) in Property, Plant &				
107,929	----	----	Equipment Asset Revaluation Surplus		110,011	----	----
107,929	----	----	Total Other Comprehensive Income for the year		110,011	----	----
135,882	(19,092)	(31,531)	TOTAL COMPREHENSIVE INCOME		140,825	(19,092)	(32,376)

The accompanying notes form part of these financial statements.

**Sydney Local Health District
Statement of Financial Position as at 30 June 2013**

PARENT							CONSOLIDATION		
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual		
2013	2013	2012			2013	2013	2012		
\$000	\$000	\$000			\$000	\$000	\$000		
ASSETS									
Current Assets									
187,546	222,610	214,359	Cash and Cash Equivalents	19	204,798	222,610	230,162		
69,132	62,266	45,867	Receivables	20	70,112	62,266	44,963		
7,107	6,654	6,054	Inventories	21	7,107	6,654	6,054		
----	----	----	Financial Assets at Fair Value	22	348	----	314		
263,785	291,530	266,280	Total Current Assets		282,365	291,530	281,493		
Non-Current Assets									
889,458	862,170	784,605	- Land and Buildings	23	898,506	862,170	792,056		
59,659	46,967	65,307	- Plant and Equipment	23	61,479	46,967	66,988		
462	----	----	- Infrastructure Systems	23	462	----	----		
949,579	909,137	849,912	Total Property, Plant and Equipment		960,447	909,137	859,044		
949,579	909,137	849,912	Total Non-Current Assets		960,447	909,137	859,044		
1,213,364	1,200,667	1,116,192	Total Assets		1,242,812	1,200,667	1,140,537		
LIABILITIES									
Current Liabilities									
87,998	122,935	87,840	Payables	25	88,295	122,935	87,954		
178	----	----	Borrowings	26	178	----	----		
162,004	167,048	158,853	Provisions	27	162,534	167,048	159,407		
425	----	----	Other	28	429	----	----		
250,605	289,983	246,693	Total Current Liabilities		251,436	289,983	247,361		
Non-Current Liabilities									
807	3,532	1,344	Borrowings	26	807	3,532	1,344		
----	1,103	839	Provisions	27	----	1,103	842		
807	4,635	2,183	Total Non-Current Liabilities		807	4,635	2,186		
251,412	294,618	248,876	Total Liabilities		252,243	294,618	249,547		
961,952	906,049	867,316	Net Assets		990,569	906,049	890,990		
EQUITY									
107,929	----	----	Reserves		110,011	----	----		
854,023	906,049	867,316	Accumulated Funds		880,558	906,049	890,990		
961,952	906,049	867,316	Total Equity		990,569	906,049	890,990		

The accompanying notes form part of these financial statements.

Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2013

PARENT	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2012		867,316	-----	867,316
Total Equity at 1 July 2012		867,316	-----	867,316
Net Result for the year		27,953	-----	27,953
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	107,929	107,929
Total Other Comprehensive Income		-----	107,929	107,929
Total Comprehensive Income for the year		27,953	107,929	135,882
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	(41,246)	-----	(41,246)
Balance at 30 June 2013		854,023	107,929	961,952
Balance at 1 July 2011		758,742	-----	758,742
Total Equity at 1 July 2011		758,742	-----	758,742
Net Result for the year		(31,531)	-----	(31,531)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	-----	-----
Total Other Comprehensive Income		-----	-----	-----
Total Comprehensive Income for the year		(31,531)	-----	(31,531)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	140,105	-----	140,105
Balance at 30 June 2012		867,316	-----	867,316

The accompanying notes form part of these financial statements.

Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2013

CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2012		890,990	-----	890,990
Total Equity at 1 July 2012		890,990	-----	890,990
Net Result for the year		30,814	-----	30,814
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	110,011	110,011
Total Other Comprehensive Income		-----	110,011	110,011
Total Comprehensive Income for the year		30,814	110,011	140,825
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	(41,246)	-----	(41,246)
Balance at 30 June 2013		880,558	110,011	990,569
Balance at 1 July 2011		783,261	-----	783,261
Total Equity at 1 July 2011		783,261	-----	783,261
Net Result for the year		(32,376)	-----	(32,376)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	-----	-----
Total Other Comprehensive Income		-----	-----	-----
Total Comprehensive Income for the year		(32,376)	-----	(32,376)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	140,105	-----	140,105
Balance at 30 June 2012		890,990	-----	890,990

The accompanying notes form part of these financial statements.

Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2013

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
(26,251)	(26,897)	(15,904)		(851,811)	(818,116)	(795,840)
(1,351,907)	(1,313,524)	(1,250,634)		(26,378)	(26,897)	(16,091)
				(506,637)	(495,408)	(462,751)
<u>(1,378,158)</u>	<u>(1,340,421)</u>	<u>(1,266,538)</u>		<u>(1,384,826)</u>	<u>(1,340,421)</u>	<u>(1,274,682)</u>
Receipts						
1,097,990	1,094,102	1,071,703		1,097,990	1,094,102	1,071,703
18,733	18,966	7,207		18,733	18,966	7,207
181,419	212,897	152,817		13,164	13,164	10,936
7,008	9,400	7,615		181,083	212,897	155,318
68,314	66,438	39,562		7,715	9,400	8,945
37,843	37,845	16,818		64,107	53,274	34,424
				37,041	37,845	17,729
<u>1,411,307</u>	<u>1,439,648</u>	<u>1,295,722</u>		<u>1,419,833</u>	<u>1,439,648</u>	<u>1,306,262</u>
<u>33,149</u>	<u>99,227</u>	<u>29,184</u>	32	<u>35,007</u>	<u>99,227</u>	<u>31,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
11	---	1,082		11	---	1,082
---	---	---		---	---	2,000
(30,182)	(99,328)	(19,162)		(30,591)	(99,328)	(20,064)
<u>(30,171)</u>	<u>(99,328)</u>	<u>(18,080)</u>		<u>(30,580)</u>	<u>(99,328)</u>	<u>(16,982)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
---	---	(224)		---	---	(2,159)
(537)	12	(16,207)		(537)	12	(16,207)
<u>(537)</u>	<u>12</u>	<u>(16,431)</u>		<u>(537)</u>	<u>12</u>	<u>(18,366)</u>
2,441	(69)	(5,327)		3,890	(69)	(3,768)
214,359	248,937	103,081		230,162	248,937	117,325
(29,254)	(26,238)	116,605	36	(29,254)	(26,238)	116,605
<u>187,546</u>	<u>222,610</u>	<u>214,359</u>	19	<u>204,798</u>	<u>222,610</u>	<u>230,162</u>

* The 2011/12 amounts relate to repayment of monies held by SLHD on behalf of NSW Health Pathology, SWSLHD and HRTOSSW.

The accompanying notes form part of these financial statements

Sydney Local Health District
Service Group Statements
for the year ended 30 June 2013

SLHD EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2012	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Expenses excluding losses																						
Operating Expenses																						
Employee Related	57,847	59,951	864	857	136,415	114,764	65,617	59,951	442,917	28,228	423,942	76,841	55,257	57,382	7,770	14,560	19,858	49,674			863,386	
Visiting Medical Officers	382	1,044	85	1	9,368	6,681	1,568	960	23,037	28,228	890	1,921	127	1,712	551	459	382	752			42,390	
Other Operating Expenses	12,324	15,154	1	2	110,506	25,678	24,648	26,099	214,850	313,614	15,200	7,156	16,432	20,206	3,286	7,998	13,557	5,051			410,804	
Depreciation and Amortisation	1,925	1,978		35	10,436	5,108	2,994	2,734	21,342	20,430	2,139	1,511	2,224	2,698	470	360	1,240	1,115			42,770	
Grants and Subsidies	13,818	14,160									1,517	1,480	468	451								16,142
Finance Costs	12				28		14		92			16			2		4					179
Payments to Affiliated Health Organisations	1,637	1,238	1		1,149	579			4,388	5,424			7									7,182
Total Expenses excluding losses	87,945	93,525	951	895	287,902	152,810	94,841	89,744	712,626	791,638	96,603	87,435	74,526	82,449	12,079	23,377	35,380	56,592			1,382,853	1,378,465
Revenue																						
NSW Ministry of Health Recurrent Allocations **																						
NSW Ministry of Health Capital Allocations **																						
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities	1,450	3,446	21	49	3,421	6,597	1,645	3,446	11,106	24,370	1,927	4,333	1,386	3,299	195	837	488	2,856			21,649	
Sale of Goods and Services	1,418	171			33,848	28,172	3,013	4,610	111,646	132,665	2,304		24,101	4,439	177		709	683			177,216	
Investment Revenue	39	471	(1)	(1)	1,585	496	117	182	4,842	2,185	117		1,057	370			16	2,334			7,772	
Grants and Contributions	52	2,612	(1)	1	3,687	4,310	156	1,306	7,582	13,278	156	281	5,972	4,832	9,971	348	24,355	16,586			51,930	
Other Revenue	1,710	855	12	9	1,543	618	746	313	5,605	1,557	1,800	25	668	711	167	1,532	604	2,844			12,855	
Total Revenue	4,669	7,555	31	58	44,084	40,193	5,677	9,857	140,781	174,035	6,304	4,619	33,184	13,651	10,510	2,974	26,182	25,303			1,079,125	
Gain / (Loss) on Disposal	1,179	(125)		(3)	6,394	(322)	1,834	(173)	13,075	(1,290)	1,310	(95)	1,363	(170)	288	(23)	760	(70)			25,203	
Other Gains / (Losses)	(12)	(252)		(1)	(110)	(1,460)	(189)	(189)	(368)	(4,586)	(16)	(207)	(63)	(1,099)	(27)	(351)	(65)	(865)			(681)	
Net Result	(82,109)	(86,347)	(920)	(841)	(217,534)	(114,399)	(87,330)	(80,249)	(559,138)	(623,479)	(89,005)	(83,118)	(40,062)	(70,067)	(1,308)	(20,777)	(8,503)	(32,224)			1,079,125	
Other Comprehensive Income																						
Increase/(Decrease) in Revaluation Surplus	4,950	0	0	0	26,843	0	7,701	0	54,895	0	5,501	0	5,721	0	1,210	0	3,190	0			110,011	
Total Other Comprehensive Income	(77,159)	(86,347)	(920)	(841)	(190,691)	(114,399)	(79,629)	(80,249)	(504,243)	(623,479)	(83,504)	(83,118)	(34,341)	(70,067)	(98)	(20,777)	(5,313)	(32,224)			1,079,125	
Total Comprehensive Income																						140,825
																						(32,376)

Service Group Statements focus on the key measures of service delivery performance, refer note 2ab)

* The name and purpose of each service group is summarised in Note 18

** Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column

Sydney Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2013

SLHD ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																						
Current Assets																						
Cash and Cash Equivalents	13,107	15,651	205	229	39,731	25,548	14,131	14,961	105,061	132,113	14,336	14,500	11,059	13,810	1,843	3,913	5,325	9,437			204,798	230,162
Receivables	561	45	1		13,391	7,419	1,192	1,214	44,171	34,936	911		9,535	1,169	70		280	180			70,112	44,963
Inventories	213	218			1,912	369	426	375	3,717	4,510	263	103	284	291	57	115	235	73			7,107	6,054
Financial Assets at Fair Value	22	21		1	68	35	24	20	179	180	24	20	19	19	3	5	9	13			348	314
Total Current Assets	13,903	15,935	206	230	55,102	33,371	15,773	16,570	153,128	171,739	15,534	14,623	20,897	15,289	1,973	4,033	5,849	9,703			282,355	281,483
Non-Current Assets																						
Property, Plant and Equipment																						
- Land and Buildings	40,433	43,563	1	792	219,235	112,472	62,895	60,196	448,354	449,888	44,925	33,266	46,722	59,404	9,884	7,921	26,057	24,554			898,506	792,056
- Plant and Equipment	2,767	3,684	(1)	68	15,001	9,512	4,304	5,091	30,678	38,049	3,074	2,813	3,197	5,024	676	670	1,763	2,077			61,479	66,988
- Infrastructure Systems	21				113		32		231		23		24		5		13				462	
Total Non-Current Assets	43,221	47,247	—	860	234,349	121,984	67,231	65,287	479,263	487,937	48,022	36,079	49,943	64,428	10,565	8,591	27,863	26,631			960,447	859,044
TOTAL ASSETS	57,124	63,182	206	1,090	289,451	155,355	83,004	81,857	632,391	659,676	63,556	50,702	70,840	79,717	12,538	12,624	33,702	36,334			1,242,812	1,140,537
LIABILITIES																						
Current Liabilities																						
Payables	2,649	3,166		1	23,751	5,365	5,298	5,453	46,178	65,526	3,267	1,485	3,532	4,222	706	1,671	2,914	1,055			88,295	87,954
Borrowings	11				35		12		91		12		10		2		5				178	
Provisions	10,890	11,158	162	160	25,680	21,361	12,353	11,158	83,380	78,906	14,466	14,028	10,402	10,680	1,463	2,710	3,798	9,246			162,534	159,407
Other	27		1		83		30		220		30		23		4		11				429	
Total Current Liabilities	13,577	14,324	163	161	49,549	26,726	17,693	16,611	129,859	144,432	17,775	15,523	13,967	14,902	2,175	4,381	6,668	10,301			251,436	247,361
Non-Current Liabilities																						
Borrowings	52	91		2	157	149	56	87	414	771	56	85	44	81	7	23	21	55			807	1,344
Provisions		59		1		113	59	59	417	417		74		56		14		49			842	
Total Non-Current Liabilities	52	150	—	3	157	262	56	146	414	1,188	56	159	44	137	7	37	21	104			807	2,186
TOTAL LIABILITIES	13,629	14,474	163	164	49,706	26,988	17,749	16,757	130,283	145,620	17,831	15,682	14,011	15,039	2,182	4,418	6,689	10,405			252,243	249,547
NET ASSETS	43,495	48,708	43	926	239,745	128,367	65,255	65,100	502,108	514,056	45,725	35,020	56,829	64,678	10,356	8,206	27,013	25,929			990,569	890,990

* The name and purpose of each service group is summarised in Note 18
Assets and liabilities that are specific to service groups are allocated accordingly, e.g. Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(ab), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group

Sydney Local Health District
Notes to and forming part of the Financial Statements
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1. The Reporting Entity

The Sydney Local Health District (the SLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The SLHD as a reporting entity, comprises all the entities under its control, namely;

- * The parent entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the SLHD.
- * The Sydney Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the SLHD to exercise its functions.
- * The Anzac Health and Medical Research Foundation is a controlled entity of SLHD conducting medical research on the Concord Hospital campus.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent, special purpose service entity and Anzac Health and Medical Research Foundation. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The SLHD is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive on 19 September 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The SLHD's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and its regulations, and the Treasurers' Directions. Apart from the basis for the SLHD's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(aa).

The consolidated entity has a working capital surplus of \$30.9m (2012 surplus of \$34.1m). A significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the SLHD have been prepared on a going concern basis.

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Other mitigating circumstances why the going concern is appropriate include:

- * Appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The SLHD has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.
- * The SLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the SLHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at "fair value through profit and loss" and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

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

Comparative Information

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

Comparative figures have been reclassified and repositioned in the financial statements, where necessary, to conform with the basis of presentation and classification used in the current year.

Statement of Compliance

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

Significant accounting policies used in the preparation of these financial statements are as follows:

a) Employee Benefits and Other Provisions

i) Salaries & Wages, Annual Leave, Sick Leave and On-Costs

At the consolidated level of reporting, liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term".

On-costs of 14.9% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were 17.0%).

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

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
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ii) Long Service Leave and Superannuation

The SLHD's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity.

The SLHD accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the SLHD as shown in Note 27.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The SLHD's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 25, 'Payables'.

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

iii) Other Provisions

Other provisions exist when the SLHD has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

b) Insurance

The SLHD's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Patient Fees

Patient fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

High Cost Drugs

High cost drug revenue is paid by the Commonwealth through Medicare and reflects the recoupment of costs incurred for Section 100 highly specialised drugs, in accordance with the terms of the Commonwealth agreement. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria is met in respect of day admitted patients, non admitted patients or patients on discharge. Revenue is recognised when the drugs have been provided to the patient.

Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents. The SLHD, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. For inpatient services, revenue is recognised by the SLHD on an accrual basis by reference to patient admissions. Non admitted patients are recognised by the Ministry of Health in the form of a block grant.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Rental revenue from operating leases is recognised in accordance with AASB 117, Leases on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB 118, Revenue when the SLHD's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB 118, on an accrual basis in accordance with the substance of the relevant agreement.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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Debt Forgiveness

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

Use of Hospital Facilities

Specialist doctors with rights of private practice are subject to an infrastructure charge for the use of hospital facilities at rates determined by the NSW Ministry of Health. Charges consist of two components:

- * a monthly charge raised by the Ministry based on a percentage of receipts generated
- * the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for SLHD use in the advancement of the SLHD or individuals within it.

Use of Outside Facilities

The SLHD uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities.

Where material, the cost method of accounting is used for the initial recording of all such services. Cost is determined as the fair value of the services given and is then recognised as revenue with a matching expense.

Grants and Contributions

Grants and contributions are generally recognised as revenues when the SLHD obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the SLHD as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the "Net Result" on the basis that the allocation is earned in return for the health services provided on behalf of the Ministry. Allocations are normally recognised upon the receipt of cash.

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

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

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

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

f) Interstate Patient Flows

From 1 July 2012, interstate patient flows are funded through the state pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation.

In the previous year, the SLHD recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 10.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the SLHD.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(x)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

Land and buildings which are owned by the Health Administration Corporation or the State and administered by the SLHD are deemed to be controlled by the SLHD and are reflected as such in the financial statements.

h) Capitalisation Thresholds

Individual items of property, plant & equipment and intangibles are capitalised where their cost is \$10,000 or above.

i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the SLHD. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

Buildings	2.5%
Buildings - Leasehold	4%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%

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

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB 116, Property, Plant and Equipment and AASB 140, Investment Property.

Investment property is separately discussed at Note 2(m).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is the depreciated replacement cost.

The SLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the SLHD was completed in the 30 June 2013 financial year and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

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

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the net result for the year, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

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

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

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the SLHD is effectively exempt from AASB 136, Impairment of Assets.

This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

Sydney Local Health District
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m) Investment Properties

Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116, Property, Plant and Equipment.

The SLHD does not have any property that meets the definition of Investment Property.

n) Intangible Assets

The SLHD recognises intangible assets only if it is probable that future economic benefits will flow to the SLHD and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the SLHD's intangible assets, the assets are carried at cost less any accumulated amortisation.

Computer software developed or acquired by the SLHD are recognised as intangible assets and are amortised over four years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

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

o) Maintenance

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

p) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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q) Inventories

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

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

r) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Net Result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

s) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The SLHD determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

* Fair value through profit or loss - The SLHD subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the SLHD's key management personnel.

The risk management strategy of the SLHD has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act.

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

* Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the SLHD has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'.

These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

* Available-for-sale investments - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Sydney Local Health District
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Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the SLHD commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

t) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale", must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

u) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the SLHD transfers the financial asset:

- * where substantially all the risks and rewards have been transferred; or
- * where the SLHD has not transferred substantially all the risks and rewards, if the SLHD has not retained control.

Where the SLHD has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the SLHD's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

v) Payables

These amounts represent liabilities for goods and services provided to the SLHD and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the SLHD.

w) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

The finance lease liability is determined in accordance with AASB 117, Leases.

Sydney Local Health District
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x) Equity Transfers

The transfer of net assets between entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

y) Equity and Reserves

(i) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the SLHD's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(ii) Accumulated Funds

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

(iii) Separate Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

z) Trust Funds

The SLHD receives monies in a trustee capacity for various trusts as set out in Note 30.

As the SLHD performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the SLHD's own objectives, they are not brought to account in the financial statements.

aa) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

ab) Service Group Statements Allocation Methodology

The Ministry of Health, in conjunction with all health entities, undertook an analysis of service group statements to ensure that the National Health Funding reforms definitions are consistently applied to 2011/12 and 2012/13 financial statements. Using the statistical data for twelve months ending 30 June 2012, new percentages were derived which resulted in variances in several service groups for the 2011/12 comparative year, which have been restated.

The data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2012/13 year. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires the SLHD take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

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ac) New Australian Accounting Standards Issued but not Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 11, Joint Arrangements has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the SLHD.

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement. It is not expected that the changes will have a material impact.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2013/14 financial statements will be dependent on the policy of NSW Treasury.

AASB 127, Separate Financial Statements, has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the SLHD.

AASB 128, Investments in Associates and Joint Ventures, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the SLHD.

AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the policy of NSW Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the SLHD.

AASB 2011-2, Trans-Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the policy of NSW Treasury.

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration of Key Management Personnel, recognising that this is more a governance issue.

Sydney Local Health District
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AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013. The exemption is not expected to have a material impact.

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not-for-profits, the changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

AASB 2011-11, Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements, applicable from 1 July 2013 assessed as having no material impact.

The following changes will depend on the policies determined by NSW Treasury.

AASB 2012-1, Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements. Sets out reduced disclosure requirements as a consequence of the issuance of AASB 13, having application from 1 July 2013.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2012-4, Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards'). Applicable to reporting periods on or after 1 January 2013.

AASB 2012-5 regarding annual improvements 2009 to 2011 cycle. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-7, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Applicable to reporting periods on or after 1 July 2013.

AASB 2012-9, Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-10, Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-11, Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments, having application from 1 July 2013.

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements, having application from 1 July 2014.

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	578,332	553,882
----	----	Overtime	33,522	33,770
----	----	Penalties	53,499	50,684
----	----	Superannuation - Defined Benefit Plans	10,547	14,452
----	----	Superannuation - Defined Contribution Plans	63,750	58,699
----	----	Long Service Leave	11,086	41,017
----	----	Annual Leave	72,502	71,863
----	----	Sick Leave and Other Leave	29,095	20,673
----	----	Redundancies	222	219
----	----	Workers' Compensation Insurance	10,831	11,189
-----	-----		863,386	856,448
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
575,661	550,205	Salaries and Wages	----	----
33,519	33,768	Overtime	----	----
53,493	50,675	Penalties	----	----
63,414	58,372	Superannuation - Defined Contribution Plans	----	----
(19)	6,164	Long Service Leave	----	----
72,176	71,464	Annual Leave	----	----
29,022	20,593	Sick Leave and Other Leave	----	----
222	219	Redundancies	----	----
10,831	11,189	Workers' Compensation Insurance	----	----
-----	-----		838,319	802,649
5. Other Operating Expenses				
19,985	20,003	Blood and Blood Products	19,985	20,003
127	20	Capital Project Expense	127	20
15,576	15,797	Domestic Supplies and Services	15,589	15,810
71,763	72,773	Drug Supplies	71,794	72,798
23,582	24,979	Food Supplies	23,612	25,013
15,640	12,548	Fuel, Light and Power	15,640	12,548
18,876	50,220	General Expenses (See (b) below)	19,115	50,601
3,049	2,650	Hospital Ambulance Transport Costs	3,049	2,650
12,713	4,159	Information Management Expenses	12,739	4,173
2,440	1,369	Insurance	2,444	1,373
		Maintenance (See (c) below)		
26,232	20,632	Maintenance Contracts	26,344	20,764
6,902	6,348	New/Replacement Equipment under \$10,000	7,074	6,507
4,145	3,555	Repairs Maintenance/Non Contract	4,167	3,565
(482)	(1,516)	Other	(482)	(1,516)
91,387	92,368	Medical and Surgical Supplies	91,414	92,393
1,832	1,775	Motor Vehicle Expenses	1,837	1,779
2,837	1,811	Postal and Telephone Costs	2,852	1,822
5,508	4,472	Printing and Stationery	5,563	4,535
2,216	2,319	Rates and Charges	2,224	2,331
2,628	2,103	Rental	2,628	2,103
61,200	60,251	Special Service Departments	62,503	62,124
8,293	7,537	Staff Related Costs	9,090	8,139
6,765	6,482	Sundry Operating Expenses (See (a) below)	6,765	6,482
4,569	4,812	Travel Related Costs	4,731	4,941
-----	-----		410,804	420,958

Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
41	----	(a) Sundry Operating Expenses comprise :	41	----
6,724	6,448	Aircraft Expenses (Ambulance)	6,724	6,448
----	34	Contract for Patient Services	----	34
6,765	6,482	Isolated Patient Travel and Accommodation Assistance Scheme	6,765	6,482
		(b) General Expenses include :-		
409	524	Advertising	415	524
235	253	Auditor's Remuneration - External Audit	260	273
487	502	Books, Magazines and Journals	512	512
		Consultancies		
1,504	341	- Operating Activities	1,526	499
1,505	1,245	Contractors	1,506	1,248
4,016	3,661	Corporate Support Services	4,016	3,661
887	627	Courier and Freight	954	697
172	12	Data Recording and Storage	172	12
1,710	984	Legal Services	1,731	998
578	444	Membership/Professional Fees	594	467
2,162	2,844	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,169	2,849
65	29	Public Private Partnership	65	29
3,347	2,166	Other Operating Lease Expense - Minimum Lease Payments	3,347	2,166
81	9	Payroll Services	81	9
118	34	Quality Assurance/Accreditation	118	34
361	455	Security Services	361	455
----	30,479	Services Purchased from Health Reform Transition Organisations	----	30,479
207	256	Translator Services	207	256
1,032	5,355	Other	1,081	5,433
18,876	50,220		19,115	50,601
		(c) Reconciliation of Total Maintenance		
36,797	29,019	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	37,103	29,320
5,176	4,987	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	5,176	4,987
41,973	34,006	Total Maintenance Expenses included in Notes 3, 4 and 5	42,279	34,307

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		6. Depreciation and Amortisation		
28,571	22,491	Depreciation - Buildings	29,057	22,950
13,381	12,686	Depreciation - Plant and Equipment	13,713	13,019
41,952	35,177		42,770	35,969
		7. Grants and Subsidies		
15,794	15,920	Non-Government Organisations	15,794	15,920
215	(16)	Other Grants	348	171
16,009	15,904		16,142	16,091
		8. Finance Costs		
179	-----	Interest on Loans	179	-----
179	-----	Total Finance Costs	179	-----
		9. Payments to Affiliated Health Organisations		
		(a) Recurrent Sourced		
6,658	6,703	Tresillian Family Care Centres at Belmore, Willoughby, and Wollstonecraft	6,658	6,703
524	538	Central Sydney Scarba Service	524	538
7,182	7,241		7,182	7,241

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT

CONSOLIDATION

2013
\$000

2012
\$000

2013
\$000

2012
\$000

10. Sale of Goods and Services

(a) Sale of Goods comprise the following:-

9,055	8,761	Sale of Prosthesis	9,055	8,761
4	----	Other	4	----
1,237	1,706	Pharmacy Sales	1,237	1,706

(b) Rendering of Services comprise the following:-

55,490	55,778	Patient Fees [see note 2(d)]	55,490	55,778
6,634	1,933	- Inpatient Fees	6,634	1,933
17,455	18,256	- Non Inpatient Fees	17,455	18,256
793	536	Department of Veterans' Affairs	793	536
14,505	13,764	Staff-Meals and Accommodation	14,505	13,764
13,266	19,475	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	13,266	19,475
2,929	2,954	- Annual Charge	2,929	2,954
4,181	2,632	Cafeteria/Kiosk	4,181	2,632
2,147	1,831	Car Parking	2,147	1,831
73	3	Child Care Fees	73	3
180	155	Clinical Services (excluding Clinical Drug Trials)	180	155
1	----	Commercial Activities	1	----
124	140	Enteral Nutrition Income	124	140
50	46	Fees for Medical Records	50	46
27,560	26,885	Information Retrieval	27,560	26,885
9,563	2,200	High Cost Drugs	9,563	2,200
----	5,836	Motor Accident Authority Third Party	----	5,836
26	----	Patient Inflows from Interstate*	26	----
605	416	Private Use of Motor Vehicles	608	418
8,183	----	Salary Packaging Fee	8,183	----
2,574	4,789	Hosted services provided to Other LHDs	2,574	4,789
14	----	Services Provided to Non NSW Health Organisations	14	----
561	2,642	Shared Corporate Services	564	2,642
		Other		
177,210	170,738		177,216	170,740

*From 1 July 2012, interstate patient flows are paid through the state pool account. As a result, these funds are now recognised through recurrent allocation. Refer note 2(f).

11. Investment Revenue

7,008	5,340	Interest	7,715	6,215
57	59	- Other	57	59
		Royalties		
7,065	5,399		7,772	6,274

Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
12. Grants and Contributions				
4,749	3,456	Clinical Drug Trials	5,012	3,866
17,156	14,801	Commonwealth Government Grants	17,156	14,801
52	82	Commonwealth Teaching Hospital Grants	52	82
5,531	3,548	Industry Contributions/Donations	6,215	4,003
7,957	7,084	Cancer Institute Grants	8,858	7,272
2,756	4,367	NSW Government Grants	3,223	4,377
4,319	3,021	Research Grants	10,088	7,758
1,326	1,376	Other Grants	1,326	1,375
43,846	37,735		51,930	43,534
13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	10,547	14,452
----	----	Long Service Leave	11,102	34,781
----	----		21,649	49,233
14. Other Revenue				
Other Revenue comprises the following:-				
27	39	Commissions	27	39
1,645	1,081	Conference and Training Fees	1,645	1,081
2	4	Discounts	2	4
25	15	Insurance Refunds	25	15
1,878	2,216	Lease and Rental Income	1,891	2,216
5,852	-----	Property not Previously Recognised	5,939	-----
151	68	Sponsorship Income	151	68
-----	3,388	Treasury Managed Fund Hindsight Adjustment	-----	3,388
143	-----	Unclaimed Deposits	143	-----
1,658	138	Other	3,032	1,653
11,381	6,949		12,855	8,464

Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		15. Gain / (Loss) on Disposal		
16,410	42,897	Property, Plant and Equipment	16,496	42,897
15,626	40,744	Less: Accumulated Depreciation	15,688	40,744
<u>784</u>	<u>2,153</u>	Written Down Value	<u>808</u>	<u>2,153</u>
27,011	----	Less: Proceeds from Disposal	27,011	----
<u>26,227</u>	<u>(2,153)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>26,203</u>	<u>(2,153)</u>
----	1,200	Assets Held for Sale	----	1,200
----	1,082	Less: Proceeds from Disposal	----	1,082
<u>----</u>	<u>(118)</u>	Gain/(Loss) on Disposal of Assets Held for Sale	<u>----</u>	<u>(118)</u>
<u>26,227</u>	<u>(2,271)</u>	Total Gain/(Loss) on Disposal	<u>26,203</u>	<u>(2,271)</u>
		16. Other Gains / (Losses)		
(685)	(9,010)	Impairment of Receivables	(681)	(9,010)
<u>(685)</u>	<u>(9,010)</u>		<u>(681)</u>	<u>(9,010)</u>

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT

17. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at balance date	9,538	9,834	14,025	33,397
Administrative Restructure transfer out to NSW Health Pathology effective July 1, 2012	----	(205)	(28,705)	(28,910)
Contributions recognised in amalgamated balance as at 30 June 2012 which were not expended in the current year	62,973	28,275	69,100	160,348
Total amount of unexpended contributions as at balance date	<u>72,511</u>	<u>37,904</u>	<u>54,420</u>	<u>164,835</u>

Comment on restricted assets appears in Note 24

Sydney Local Health District
Notes to and forming part of the Financial Statements
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CONSOLIDATION

17. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	12,142	17,510	14,025	43,677
Administrative Restructure transfer out to NSW Health Pathology effective July 1, 2012	-----	(205)	(28,705)	(28,910)
Contributions recognised in previous years which were not expended in the current reporting period	81,188	28,393	69,100	178,681
Total amount of unexpended contributions as at balance date	<u>93,330</u>	<u>45,698</u>	<u>54,420</u>	<u>193,448</u>

Comment on restricted assets appears in Note 24

Sydney Local Health District
Notes to and forming part of the Financial Statements
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18. Service Groups of the SLHD

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community).

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency road and air ambulance services and treatment of patients in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

Sydney Local Health District
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Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

Service Group 4.1 - Rehabilitation and Extended Care Services

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

Service Group 5.1 - Population Health Services

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		19. Cash and Cash Equivalents		
104,542	139,473	Cash at Bank and On Hand	107,414	140,851
83,004	74,886	Short Term Deposits	97,384	89,311
<u>187,546</u>	<u>214,359</u>		<u>204,798</u>	<u>230,162</u>
		Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
187,546	214,359	Cash and Cash Equivalents (per Statement of Financial Position)	204,798	230,162
<u>187,546</u>	<u>214,359</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>204,798</u>	<u>230,162</u>

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
20. Receivables				
Current				
28,747	19,189	Sale of Goods and Services	30,149	19,683
37,048	22,252	Intra Health Receivables	37,048	22,262
2,187	-----	Goods and Services Tax	2,087	-----
<u>4,816</u>	<u>8,603</u>	Other Debtors	<u>4,494</u>	<u>7,199</u>
72,798	50,044	Sub Total	73,778	49,144
<u>(3,738)</u>	<u>(4,415)</u>	Less Allowance for Impairment	<u>(3,738)</u>	<u>(4,419)</u>
69,060	45,629	Sub Total	70,040	44,725
72	238	Prepayments	72	238
<u>69,132</u>	<u>45,867</u>		<u>70,112</u>	<u>44,963</u>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(2,881)	(773)	Balance at Commencement of Reporting Period	(2,881)	(773)
943	3,208	Amounts written off during the year	943	3,208
-----	(1,080)	Administrative Restructures - Transfers (In)/out	-----	(1,080)
(1,027)	(4,236)	(Increase)/decrease in Allowance Recognised in	(1,027)	(4,236)
(2,965)	(2,881)	Result for the Year	(2,965)	(2,881)
		Balance at 30 June		
(b) Movement in the Allowance for Impairment				
Other Debtors				
(1,534)	(1,128)	Balance at Commencement of Reporting Period	(1,538)	(1,132)
130	(2)	Amounts written off during the year	130	(2)
289	-----	Amounts recovered during the year	289	-----
-----	(290)	Administrative Restructures - Transfers (In)/out	-----	(290)
342	(114)	(Increase)/decrease in Allowance Recognised in	346	(114)
(773)	(1,534)	Result for the Year	(773)	(1,538)
		Balance at 30 June		
<u>(3,738)</u>	<u>(4,415)</u>		<u>(3,738)</u>	<u>(4,419)</u>
(c) Patient Fee Receivables				
(Current and Non-Current) include:				
5,311	913	Patient Fees - Compensable	5,311	913
7,376	3,099	Patient Fees - Ineligible	7,376	3,099
8,408	8,041	Patient Fees - Other	8,408	8,041
<u>21,095</u>	<u>12,053</u>		<u>21,095</u>	<u>12,053</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

CONSOLIDATION

2013 **2012**
\$000 **\$000**

2013 **2012**
\$000 **\$000**

21. Inventories - Current - Held for Distribution

6,291	5,206	Drugs	6,291	5,206
787	817	Medical and Surgical Supplies	787	817
29	31	Engineering Supplies	29	31
<u>7,107</u>	<u>6,054</u>		<u>7,107</u>	<u>6,054</u>

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		22. Financial Assets at Fair Value		
		Current		
-----	-----	Treasury Corporation - Hour-Glass Investment Facilities*	348	314
-----	-----		348	314
		* Treasury Corporation - Hour-Glass Investment Facilities - TCorp Medium Term Growth Facility		

Refer to Note 37 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
23. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,511,992	1,368,089	Gross Carrying Amount	1,524,833	1,379,572
622,534	583,484	Less: Accumulated Depreciation and Impairment	626,327	587,516
<u>889,458</u>	<u>784,605</u>	Net Carrying Amount	<u>898,506</u>	<u>792,056</u>
Plant and Equipment - Fair Value				
196,746	204,401	Gross Carrying Amount	200,785	207,984
137,087	139,094	Less: Accumulated Depreciation and Impairment	139,306	140,996
<u>59,659</u>	<u>65,307</u>	Net Carrying Amount	<u>61,479</u>	<u>66,988</u>
Infrastructure Systems - Fair Value				
462	----	Gross Carrying Amount	462	----
----	----	Less: Accumulated Depreciation and Impairment	----	----
<u>462</u>	<u>----</u>	Net Carrying Amount	<u>462</u>	<u>----</u>
<u>949,579</u>	<u>849,912</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>960,447</u>	<u>859,044</u>

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

23. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2013						
Net Carrying Amount at Start of Year	247,670	532,670	4,265	65,307	----	849,912
Additions	5,070	744	18,999	11,221	----	36,034
Disposals	----	----	----	(784)	----	(784)
Administrative Restructures - Transfers In/(Out)	----	----	----	(1,560)	----	(1,560)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	39,260	68,669	----	----	----	107,929
Depreciation Expense	----	(28,571)	----	(13,381)	----	(41,952)
Reclassifications	----	5,161	(4,479)	(1,144)	462	----
Net Carrying Amount at End of Year	292,000	578,673	18,785	59,659	462	949,579

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Net Carrying Amount at Start of Year	238,670	479,617	44,311	64,109	----	826,707
Additions	----	1,465	3,689	13,403	----	18,557
Disposals	----	----	----	(2,153)	----	(2,153)
Administrative Restructures - Transfers In/(Out)	9,000	30,337	----	2,641	----	41,978
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----
Depreciation Expense	----	(22,484)	----	(12,693)	----	(35,177)
Reclassifications	----	43,735	(43,735)	----	----	----
Net Carrying Amount at End of Year	247,670	532,670	4,265	65,307	0	849,912

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SLHD [see note 2(g)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Mark Greenhalgh FAPI (Corporeal) in accordance with note 2(j). Mark Greenhalgh FAPI (Corporeal) is not an employee of the SLHD.
- (iii) Hospital buildings and purpose built health facilities have been valued at fair value for their existing use. As current market prices are difficult to observe, the assets fair value is measured at depreciated replacement cost based on the assumption that the assets's economic life is 40 years. Hospital land held for continued use was valued taking into account the nature of the parcel, other relevant factors and comparison to similar vacant and development sites. Non-specialised properties have been valued by direct comparison with sales of comparable properties.

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

CONSOLIDATION

23. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2013						
Net Carrying Amount at Start of Year	247,670	540,121	4,265	66,988	----	859,044
Additions	5,070	745	18,999	11,716	----	36,530
Disposals	----	----	----	(808)	----	(808)
Administrative Restructures - Transfers In/(Out)	----	----	----	(1,560)	----	(1,560)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	39,260	70,751	----	----	----	110,011
Depreciation Expense	----	(29,057)	----	(13,713)	----	(42,770)
Reclassifications	----	5,161	(4,479)	(1,144)	462	----
Net Carrying Amount at End of Year	292,000	587,721	18,785	61,479	462	960,447

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Net Carrying Amount at Start of Year	238,670	487,527	44,311	65,221	----	835,729
Additions	----	1,465	3,689	14,305	----	19,459
Disposals	----	----	----	(2,153)	----	(2,153)
Administrative Restructures - Transfers In/(Out)	9,000	30,337	----	2,641	----	41,978
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----
Depreciation Expense	----	(22,943)	----	(13,026)	----	(35,969)
Reclassifications	----	43,735	(43,735)	----	----	----
Net Carrying Amount at End of Year	247,670	540,121	4,265	66,988	0	859,044

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SLHD [see note 2(g)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Mark Greenhalgh FAPI (Corporeal) in accordance with note 2(j). Mark Greenhalgh FAPI (Corporeal) is not an employee of the SLHD.
- (iii) Hospital buildings and purpose built health facilities have been valued at fair value for their existing use. As current market prices are difficult to observe, the assets fair value is measured at depreciated replacement cost based on the assumption that the assets' economic life is 40 years. Hospital land held for continued use was valued taking into account the nature of the parcel, other relevant factors and comparison to similar vacant and development sites. Non-specialised properties have been valued by direct comparison with sales of comparable properties

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

CONSOLIDATION

**2013
\$000**

**2012
\$000**

**2013
\$000**

**2012
\$000**

24. Restricted Assets

The SLHD's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

Category

72,511	70,606	Specific Purposes
37,904	34,275	Research Grants
54,420	81,515	Private Practice Funds

93,330	87,997
45,698	40,554
54,420	81,515

164,835

186,396

193,448

210,066

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		25. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	19,599	17,104
----	----	Taxation and Payroll Deductions	5,281	5,698
24,884	22,802	Accrued Liability - Purchase of Personnel Services	----	----
36,288	37,629	Creditors	36,289	37,629
24	----	Interest	24	----
		Other Creditors		
17,545	18,624	- Intra Health Liability	17,545	18,624
9,257	5,607	- Other	9,557	5,616
----	3,178	- Goods and Services Tax	----	3,283
87,998	87,840		88,295	87,954

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

		26. Borrowings		
		Current		
178	----	Other Loans and Deposits	178	----
178	----		178	----
		Non-Current		
807	1,344	Other Loans and Deposits	807	1,344
807	1,344		807	1,344

Other loans still to be extinguished represent monies to be repaid to the HealthShare.

Final Repayment is scheduled for 30 June 2018

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
27. Provisions				
----	----	Annual Leave - Short Term Benefit	74,794	77,300
----	----	Annual Leave - Long Term Benefit	71,252	66,109
----	----	Long Service Leave On-Costs	16,488	15,998
162,004	158,853	Provision for Personnel Services Liability	----	----
162,004	158,853	Total Current Provisions	162,534	159,407
Non-Current Employee Benefits and Related On-Costs				
----	839	Long Service Leave - Conditional	----	842
----	839	Total Non-Current Provisions	----	842
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	162,534	159,407
----	----	Provisions - Non-Current	----	842
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	24,880	22,802
186,888	182,494	Liability - Purchase of Personnel Services	----	----
186,888	182,494		187,414	183,051

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

CONSOLIDATION

**2013
\$000**

**2012
\$000**

**2013
\$000**

**2012
\$000**

28. Other Liabilities

		Current
425	----	Income in Advance

429	----	

<u>425</u>	<u>----</u>	

<u>429</u>	<u>----</u>	

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		29. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	32,697	5,522
32,697	5,522	Later than one year and not later than five years	14,009	2,247
14,009	2,247	Later than five years	-----	-----
-----	-----		-----	-----
<u>46,706</u>	<u>7,769</u>	Total Capital Expenditure Commitments (Including GST)	<u>46,706</u>	<u>7,769</u>
		Of the commitments reported at 30 June 2013 it is expected that nil will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	5,883	6,722
5,883	6,722	Later than one year and not later than five years	11,323	13,312
11,323	13,312	Later than five years	2,617	2,703
2,617	2,703		-----	-----
-----	-----		-----	-----
<u>19,823</u>	<u>22,737</u>	Total Operating Lease Commitments (Including GST)	<u>19,823</u>	<u>22,737</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment		
		(c) Contingent Asset Related to Commitments for Expenditure		
		The total of 'Commitments for Expenditure' above, i.e. \$66.529 million as at 30 June 2013 includes input tax credits of \$6.048 million that are expected to be recoverable from the Australian Taxation Office (2012 \$2.773 million).		

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT AND CONSOLIDATION

30. Trust Funds

The SLHD holds trust fund moneys of \$34.9 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice & Other Trust Funds		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cash Balance at the beginning of the financial year	125	139	6,257	6,088	26,931	21,339	33,313	27,566
Administrative Restructure transfer out to NSW Health Pathology effective July 1, 2012	-----	-----	-----	-----	(1,101)	-----	(1,101)	-----
Receipts	265	207	1,469	880	40,101	66,340	41,835	67,427
Expenditure	(240)	(221)	(2,323)	(711)	(36,545)	(60,748)	(39,108)	(61,680)
Cash Balance at the end of the financial year	150	125	5,403	6,257	29,386	26,931	34,939	33,313

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT AND CONSOLIDATED

31. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2006/07 fund year and an interim adjustment for the 2008/09 fund year were not calculated until 2012/13.

As a result, the 2007/08 final and 2009/10 pertaining to the hospitals and community services now forming part of the SLHD will be paid in 2013/14. It is not possible for the SLHD to reliably quantify the benefit to be received or amount payable.

b) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the SLHD's consolidated financial statements to the extent of cash payments made.

However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the SLHD and the Ministry.

c) Other

Damages

A claim was made against the former Central Sydney Area Health Service (now SLHD) by the lessee of a property owned by the District on the Royal Prince Alfred Hospital (RPAH) campus, on which the lessee had agreed to construct a carpark and private hospital to be operated by the lessee. The lessee sought damages principally because it claimed its failure to commence construction of the hospital and to complete the carpark was caused by the former Area Health Service. That claim failed, however the lessee successfully sought to be restored to possession and is claiming substantial damages for having been kept out of possession. SLHD also has a substantial cross-claim for damages. The matters are before the court. The contingent liability is not able to be reliably quantified at this time.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT

CONSOLIDATION

	2013 \$000	2012 \$000		2013 \$000	2012 \$000
32. Reconciliation of Cash Flows from Operating Activities to Net Result					
33,149		29,184	Net Cash Flows from Operating Activities	35,007	31,580
(41,952)		(35,177)	Depreciation	(42,770)	(35,969)
(685)		(9,010)	Allowance for Impairment	(681)	(9,010)
(425)		-----	(Increase)/ Decrease Income in Advance	(429)	-----
(2,840)		(20,047)	(Increase)/ Decrease in Provisions	(2,813)	(20,163)
(5,809)		6,594	Increase / (Decrease) in Prepayments and Other Assets	(3,446)	4,991
14,436		(804)	(Increase)/ Decrease in Creditors	13,804	(1,534)
26,227		(2,271)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	26,203	(2,271)
5,852		-----	Assets Previously not recognised	5,939	-----
	<u>27,953</u>	<u>(31,531)</u>	Net Result	<u>30,814</u>	<u>(32,376)</u>

33. 2012/13 Voluntary Services

It is considered impracticable to quantify the monetary value of voluntary services provided to the SLHD. Services provided include:

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT AND CONSOLIDATED

34. Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the *Industrial Relations Act, 1996*.

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

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

35. Budget Review - Parent and Consolidated

The District has continued to remain at performance level 0 within NSW Health Performance Framework for the full year.

Prior to finalisation of the accounts, the Ministry of Health advised that all LHDs were to adopt the practice of adjusting revenue downwards where fees were waived for private health insurance gap payments or where private health insurers paid a rate lower than NSW Health's single room rate. SLHD's practice for many years has been to record such waivers as an impairment of receivables. The corresponding downward adjustment in revenue was \$2.356M.

During 2012/13 the function of Forensic Medicine Service and Pathology Trust Funds were transferred to NSW Health Pathology effective 1 July 2012. At the time of transfer Forensic Medicine had an expense budget of \$8.551M and revenue budget of \$0.088M. The value of the administrative transfer of Pathology Trust Funds from SLHD to NSW Health Pathology was \$28.910M including cash and non cash elements.

An update was made to program fraction in 2013 which has enhanced the accuracy of 2013 service group statement data compared to 2012.

Net Result

The Actual Consolidated Net Result at 30 June 2013 was \$30.814M surplus. This comprises Total Actual Revenue exceeding Total Actual Expenses by \$5.292M or 0.4% and combined Gains from disposal and Other of \$25.522M. The primary Gain realised was the sale of the Queen Mary Building.

Consolidated actual expenditure of \$1,383M was unfavourable to budget by \$4.421M or 0.3% which is within Ministry of Health performance thresholds. Unfavourabilities existed in Visiting Medical Officers and Other Operating Expense categories which were in part offset by favourabilities in Employee Related Expenses.

Consolidated actual revenue of \$1,388M was favourable to budget by \$28.035M or 2.1%. Favourabilities were attributable to better than expected receipts of grants and contributions (\$12.447M), recognition of land and building assets not previously brought to account (\$5.9M) and additional cash assistance from the Ministry of Health of \$3.186M.

Combined Consolidated Net Result to budget at 30 June 2013 (before other gains/losses) was \$23.614M favourable.

Assets and Liabilities

Current Assets and Liabilities

SLHD's current assets of \$282.365M exceeded current liabilities of \$251.436M by \$30.929M. SLHD's Current Ratio, which is a measure of the District's capacity to meet short term liabilities, was 1.123 at 30 June 2013.

Sydney Local Health District
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PARENT AND CONSOLIDATED

Non Current Assets and Liabilities

At 30 June 2013 SLHD's non current assets were valued at \$960.447M whilst non current liabilities were \$0.807M. During 2012/13 SLHD's land and buildings were the subject of an independent revaluation that raised the value of these assets by \$110.011M (Consolidated) and this is reflected in the Statement of Comprehensive Income (Property, Plant & Equipment Asset Revaluation Surplus) and Statement of Financial Position (Reserves). Overall SLHD has a strong asset base with Net Assets of \$990.569M.

Cash Flows

SLHD's net increase in cash and cash equivalents for 2012/13 was \$3.890M. This comprised a net increase in cash flows from operating activities of \$35.007M, a net decrease in cash flows from investing activities of \$30.580M and net decrease in cash flows from financial activities of \$0.537M. Decreases in cash flows from investing activities were associated with Health Infrastructure capital works (\$12.433M) including Missenden Unit, purchases of clinical equipment and capital works including the HVSS Short Stay Unit at Canterbury, Concord foreshore walk improvement and RPAH Hybrid Lab.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 24 June 2012 are as follows:

	\$000
Initial Allocation	1,042,249
Revenue Budget distribution between LHDs - Patient Fees	(8,100)
Family Planning NGO Adjustment	(509)
Nurse/Midwife Strategy	1,251
Commissioning of a new Pain Management Service	655
Additional HVSS Surgical Cases to be conducted	1,307
Treasury Managed Fund 2012-13 Allocation Adjustment	3,154
National Partnership Agreement Treating More Public Dental Patients	5,354
Treasury Managed Fund 2012-13 Pathology Charges	604
Adjustment of Pathology Charges Sydney LHD	44,974
Compensable Patient Adjustment - Patient Fees	(761)
Assist and Improve Surgical Services	1,000
Transfer of Forensic Medicine to NSW Health Pathology	(8,124)
AIDS Program Service	721
2012-13 Expenditure (Concord Hospital Superannuation)	5,794
2012-13 Budget Adjustments - HACC Revenue	1,614
Maintenance of Building - Thomas Walker Trust	600
Other	2,319
	1,094,102
Full Year ABF Budget at 30 June 2013	1,094,102

Sydney Local Health District
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36. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2011/12 year were:

An increase in net assets of \$140.105 million relating to the District's assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31 May 2012.

Equity transfers effected in the 2012/13 year were:

An decrease in net assets of \$41.246 million relating to the Districts' transfer of Forensic Medicine, NSW Health Pathology SP&T, split of HRTO SSW residual balances to relevant districts and other.

	2013	2012
	\$000	\$000
Equity transfers effected comprised:		
Crown Entity - Transfer of Long Service Leave On-costs	167	----
NSW Health Pathology	(28,812)	----
HETI	(1,003)	----
HRTO-SSW	----	140,105
SLHD (related to former HRTO-SSW became part of SLHD on 1 June, 2012)	----	(2,097)
SWSLHD	(6,364)	2,079
WSLHD	(6,544)	12
NBMLHD	93	6
WNSWLHD	1,249	----
Other	(32)	----
	<u>(41,246)</u>	<u>140,105</u>

Assets and Liabilities transferred are as follows:

	2013	2012
	\$000	\$000
Assets		
Cash & Cash Equivalents	(29,254)	116,605
Receivables	(32)	1,919
Assets Held for Sale	----	1,500
Land & Buildings	----	37,837
Plant & Equipment	(1,560)	2,641
Liabilities		
Payables	(10,928)	(15,431)
Provisions	528	(4,933)
Non Current Provisions	----	(33)
Increase/(Decrease) in Net Assets From Equity Transfers	<u>(41,246)</u>	<u>140,105</u>

Sydney Local Health District
Notes to and forming part of the Financial Statements
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37. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2013 \$000	2012 \$000
Cash and Cash Equivalents (note 19)	N/A	187,546	214,359
Receivables (note 20)*	Loans and receivables (at amortised cost)	66,873	45,629
Total Financial Assets		254,419	259,988
Financial Liabilities			
Borrowings (note 26)	Financial liabilities	985	1,344
Payables (note 25)**	measured at amortised cost	87,998	84,662
Total Financial Liabilities		88,983	86,006

Notes

*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

Sydney Local Health District
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CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	204,798	230,162
Receivables (note 20)*	Loans and receivables (at amortised cost)	67,953	44,725
Financial Assets at Fair Value (note 22)	At fair value through profit or loss (designated as such upon initial recognition)	348	314
Total Financial Assets		<u>273,099</u>	<u>275,201</u>
Financial Liabilities			
Borrowings (note 26)	Financial liabilities	985	1,344
Payables (note 25)**	measured at amortised cost	83,014	78,973
Total Financial Liabilities		<u>83,999</u>	<u>80,317</u>

Notes

*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

(b) Credit Risk

Credit risk arises when there is the possibility of the SLHD's debtors defaulting on their contractual obligations, resulting in a financial loss to the SLHD. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

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

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.80% to 3.43% in 2012/13 compared to 2.85% to 4.27% in the previous year. The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

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Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the SLHD will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The SLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013: \$30.884M; 2012: \$36.709M) and not more than 3 months past due (2013: \$6.792M; 2012: \$5.614M) are not considered impaired and together these represent 84% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the SLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

2013	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	6,792	6,792	-----
3 months - 6 months overdue	3,183	3,183	-----
> 6 months overdue	4,019	281	3,738
2012			
<3 months overdue	5,614	5,614	-----
3 months - 6 months overdue	2,010	2,010	-----
> 6 months overdue	4,811	393	4,418

Notes

1 Each column in the table reports "gross receivables".

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

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(c) Liquidity Risk

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

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

Within NSW Ministry of Health arrangements the District has a loan for \$0.985 million with HealthShare for repayment of annual leave liabilities transferred for food services staff. During the current and prior years, there were no defaults of loans payable.

No assets have been pledged as collateral. The SLHD has exposure to liquidity risk.

However, the risk is minimised by the service agreement, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the SLHD fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

Parent	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		24,884	----	----	24,884	24,884	----	----
- Creditors		63,114	----	----	63,114	63,114	----	----
Borrowings:								
- Other Loans and Deposits		1,120	----	----	1,120	224	896	----
		<u>89,118</u>	----	----	<u>89,118</u>	<u>88,222</u>	<u>896</u>	----
2012								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		22,802	----	----	22,802	22,802	----	----
- Creditors		61,860	----	----	61,860	61,860	----	----
Borrowings:								
- Other Loans and Deposits		1,344	----	----	----	----	1,344	----
		<u>86,006</u>	----	----	<u>84,662</u>	<u>84,662</u>	<u>1,344</u>	----

Notes:

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

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Maturity Analysis and interest rate exposure of financial liabilities

Consolidated	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		24,880	----	----	24,880	24,880	----	----
- Creditors		63,415	----	----	63,415	63,415	----	----
Borrowings:								
- Other Loans and Deposits		1,120	----	----	1,120	224	896	----
		<u>89,415</u>	----	----	<u>89,415</u>	<u>88,519</u>	<u>896</u>	----
2012								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		22,802	----	----	22,802	22,802	----	----
- Creditors		61,869	----	----	61,869	61,869	----	----
Borrowings:								
- Other Loans and Deposits		1,344	----	----	1,344	----	1,344	----
		<u>86,015</u>	----	----	<u>86,015</u>	<u>84,671</u>	<u>1,344</u>	----

Notes:

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

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d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the SLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the SLHD's interest bearing liabilities.

However, SLHD is not permitted to borrow external to the NSW Ministry of Health (energy loans which are negotiated through Treasury excepted).

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The SLHD does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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The SLHD's exposure to interest rate risk is set out below.

PARENT	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2013					
Financial Assets					
Cash and Cash Equivalents	187,546	(1,875)	(1,875)	1,875	1,875
Receivables	66,873	----	----	----	----
Financial Liabilities					
Payables	87,998	----	----	----	----
2012					
Financial Assets					
Cash and Cash Equivalents	214,359	(2,144)	(2,144)	2,144	2,144
Receivables	45,629	----	----	----	----
Financial Liabilities					
Payables	84,662	----	----	----	----
CONSOLIDATION					
	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2013					
Financial Assets					
Cash and Cash Equivalents	204,798	(2,048)	(2,048)	2,048	2,048
Receivables	67,953	----	----	----	----
Financial Liabilities					
Payables	83,014	----	----	----	----
2012					
Financial Assets					
Cash and Cash Equivalents	230,162	(2,302)	(2,302)	2,302	2,302
Receivables	44,725	----	----	----	----
Financial Liabilities					
Payables	78,973	----	----	----	----

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Other price risk - TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The SLHD has no direct equity investments. The SLHD holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2013	2012
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	83,004	74,886
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	3 years to 7 years	348	314

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

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

	Change in unit price	Impact on profit/loss	
		2013 \$'000	2012 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	830	749
Hour-Glass Investment - Medium-term growth facility	+/- 6%	21	19

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(e) Fair Value compared to Carrying Amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the SLHD's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

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

(f) Fair Value recognised in the Statement of Financial Position

The SLHD uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 - derived from quoted prices in active markets for identical assets/liabilities.

Level 2- derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	83,352	-----	83,352

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

There were no transfers between level 1 and 2 during the period ended 30 June 2013.

Note 38. Events after the Reporting Period

There are no events after the reporting period that require amendment to the financial statements.

END OF AUDITED FINANCIAL STATEMENTS