

**Northern NSW
Local Health District**

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT Northern NSW Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Northern NSW Local Health District (the District), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and service group statement 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.

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 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards; and
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

- Australian Auditing Standards; and
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(ag). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for preparing 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 are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive must assess the ability of the District and the consolidated entity to continue as a going concern unless operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting'.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the District or the consolidated entity carried out their activities effectively, efficiently and economically;
- about the assumptions used in formulating the budget figures disclosed in the financial statements; and
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Renee Meimaroglou
Director, Financial Audit Services

29 August 2016
SYDNEY

**Northern NSW Local Health District
Certification of the Financial Statements
for the year ended 30 June 2016**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Northern NSW Local Health District for the year ended 30 June 2016 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 2015* 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 Northern NSW Local Health District; and
- 3) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Wayne Jones
Chief Executive
25 August 2016

Northern NSW Local Health District
Statement of Comprehensive Income for the year ended 30 June 2016

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual			Notes	Actual	Adjusted Budget Unaudited	Actual	
2016 \$000	2016 \$000	2015 \$000				2016 \$000	2016 \$000	2015 \$000	
			Expenses excluding losses						
			Operating Expenses						
----	----	----							
416,510	418,663	397,524			2	440,341	442,301	420,152	
69,141	67,703	66,867			3	----	----	----	
200,965	200,939	178,416				69,141	67,703	66,867	
24,178	24,323	21,602			4	200,965	200,939	178,416	
4,791	4,794	6,633			1(m), 5	24,178	24,323	21,602	
<u>715,585</u>	<u>716,422</u>	<u>671,042</u>			6	4,791	4,794	6,633	
						<u>739,416</u>	<u>740,060</u>	<u>693,670</u>	
			Revenue						
578,379	578,550	555,479			1(h)	578,379	578,550	555,479	
125,361	125,361	67,344			1(h)	125,361	125,361	67,344	
----	----	----			1(e)(ii), 10	23,831	23,638	22,628	
79,025	81,709	68,854			7	79,025	81,709	68,854	
266	374	389			8	266	374	389	
25,569	21,788	23,655			9	25,569	21,788	23,655	
5,021	4,866	983			11	5,021	4,866	983	
<u>813,621</u>	<u>812,648</u>	<u>716,704</u>				<u>837,452</u>	<u>836,286</u>	<u>739,332</u>	
(78)	(5)	(154)			12	(78)	(5)	(154)	
(314)	(297)	(233)			13	(314)	(297)	(233)	
<u>97,644</u>	<u>95,924</u>	<u>45,275</u>			29	<u>97,644</u>	<u>95,924</u>	<u>45,275</u>	
			Net Result						
			Other Comprehensive Income						
			Items that will not be reclassified to net result						
			Net Increase/(Decrease) in Property, Plant &						
(5,791)	----	(5,322)			19	(5,791)	----	(5,322)	
<u>(5,791)</u>	<u>----</u>	<u>(5,322)</u>				<u>(5,791)</u>	<u>----</u>	<u>(5,322)</u>	
<u>91,853</u>	<u>95,924</u>	<u>39,953</u>				<u>91,853</u>	<u>95,924</u>	<u>39,953</u>	
			TOTAL COMPREHENSIVE INCOME						

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
Statement of Financial Position as at 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000
ASSETS						
Current Assets						
11,456	12,802	10,298		11,456	12,802	10,298
21,106	17,067	14,788	16	21,106	17,067	14,788
2,179	1,886	1,885	17	2,179	1,886	1,885
<u>34,741</u>	<u>31,755</u>	<u>26,971</u>	18	<u>34,741</u>	<u>31,755</u>	<u>26,971</u>
34,741	31,755	26,971		34,741	31,755	26,971
Total Current Assets						
Non-Current Assets						
5	----	----		5	----	----
524,096	543,435	440,501	17	524,096	543,435	440,501
31,097	23,967	24,596		31,097	23,967	24,596
18,007	11,418	11,629	19	18,007	11,418	11,629
<u>573,200</u>	<u>578,820</u>	<u>476,726</u>	19	<u>573,200</u>	<u>578,820</u>	<u>476,726</u>
573,205	578,820	476,726		573,205	578,820	476,726
<u>607,946</u>	<u>610,575</u>	<u>503,697</u>		<u>607,946</u>	<u>610,575</u>	<u>503,697</u>
				607,946	610,575	503,697
Total Non-Current Assets						
Total Assets						
LIABILITIES						
Current Liabilities						
48,896	48,376	46,742		48,896	48,376	46,742
618	618	----	22	618	618	----
56,906	55,972	53,808	23	56,906	55,972	53,808
9	10	10	24	9	10	10
<u>106,429</u>	<u>104,976</u>	<u>100,560</u>	25	<u>106,429</u>	<u>104,976</u>	<u>100,560</u>
				106,429	104,976	100,560
Total Current Liabilities						
Non-Current Liabilities						
6,453	6,453	----		6,453	6,453	----
727	727	643	23	727	727	643
122	132	132	24	122	132	132
<u>7,302</u>	<u>7,312</u>	<u>775</u>	25	<u>7,302</u>	<u>7,312</u>	<u>775</u>
113,731	112,288	101,335		113,731	112,288	101,335
<u>494,215</u>	<u>498,287</u>	<u>402,362</u>		<u>494,215</u>	<u>498,287</u>	<u>402,362</u>
				494,215	498,287	402,362
Total Non-Current Liabilities						
Total Liabilities						
Net Assets						
EQUITY						
20,088	25,879	25,879		20,088	25,879	25,879
474,127	472,408	376,483		474,127	472,408	376,483
<u>494,215</u>	<u>498,287</u>	<u>402,362</u>		<u>494,215</u>	<u>498,287</u>	<u>402,362</u>
				494,215	498,287	402,362

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
Statement of Cash Flows for the year ended 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---	Employee Related	(418,748)	(423,537)	(404,194)
(5,279)	(5,282)	(7,337)	Grants and Subsidies	(5,279)	(5,282)	(7,337)
(717,374)	(717,558)	(673,984)	Other	(298,626)	(294,021)	(269,790)
<u>(722,653)</u>	<u>(722,840)</u>	<u>(681,321)</u>	Total Payments	<u>(722,653)</u>	<u>(722,840)</u>	<u>(681,321)</u>
Receipts						
578,379	578,550	555,479	NSW Ministry of Health Recurrent Allocations	578,379	578,550	555,479
125,361	125,361	67,344	NSW Ministry of Health Capital Allocations	125,361	125,361	67,344
8,226	8,226	7,914	Reimbursements from the Crown Entity	8,226	8,226	7,914
77,019	82,215	66,934	Sale of Goods and Services	77,019	82,215	66,934
266	374	389	Interest Received	266	374	389
27,206	23,423	25,623	Grants and Contributions	27,206	23,423	25,623
26,806	26,548	23,124	Other	26,806	26,548	23,124
<u>843,263</u>	<u>844,697</u>	<u>746,807</u>	Total Receipts	<u>843,263</u>	<u>844,697</u>	<u>746,807</u>
<u>120,610</u>	<u>121,857</u>	<u>65,486</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>120,610</u>	<u>121,857</u>	<u>65,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
1,782	---	4,029	Proceeds from Sale of Property, Plant & Equipment	1,782	---	4,029
(128,304)	(126,423)	(69,630)	Purchases of Property, Plant & Equipment	(128,304)	(126,423)	(69,630)
<u>(126,522)</u>	<u>(126,423)</u>	<u>(65,601)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(126,522)</u>	<u>(126,423)</u>	<u>(65,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
7,070	7,070	---	Proceeds from Borrowings and Advances	7,070	7,070	---
<u>7,070</u>	<u>7,070</u>	<u>---</u>	NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>7,070</u>	<u>7,070</u>	<u>---</u>
1,158	2,504	(115)	NET INCREASE / (DECREASE) IN CASH	1,158	2,504	(115)
10,298	10,298	10,413	Opening Cash and Cash Equivalents	10,298	10,298	10,413
<u>11,456</u>	<u>12,802</u>	<u>10,298</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>11,456</u>	<u>12,802</u>	<u>10,298</u>

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
Statement of Changes in Equity for the year ended 30 June 2016

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2015		376,483	25,879	402,362
Total Equity at 1 July 2015		376,483	25,879	402,362
Net Result for the year		97,644	----	97,644
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	19	----	(5,791)	(5,791)
Total Other Comprehensive Income		----	(5,791)	(5,791)
Total Comprehensive Income for the year		97,644	(5,791)	91,853
Balance at 30 June 2016		474,127	20,088	494,215
Balance at 1 July 2014		331,179	31,230	362,409
Total Equity at 1 July 2014		331,179	31,230	362,409
Net Result for the year		45,275	----	45,275
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	19	----	(5,322)	(5,322)
Transfers on Disposal		29	(29)	----
Total Other Comprehensive Income		29	(5,351)	(5,322)
Total Comprehensive Income for the year		45,304	(5,351)	39,953
Balance at 30 June 2015		376,483	25,879	402,362

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
Service Group Statements
for the year ended 30 June 2016

	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		Not Attributable		Total			
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	
Expenses Excluding Losses																								
Operating Expenses																								
Employee Related	19,007	21,554	1,898	3,276	55,777	48,990	64,414	63,191	208,339	197,219	38,953	37,520	37,471	40,797	5,055	5,042	9,385	2,563					440,341	
Visiting Medical Officers	466	515	1		6,163	5,530	12,945	11,996	43,936	42,427	2,819	3,430	1,518	1,879	698	575	595	515					69,141	
Other Operating Expenses	6,404	7,315	485	608	28,791	30,242	36,645	31,697	103,193	85,211	8,257	7,529	14,217	13,916	1,409	1,017	1,564	981					200,965	
Depreciation and Amortisation	585	773	107	91	3,469	3,227	4,231	3,217	10,074	8,965	2,869	3,227	1,980	1,363	444	583	419	136					178,416	
Grants and Subsidies	294	499	592	956	2,001	977	7	19	25	62	1,474	2,296	6	13	392	676		1,066					24,178	
Total Expenses Excluding Losses	26,756	30,656	3,083	4,970	98,201	88,966	118,242	110,020	385,587	333,864	54,374	54,002	55,192	57,968	8,038	7,893	11,983	5,291					739,416	
Revenue																								
NSW Ministry of Health Recurrent Allocations **																								578,379
NSW Ministry of Health Capital Allocations **																								125,361
Acceptance by the Crown Entity of Employee Benefits	1,263	1,182	77	185	2,981	2,612	3,557	3,216	11,206	10,737	2,073	2,041	2,022	2,229	333	280	319	144					555,479	
Sale of Goods and Services	90	97	9	12	20,028	17,527	2,898	2,891	42,356	36,908	1,736	1,143	11,849	10,122	14	33	45	31					125,361	
Investment Revenue	7	3			29	131	42	39	140	171	27	7	21	21		8		9					23,831	
Grants and Contributions	3,835	30		802	4,383	4,531	735	632	1,908	1,711	241	8	5,003	6,050	6,054	4,612	3,420	5,279					79,025	
Other Revenue	207	49	25	5	864	47	444	233	2,232	472	259	93	593	70	235	1	123	13					266	
Total Revenue	5,402	1,381	111	1,004	28,285	24,848	7,876	7,103	57,842	49,999	4,376	3,292	19,486	18,492	6,646	4,934	3,887	5,476					837,452	
Gain / (Loss) on Disposal	(6)	(16)		(1)	(22)	(48)	(5)	(76)	(7)	(241)		257		(18)	(38)	(7)		(2)					(78)	
Other Gains / (Losses)							(6)	(6)	(245)	(182)	(5)	(4)	(55)	(41)									(314)	
Net Result	(21,360)	(29,313)	(2,972)	(3,966)	(67,539)	(64,167)	(110,576)	(102,989)	(307,977)	(284,308)	(50,003)	(50,457)	(35,759)	(39,555)	(1,430)	(2,966)	(8,076)	163					622,823	
Other Comprehensive Income																								
Net Increase/(Decrease) in PP&E Revaluation Surplus		(191)	(1)	(21)	(268)	(795)	(2,713)	(792)	(2,304)	(2,209)		(795)	(505)	(341)		(144)		(34)					(5,791)	
Total Other Comprehensive Income		(191)	(1)	(21)	(268)	(795)	(2,713)	(792)	(2,304)	(2,209)		(795)	(505)	(341)		(144)		(34)					(5,322)	
Total Comprehensive Income	(21,360)	(29,504)	(2,973)	(3,987)	(68,207)	(64,962)	(113,289)	(103,781)	(310,281)	(286,517)	(50,003)	(51,252)	(36,264)	(39,896)	(1,430)	(3,110)	(8,076)	148					91,853	
																								622,823
																								97,644
																								45,275

* The name and purpose of each service group is summarised in Note 15

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

Northern NSW Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2016

	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		Not Attributable		Total				
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	\$000	\$000	\$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	415	455	74	1,490	1,321	1,633	5,664	4,957	802	855	861	125	117	165	79	11,456	10,288								
Receivables	24	21	2	5,349	3,764	640	11,313	7,927	464	246	3,165	2,174	4	7	12	21,106	14,788								
Inventories	69	77	5	312	320	334	1,119	900	90	80	154	147	15	17	10	2,179	1,885								
Total Current Assets	508	553	82	7,151	5,405	3,003	18,096	13,784	1,396	1,128	3,182	144	135	214	96	34,741	26,971								
Non-Current Assets																									
Receivables				1			3				1														
Property, Plant and Equipment																									
- Land and Buildings	12,667	15,770	2,306	75,203	65,811	91,719	218,363	182,808	62,192	65,811	42,918	25,192	9,634	11,894	9,074	524,056	440,501								
- Plant and Equipment	753	881	137	4,462	3,675	5,442	12,956	10,207	3,680	3,675	2,547	1,574	572	664	536	31,097	24,596								
- Infrastructure Systems	436	416	79	49	2,594	1,737	7,503	4,826	2,137	1,737	1,475	331	314	314	312	18,007	11,629								
Total Non-Current Assets	13,876	17,067	2,522	82,250	71,223	100,312	238,925	197,841	68,019	71,223	46,941	10,537	12,872	9,924	3,003	573,205	475,726								
TOTAL ASSETS	14,394	17,620	2,577	89,401	76,628	103,315	256,921	211,625	69,415	72,351	51,115	10,681	13,007	10,138	3,099	607,946	503,697								
Current Liabilities																									
Payables	1,558	1,916	118	7,005	7,923	8,916	25,108	22,324	2,009	1,973	3,459	343	266	381	257	48,896	46,742								
Borrowings	22		3	80		99	306		45		46			10		618									
Provisions	2,456	2,760	246	7,208	6,274	8,324	26,924	25,257	5,034	4,805	4,842	658	646	1,213	328	56,906	53,808								
Other				1	1	2	4	5	1	1	1														
Total Current Liabilities	4,036	4,676	367	14,294	14,198	17,340	52,342	47,586	7,089	6,779	8,348	1,008	912	1,504	585	108,429	100,560								
Non-Current Liabilities																									
Borrowings	234		27	840		1,032	3,190		475		482	70		104		6,453									
Provisions	31	33	3	92	75	106	344	302	64	57	62	8	8	15	4	727	643								
Other	4	6	1	16	17	20	60	64	9	10	9	11	2	2	1	122	132								
Total Non-Current Liabilities	269	39	31	948	92	1,158	3,594	366	548	67	553	79	10	121	5	7,302	775								
TOTAL LIABILITIES	4,305	4,715	398	15,242	14,290	18,498	55,936	47,952	7,637	6,846	8,901	1,087	922	1,725	590	113,731	101,335								
NET ASSETS	10,079	12,905	2,179	74,159	62,338	84,817	200,985	163,673	61,778	65,505	42,214	9,594	12,085	8,413	2,509	484,215	402,362								

* The name and purpose of each service group is summarised in Note 15

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

a) The Reporting Entity

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

The District, 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 Restricted Assets (as disclosed in notes 14 and 21), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Northern NSW Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

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 and special purpose service entity. 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, and like transactions and other events are accounted for using uniform accounting policies.

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 District is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive on 25 August 2016.

b) Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (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 Public Finance and Audit Regulation 2015, and the Treasurers' Directions. The financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the adjusted budget figures can be found at Note 1(ag).

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

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

Other circumstances why the going concern is appropriate include:

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

Property, plant and equipment, 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 except where specified otherwise.

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

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

c) 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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

d) Statement of Compliance

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

e) Employee Benefits and Other Provisions

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

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

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

Actuarial advice obtained by Treasury has confirmed that the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.7% are applied to the value of leave payable at 30 June 2016 (comparable on-costs for 30 June 2015 were 16.5%). The District has assessed the actuarial advice based on the District's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

ii) Long Service Leave and Superannuation

The District's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 24.

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 15/09) 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 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) Consequential On-Costs

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

iv) Other Provisions

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

f) Insurance

The District'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 claims experience.

g) 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 NSW general government sector entities.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

h) 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 District 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 vehicle accidents. The District 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 District 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.

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the District's right to receive payment is established.

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 District based on a percentage of receipts generated.
- * the residual of the Private Practice Trust Fund at the end of each financial year, such sum being credited for the District use in the advancement of the District or individuals within it.

Use of Outside Facilities

The District 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 recognised as revenues when the District obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the District 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.

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

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

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

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

j) Interstate Patient Flows

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.

k) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 1(ad)).

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

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

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

l) Capitalisation Thresholds

Individual items of Property, Plant & Equipment are capitalised where their cost is \$10,000 or above.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

m) 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 District. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their useful lives.

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

	2016	2015
Buildings	2.5%	2.5%
Computer Equipment	20%	20%
Electro Medical Equipment		
- Costing less than \$200,000	10%	10%
- Costing more than or equal to \$200,000	12.5%	12.5%
Furniture, Fittings and Furnishings	5%	5%
Infrastructure Systems	2.5%	2.5%
Linen	25%	25%
Motor Vehicle Sedans	12.5%	12.5%
Motor Vehicles, Trucks & Vans	20%	20%
Office Equipment	10%	10%
Plant and Machinery	10%	10%

"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.

n) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Investment property is separately discussed at Note 1(r).

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 19 and Note 20 for further information regarding fair value.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations.

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

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 revaluation surplus in respect of that asset is transferred to accumulated funds.

o) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

p) 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.

q) Non-Current Assets (or disposal groups) Held for Sale

The District has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs of disposal. These assets are not depreciated while they are classified as held for sale.

r) 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 District does not have any property that meets the definition of Investment Property.

s) Intangible Assets

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

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. 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 District's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by the District 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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

t) 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.

u) Leased Assets

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

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 recognised as an expense on a straight-line basis over the lease term.

v) 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.

w) 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. 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.

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

* The District 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 T Corp Hour-Glass Investment facilities are designated at fair value through profit or loss as 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 District's key management personnel.

The risk management strategy of the District 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.

The movement in the fair value of the T Corp 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 District 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 investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale investments are recognised 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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

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 District 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.

y) 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.

z) 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 District transfers the financial asset:

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

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

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

aa) Payables

These amounts represent liabilities for goods and services provided to the District and other amounts. Payables are recognised initially at fair 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 District.

ab) 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.

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

ac) Fair Value Hierarchy

A number of the District's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, the District categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

Refer Note 20 and Note 33 for further disclosures regarding fair value measurements of financial and non-financial assets.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

ad) Equity Transfers

The transfer of net assets between entities is 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 Accounting Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

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

ae) Equity and Reserves

(i) Accumulated Funds

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

(ii) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 1(n).

(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.

af) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 27.

As the District performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the District's own objectives, these funds are not recognised in the financial statements.

ag) Adjusted Budgeted Amounts

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

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 32.

ah) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 15.

Revenue and expenses are allocated to service groups using statistical data for the twelve months ended 30 June 2015, then adjusted for any material change in service delivery or funding distribution occurring in the 2015-16 financial year.

In respect of assets and liabilities, the District identifies those components that can be specifically identified and reported by service groups.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

ai) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The early adoption of AASB 2015-7, Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. The standard allows for exemption from making certain Level 3 'Fair Value Measurement' disclosures held primarily for current service potential rather than the generation of future net cash inflows.

(ii) Issued but not yet 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, excluding standards not considered applicable or material to NSW Health, have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 16, Leases will have application from 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. We believe that the application of this standard will likely have a significant transitional impact as a result of all leases, except short term (<12 months) and low value, brought on balance sheet.

AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3, Revenue from Contracts with Customers, has application from 1 January 2018. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard is likely to increase disclosures to the financial statements relating to related party transactions, outstanding balances and Key Management Personnel remuneration.

AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010). The change is not expected to materially impact the financial statements.

AASB 2016-2, Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, will apply from 1 January 2017. The standard amends AASB 107 to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
2. Employee Related				
----	----	Salaries and Wages (including annual leave)	376,906	357,597
----	----	Superannuation - Defined Benefit Plans	4,671	4,878
----	----	Superannuation - Defined Contribution Plans	32,695	30,572
----	----	Long Service Leave	20,208	18,831
----	----	Redundancies	----	423
----	----	Workers' Compensation Insurance	5,841	7,821
----	----	Fringe Benefits Tax	20	30
<u>----</u>	<u>----</u>		<u>440,341</u>	<u>420,152</u>
The amounts below are capitalised and do not form part of the above total employee related costs:				
----	----	Employee Related Expenses Capitalised - Land and Buildings	1,236	276
3. Personnel Services				
376,906	357,597	Salaries and Wages	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
32,695	30,572	Superannuation - Defined Contribution Plans	----	----
1,048	1,081	Long Service Leave	----	----
----	423	Redundancies	----	----
5,841	7,821	Workers' Compensation Insurance	----	----
20	30	Fringe Benefits Tax	----	----
<u>416,510</u>	<u>397,524</u>		<u>----</u>	<u>----</u>
The amounts below are capitalised and do not form part of the above total personnel services:				
1,236	276	Personnel Services Expenses Capitalised - Land and Buildings	----	----

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
4. Other Operating Expenses				
66	27	Advertising	66	27
133	122	Auditor's Remuneration - Audit of Financial Statements	133	122
3,514	3,225	Blood and Blood Products	3,514	3,225
362	190	Consultancies	362	190
68	----	Contractors	68	----
9,795	8,977	Domestic Supplies and Services	9,795	8,977
31,242	21,493	Drug Supplies	31,242	21,493
14,778	14,511	Food Supplies	14,778	14,511
3,915	6,248	Fuel, Light and Power	3,915	6,248
10,488	10,578	Hospital Ambulance Transport Costs	10,488	10,578
8,573	7,903	Information Management Expenses	8,573	7,903
900	1,006	Insurance	900	1,006
20,076	13,641	Maintenance (See 4(b) below)	20,076	13,641
35,321	35,045	Medical and Surgical Supplies	35,321	35,045
971	1,043	Motor Vehicle Expenses	971	1,043
1,512	1,355	Postal and Telephone Costs	1,512	1,355
1,786	1,762	Printing and Stationery	1,786	1,762
1,110	974	Rates and Charges	1,110	974
2,408	2,680	Rental	2,408	2,680
2,350	622	Hosted Services Purchased from Other NSW Health Entities	2,350	622
30,676	29,169	Special Service Departments	30,676	29,169
3,503	3,509	Staff Related Costs	3,503	3,509
2,207	2,274	Travel Related Costs	2,207	2,274
15,211	12,062	Other (See 4(a) below)	15,211	12,062
200,965	178,416		200,965	178,416

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
4. Other Operating Expenses				
a) Other Includes:				
475	872	Contract for Patient Services	475	872
7,997	3,398	Corporate Support Services	7,997	3,398
500	442	Courier and Freight	500	442
130	333	Legal Services	130	333
7	9	Membership/Professional Fees	7	9
1,583	1,641	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,583	1,641
1,786	1,609	Other Operating Lease Expense - Minimum Lease Payments	1,786	1,609
150	64	Quality Assurance/Accreditation	150	64
1,090	996	Security Services	1,090	996
1,493	2,698	Other Miscellaneous	1,493	2,698
15,211	12,062		15,211	12,062
b) Reconciliation of Total Maintenance				
5,286	5,017	Maintenance Contracts	5,286	5,017
10,553	4,308	New/Replacement Equipment under \$10,000	10,553	4,308
4,235	4,310	Repairs Maintenance/Non Contract	4,235	4,310
2	6	Other	2	6
20,076	13,641	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	20,076	13,641
2,661	2,665	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	2,661	2,665
22,737	16,306		22,737	16,306

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
18,108	15,904	Depreciation - Buildings	18,108	15,904
5,400	5,019	Depreciation - Plant and Equipment	5,400	5,019
670	679	Depreciation - Infrastructure Systems	670	679
24,178	21,602		24,178	21,602
6. Grants and Subsidies				
2,070	2,014	Non-Government Organisations	2,070	2,014
-----	1,924	Community Packages	-----	1,924
41	-----	Grants to Other NSW Health Entities	41	-----
2,680	2,695	Other Grants	2,680	2,695
4,791	6,633		4,791	6,633

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
7. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
165	266	Pharmacy Sales	165	266
1,549	1,428	Sale of Prosthesis	1,549	1,428
66	62	Other	66	62
b) Rendering of Services comprise the following:-				
		Patient Fees		
24,224	23,303	- Inpatient Fees	24,224	23,303
1,233	1,100	- Nursing Home Fees	1,233	1,100
2,121	1,542	- Non Inpatient Fees	2,121	1,542
12,179	15,077	Department of Veterans' Affairs	12,179	15,077
129	116	Staff-Meals and Accommodation	129	116
8,939	8,189	Infrastructure Fees - Monthly Facility Charge	8,939	8,189
379	303	Infrastructure Fees - Annual Charge	379	303
24	27	Cafeteria/Kiosk	24	27
1	----	Car Parking	1	----
747	741	Clinical Services (excluding Clinical Drug Trials)	747	741
13	630	Commercial Activities	13	630
1	1	Enteral Nutrition	1	1
70	82	Fees for Medical Records	70	82
6	4	Information Retrieval	6	4
18,966	9,518	High Cost Drugs	18,966	9,518
5,543	5,440	Motor Accident Authority Third Party	5,543	5,440
25	----	Patient Transport Fees	25	----
65	66	Private Use of Motor Vehicles	65	66
199	194	Salary Packaging Fee	199	194
1,890	----	Hosted Services Provided to Other NSW Health Entities	1,890	----
121	474	Services Provided to Non NSW Health Organisations	121	474
7	----	Shared Corporate Services	7	----
363	291	Other	363	291
79,025	68,854		79,025	68,854
8. Investment Revenue				
266	389	Interest	266	389
266	389		266	389

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
9. Grants and Contributions				
495	481	Clinical Drug Trials	495	481
7,421	7,145	Commonwealth Government Grants	7,421	7,145
1,714	1,743	Industry Contributions/Donations	1,714	1,743
5,435	5,111	Cancer Institute Grants	5,435	5,111
1,743	1,813	NSW Government Grants	1,743	1,813
3,963	3,251	Grants from Other NSW Health Entities	3,963	3,251
1	10	Research Grants	1	10
4,797	4,101	Other Grants	4,797	4,101
25,569	23,655		25,569	23,655
10. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	4,671	4,878
----	----	Long Service Leave	19,160	17,750
----	----		23,831	22,628
11. Other Revenue				
Other Revenue comprises the following:-				
1	1	Bad Debts Recovered	1	1
19	13	Commissions	19	13
9	11	Conference and Training Fees	9	11
199	----	Discounts	199	----
466	248	Insurance Refunds	466	248
212	203	Lease and Rental	212	203
8	----	Sale of Merchandise, Old Wares and Books	8	----
3,936	8	Treasury Managed Fund Hindsight Adjustment	3,936	8
171	499	Other	171	499
5,021	983		5,021	983

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		12. Gain / (Loss) on Disposal		
3,367	9,546	Property, Plant and Equipment	3,367	9,546
(1,506)	(5,364)	Accumulated Depreciation	(1,506)	(5,364)
1,861	4,182	Written Down Value	1,861	4,182
1,783	4,028	Proceeds from Disposal	1,783	4,028
(78)	(154)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(78)	(154)
(78)	(154)	Total Gain/(Loss) on Disposal	(78)	(154)
		13. Other Gains / (Losses)		
(314)	(233)	Impairment of Receivables	(314)	(233)
(314)	(233)		(314)	(233)

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

14. 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 reporting date	1,303	481	962	2,746
Contributions recognised in previous years which were not expended in the current reporting period	2,594	2,105	667	5,366
Total amount of unexpended contributions as at reporting date	<u>3,897</u>	<u>2,586</u>	<u>1,629</u>	<u>8,112</u>

Comment on restricted assets appears in Note 21

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

15. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services for persons attending community health centres or in the home, including health promotion activities, women's health, dental, drug and alcohol and HIV/AIDS services. It also covers co-ordination of domestic violence and sexual assault prevention. Grants to non-government organisations are also included.

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. 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 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

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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

15. Service Groups of the District

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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
16. Cash and Cash Equivalents				
<u>11,456</u>	<u>10,298</u>	Cash at Bank and On Hand	<u>11,456</u>	<u>10,298</u>
<u>11,456</u>	<u>10,298</u>		<u>11,456</u>	<u>10,298</u>
<p style="text-align: center;">For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p style="text-align: center;">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:</p>				
<u>11,456</u>	<u>10,298</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>11,456</u>	<u>10,298</u>
<u>11,456</u>	<u>10,298</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>11,456</u>	<u>10,298</u>

Refer to Note 33 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		17. Receivables		
		Current		
6,227	6,066	Sale of Goods and Services	6,227	6,066
4,781	2,627	Intra Health Receivables	4,781	2,627
4,026	3,430	Goods and Services Tax	4,026	3,430
5,151	2,757	Other Debtors	5,151	2,757
<u>20,185</u>	<u>14,880</u>	Sub Total	<u>20,185</u>	<u>14,880</u>
(601)	(684)	Less Allowance for Impairment	(601)	(684)
19,584	14,196	Sub Total	19,584	14,196
1,522	592	Prepayments	1,522	592
<u>21,106</u>	<u>14,788</u>		<u>21,106</u>	<u>14,788</u>
		a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(423)	(369)	Balance at Commencement of Reporting Period	(423)	(369)
383	155	Amounts written off during the period	383	155
(358)	(209)	(Increase)/decrease in Allowance Recognised in the Net Result	(358)	(209)
<u>(398)</u>	<u>(423)</u>	Balance at 30 June	<u>(398)</u>	<u>(423)</u>
		b) Movement in the Allowance for Impairment		
		Other Debtors		
(261)	(348)	Balance at Commencement of Reporting Period	(261)	(348)
5	17	Amounts written off during the period	5	17
53	70	(Increase)/decrease in Allowance Recognised in the Net Result	53	70
<u>(203)</u>	<u>(261)</u>	Balance at 30 June	<u>(203)</u>	<u>(261)</u>
<u>(601)</u>	<u>(684)</u>		<u>(601)</u>	<u>(684)</u>

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		17. Receivables		
		Non-Current		
484	470	Sale of Goods and Services	484	470
484	470	Sub Total	484	470
(479)	(470)	Less Allowance for Impairment	(479)	(470)
5	-----	Sub Total	5	-----
5	-----		5	-----
		a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(470)	(376)	Balance at Commencement of Reporting Period	(470)	(376)
(9)	(94)	(Increase)/decrease in Allowance Recognised in the Net Result	(9)	(94)
(479)	(470)	Balance at 30 June	(479)	(470)
(479)	(470)		(479)	(470)
		b) The current and non-current sale of goods and services		
		balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
1,196	1,007	Patient Fees - Compensable	1,196	1,007
752	866	Patient Fees - Ineligible	752	866
3,828	3,586	Patient Fees - Inpatient & Other	3,828	3,586
5,776	5,459		5,776	5,459

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 33.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
18. Inventories				
1,954	1,677	Drugs	1,954	1,677
<u>225</u>	<u>208</u>	Medical and Surgical Supplies	<u>225</u>	<u>208</u>
<u>2,179</u>	<u>1,885</u>		<u>2,179</u>	<u>1,885</u>

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
19. Property, Plant and Equipment				
Land and Buildings - Fair Value				
913,903	805,999	Gross Carrying Amount	913,903	805,999
389,807	365,498	Less: Accumulated Depreciation and Impairment	389,807	365,498
524,096	440,501	Net Carrying Amount	524,096	440,501
Plant and Equipment - Fair Value*				
62,623	53,100	Gross Carrying Amount	62,623	53,100
31,526	28,504	Less: Accumulated Depreciation and Impairment	31,526	28,504
31,097	24,596	Net Carrying Amount	31,097	24,596
Infrastructure Systems - Fair Value				
32,153	24,689	Gross Carrying Amount	32,153	24,689
14,146	13,060	Less: Accumulated Depreciation and Impairment	14,146	13,060
18,007	11,629	Net Carrying Amount	18,007	11,629
573,200	476,726	Total Property, Plant and Equipment At Net Carrying Amount	573,200	476,726

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

19. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2016					
Net carrying amount at start of year	50,079	390,422	24,596	11,629	476,726
Additions	----	121,529	6,538	122	128,189
Disposals	185	21	(2,067)	----	(1,861)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	115	----	115
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	(5,375)	----	(416)	(5,791)
Depreciation Expense	----	(18,108)	(5,400)	(670)	(24,178)
Reclassifications	----	(14,657)	7,315	7,342	----
Net carrying amount at end of year	50,264	473,832	31,097	18,007	573,200

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2015					
Net carrying amount at start of year	45,450	356,760	25,153	10,840	438,203
Additions	----	64,203	4,116	----	68,319
Disposals	(1,395)	(405)	(2,382)	----	(4,182)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	1,310	----	1,310
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	5,503	(12,293)	----	1,468	(5,322)
Depreciation Expense	----	(15,904)	(5,019)	(679)	(21,602)
Reclassifications	521	(1,939)	1,418	----	----
Net carrying amount at end of year	50,079	390,422	24,596	11,629	476,726

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 20.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 1(k)].
- (ii) Indices provided by Liquid Pacific Pty Ltd were not applied as immaterial.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

20. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels.

a) Fair Value Hierarchy

2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)				
- Land and Buildings	---	21,289	309,849	331,138
- Infrastructure Systems	---	---	10,598	10,598
	<u>---</u>	<u>21,289</u>	<u>320,447</u>	<u>341,736</u>

There were no transfers between level 1 and 2 during the period ended 30 June 2016.

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)				
- Land and Buildings	---	22,103	332,229	354,332
- Infrastructure Systems	---	---	11,629	11,629
	<u>---</u>	<u>22,103</u>	<u>343,858</u>	<u>365,961</u>

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

Work in Progress and Newly Completed Projects are carried at cost, therefore excluded from figures above and as a result will not agree to Note 19.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers every three years. The last revaluation was performed by Liquid Pacific Pty Ltd for the 2014/15 financial year. Liquid Pacific Pty Ltd is an independent entity and is not an employee of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 19 reconciliation.

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

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

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

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

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

Non-Current Assets Held for Sale is a non-recurring item that is measured at fair value less cost to sell, which is less than its carrying amount. These assets are categorised as level 2.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

20. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2016	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2015	332,229	11,629	343,858
Additions	----	----	----
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	(5,375)	(416)	(5,791)
Depreciation	(17,005)	(615)	(17,620)
Fair value as at 30 June 2016	309,849	10,598	320,447
2015	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2014	356,921	10,840	367,761
Additions	484	----	484
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	(10,337)	1,468	(8,869)
Transfers from Level 2	10,805	----	10,805
Transfers to Level 2	(9,390)	----	(9,390)
Disposals	(569)	----	(569)
Depreciation	(15,685)	(679)	(16,364)
Fair value as at 30 June 2015	332,229	11,629	343,858

Transfers from Level 2 mainly relate to assets initially recognised at cost (e.g. Work in Progress) which have in the current year, been subject to asset revaluations consistent with the specialised nature/use of the assets.

Northern NSW Local Health District
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PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
21. Restricted Assets				
<p>The District'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.</p>				
Category				
3,897	4,184	Purchase of Assets	3,897	4,184
2,586	2,465	Health Promotion, Education & Research	2,586	2,465
1,629	1,623	Other	1,629	1,623
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
8,112	8,272		8,112	8,272
<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		22. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	10,260	7,987
-----	-----	Taxation and Payroll Deductions	2,119	1,020
12,379	9,007	Accrued Liability - Purchase of Personnel Services	-----	-----
26,300	24,590	Creditors	26,300	24,590
		Other Creditors		
2,019	804	- Capital Works	2,019	804
4,696	4,631	- Intra Health Liability	4,696	4,631
3,502	7,710	- Other	3,502	7,710
<u>48,896</u>	<u>46,742</u>		<u>48,896</u>	<u>46,742</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 33.

		23. Borrowings		
		Current		
618	-----	Other Loans and Deposits	618	-----
<u>618</u>	<u>-----</u>		<u>618</u>	<u>-----</u>
		Non-Current		
6,453	-----	Other Loans and Deposits	6,453	-----
<u>6,453</u>	<u>-----</u>		<u>6,453</u>	<u>-----</u>

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

Final Repayment is scheduled for 30 June 2026

Other loans still to be extinguished represent monies to be repaid to the HealthShare NSW, NSW Ministry of Health and Treasury. The above loan is in relation the the Energy Efficient Government Program.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 33.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
24. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	35,811	35,826
----	----	Annual Leave - Long Term Benefit	12,740	10,591
----	----	Long Service Leave Consequential On-Costs	8,355	7,391
56,906	53,808	Provision for Personnel Services Liability	----	----
56,906	53,808		56,906	53,808
Non-Current				
----	----	Long Service Leave Consequential On-Costs	727	643
727	643	Provision for Personnel Services Liability	----	----
727	643		727	643
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	56,906	53,808
----	----	Provisions - Non-Current	727	643
----	----	Accrued Salaries, Wages and On-Costs (Note 22)	12,379	9,007
70,012	63,458	Liability - Purchase of Personnel Services	----	----
70,012	63,458		70,012	63,458

25. Other Liabilities

Current				
9	10	Income in Advance	9	10
9	10		9	10
Non-Current				
122	132	Other	122	132
122	132		122	132

Other represents transferred employees benefits at fixed transfer dates and contracts entered into to transfer employees of the Health Service to St Vincent's Private Hospital.

The liability above represents employee benefits transferred at the contract date.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
26. Commitments for Expenditure				
a) Capital Commitments				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems, and intangible assets, contracted for at balance date and not provided for:				
13,379	68,132	Not later than one year	13,379	68,132
4,434	2,912	Later than one year and not later than five years	4,434	2,912
<u>17,813</u>	<u>71,044</u>	Total Capital Expenditure Commitments (Including GST)	<u>17,813</u>	<u>71,044</u>
b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
3,691	3,698	Not later than one year	3,691	3,698
5,518	5,023	Later than one year and not later than five years	5,518	5,023
188	333	Later than five years	188	333
<u>9,397</u>	<u>9,054</u>	Total Operating Lease Commitments (Including GST)	<u>9,397</u>	<u>9,054</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. \$27.210 million as at 30 June 2016 includes input tax credits of \$2.471 million that are expected to be recoverable from the Australian Taxation Office (2015 \$7.206 million).

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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27. Trust Funds

The District holds trust funds of \$1.2 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Balance at the beginning of the financial year	89	97	379	220	452	355	920	672
Revenue	747	629	268	165	8,298	8,068	9,313	8,862
Expenses	(700)	(637)	-----	(6)	(8,379)	(7,971)	(9,079)	(8,614)
Balance at the end of the financial year	136	89	647	379	371	452	1,154	920

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

29. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund workers compensation insurance hindsight adjustments are calculated 3 years (interim) and 5 years (final) after the start of each policy year. Hindsight (payments/refunds) adjust insurance contributions paid to reflect actual claims experience. iCare Self Insurance (manager of the Treasury Managed Fund) calculates hindsight adjustments after the 'hindsight date' has past. At 30 June 2016, hindsight adjustments were due for the 2011/12 (final) and 2013/14 (interim) policy years. Adjustments for the 30 June 2016 'hindsight date' have not been provided by the Treasury Managed Fund. It is not possible for the District to reliably quantify the hindsight benefit to be received or amount payable.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
29. Reconciliation of Cash Flows from Operating Activities to Net Result				
120,610	65,486	Net Cash Flows from Operating Activities	120,610	65,486
(24,178)	(21,602)	Depreciation and Amortisation	(24,178)	(21,602)
(314)	(233)	Allowance for Impairment	(314)	(233)
1	6	(Increase)/ Decrease Income in Advance	1	6
(3,183)	(2,883)	(Increase)/ Decrease in Provisions	(3,183)	(2,883)
7,008	2,913	Increase / (Decrease) in Prepayments and Other Assets	7,008	2,913
(2,222)	1,742	(Increase)/ Decrease in Payables from Operating Activities	(2,222)	1,742
(78)	(154)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(78)	(154)
97,644	45,275	Net Result	97,644	45,275

30. 2015/16 Voluntary Services

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

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

31. Unclaimed Monies

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 District by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of District.

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

32. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$2 million, primarily due to:

Lower than budgeted Expenses of \$0.6 million, higher than budgeted Revenue of \$1.2 million and higher than Budget Other Gains/(Losses) of (\$0.1) million.

The lower than budget Expenses \$0.6 million was represented by lower than budget Employee Related \$2.0 million and higher than budget Visiting Medical Officers \$1.4 million. The Employee related position is primarily associated with Workers Compensation Insurance and hindsite expenses which reduced over the prior year by \$2.0 million.

The higher than budget Revenue \$1.1 million was represented by higher than budgeted Grants and Contributions \$3.8 million and lower than budget Sale of Goods and Services \$2.7 million. Grants and Contributions \$3.8 million is mainly related to Special Purposes Donations, eHealth enhancements, Casino AMS, Integrated Care and revenues associated with equipment purchases. The lower than budget Sale of Goods and Services \$2.7 million is mainly due to Department of Veteran's Affairs revenue \$1.6 million lower than budget and \$2.9 million lower than the previous year due to reducing patient volumes, lower than budget High Cost Drugs Revenues of \$0.5 million relating to the prior year and generally lower than budget User Charges (staff specialist billings) from private clinics.

Assets and Liabilities

Current Assets were \$3 million higher than budget. This was due mainly to higher than budget Receivables of \$4.0 million and lower than budget Cash and Cash Equivalents \$1.3 million. The higher than budget Receivables relates primarily to higher Intra Health \$2.9 million and Health Infrastructure Prepayments \$0.9M.

Current Liabilities were higher than budget by \$1.5 million. This related to Higher than budget Payables \$0.5 million and Provisions \$0.9 million.

Non current Assets were \$5.6 million lower than budget. This was due to the the recognition of impairment for Mullumbimby and Byron Bay Hospitals declared surplus to requirements and remain unused. The Building and Infrastructure values were written down by \$5.8 million.

Cash Flows

Operating Activities - Net cash inflows were lower than budget by \$1.2 million. Operating Payments are lower than budget by \$0.2 million and Operating Receipts are lower than budget by \$1.4 million. The Operating Receipts lower than budget inflows includes reduced revenues from Department of Veteran's Affairs due to reducing patient volumes.

Investing Activities - Net cash outflows were higher than budget by \$0.1 million.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 23 June 2015 are as follows:

	\$000
Initial Allocation, 23 June 2015	566,291
Special Projects	
Aboriginal Health enhancement	238
Drug and Alcohol Services including Drug Summit	2,000
Other	
Cash assistance provided by Ministry	4,000
Improving Workplace Culture	185
Isolated Patient Transport And Assistance Scheme	295
Medical training positions	1,060
Nursing Enhancements	1,276
Other Enhancements	2,211
Planning & Innovation Fund	994
Balance as per Statement of Comprehensive Income	578,550

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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33. Financial Instruments

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

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the District, 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 AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount 2016 \$000	Carrying Amount 2015 \$000
Cash and Cash Equivalents (note 16)	N/A	11,456	10,298
Receivables (note 17)*	Loans and receivables (at amortised cost)	15,563	10,766
		27,019	21,064
Financial Liabilities			
Borrowings (note 23)		7,071	---
Payables (note 22)**	Financial liabilities measured at amortised cost	46,777	45,722
Other Liabilities (note 25)		122	132
		53,970	45,854

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

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

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

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 2.60% in 2015/16 compared to 2.85% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

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 District 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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

33. Financial Instruments

The District 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 (2016: \$13.821M; 2015: \$9.869M) and not more than 3 months past due (2016: \$1.512M; 2015: \$0.768M) are not considered impaired. Together these represent 90% 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 District'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.

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2016			
<3 months overdue	1,709	1,512	197
3 months - 6 months overdue	253	38	215
> 6 months overdue	860	192	668
2015			
<3 months overdue	946	768	178
3 months - 6 months overdue	196	26	170
> 6 months overdue	890	84	806

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.

(c) Liquidity Risk

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

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral.

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

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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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33. Financial Instruments

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

Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Interest Rate	Interest Rate Exposure				Maturity Dates		
		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
2016								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		10,260	----	----	10,260	10,260	----	----
- Creditors		36,517	----	----	36,517	36,517	----	----
Borrowings:								
- Loans and Deposits	2.50%	7,071	----	7,071	----	618	2,691	3,762
Other	0.00%	----	----	----	----	122	----	----
		<u>53,848</u>	<u>----</u>	<u>7,071</u>	<u>46,777</u>	<u>47,517</u>	<u>2,691</u>	<u>3,762</u>
2015								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		7,987	----	----	7,987	7,987	----	----
- Creditors		37,735	----	----	37,735	37,735	----	----
Borrowings:								
- Loans and Deposits	0.00%	----	----	----	----	----	----	----
- Other	0.00%	132	----	----	132	132	----	----
		<u>45,854</u>	<u>----</u>	<u>----</u>	<u>45,854</u>	<u>45,854</u>	<u>----</u>	<u>----</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 District can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

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33. Financial Instruments

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The District's exposures to market risk are primarily through interest rate risk on the District's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The District 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 District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

Both NSW Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The District 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 (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

	Carrying Amount \$000	-1% Net Result	Equity	+1% Net Result	Equity
2016					
Financial Assets					
Cash and Cash Equivalents	11,456	(115)	(115)	115	115
Receivables	15,563	---	---	---	---
Financial Liabilities					
Payables	46,777	---	---	---	---
Borrowings	7,071	71	71	(71)	(71)
Other	122	(1)	(1)	1	1
2015					
Financial Assets					
Cash and Cash Equivalents	10,298	(103)	(103)	103	103
Receivables	10,766	---	---	---	---
Financial Liabilities					
Payables	45,722	---	---	---	---
Borrowings	---	---	---	---	---
Other	132	(1)	(1)	1	1

34. Events after the Reporting Period

In July 2016, iCare Self Insurance advised of the Treasury Managed Fund workers compensation insurance hindsight adjustment calculations for the 2010/11 and 2012/13 policy years. This has resulted in a hindsight refund (revenue) of \$2.3M being recognised as a receivable at 30 June 2016.

Other than the above, there has not been any matters arising subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS