

**Western Sydney
Local Health District**

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Western Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Western Sydney 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 their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (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
- 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
- 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(af). 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, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A 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
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



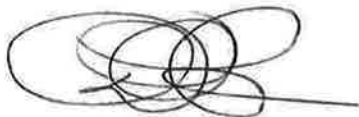
Renee Meimaroglou
Director, Financial Audit Services

9 September 2016
SYDNEY

**Western Sydney 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 Western Sydney 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 Regulation 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 Western Sydney 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.



Danny O'Connor
Chief Executive
05/09/2016



Natalie McDonald
Executive Director Finance
05/09/2016

Western Sydney 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							
-----	-----	-----					
1,017,603	998,875	962,698	Employee Related	2	1,081,906	1,063,600	1,018,158
40,943	39,129	40,547	Personnel Services	3	-----	-----	-----
424,170	426,321	399,305	Visiting Medical Officers		40,943	39,129	40,547
57,515	60,007	56,939	Other Operating Expenses	4	424,170	426,321	399,305
11,315	11,594	12,935	Depreciation and Amortisation	1(m), 5	57,515	60,007	56,939
228	551	299	Grants and Subsidies	6	11,315	11,594	12,935
			Finance Costs	1(g), 7	228	551	299
1,551,774	1,536,477	1,472,723	Total Expenses excluding losses		1,616,077	1,601,202	1,528,183
Revenue							
1,227,165	1,227,165	1,174,760	NSW Ministry of Health Recurrent Allocations	1(h)	1,227,165	1,227,165	1,174,760
197,709	197,709	105,791	NSW Ministry of Health Capital Allocations	1(h)	197,709	197,709	105,791
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	1(e)(ii), 11	64,303	64,725	55,460
198,122	202,063	177,463	Sale of Goods and Services	8	198,122	202,063	177,463
1,856	2,711	2,488	Investment Revenue	9	1,856	2,711	2,488
41,606	38,854	35,217	Grants and Contributions	10	41,606	38,854	35,217
27,135	24,401	22,467	Other Revenue	12	27,135	24,401	22,467
1,693,593	1,692,903	1,518,186	Total Revenue		1,757,896	1,757,628	1,573,646
(10,420)	(10,707)	(1,911)	Gain / (Loss) on Disposal	13	(10,420)	(10,707)	(1,911)
(1,546)	(2,692)	(7,799)	Other Gains / (Losses)	14	(1,546)	(2,692)	(7,799)
129,853	143,027	35,753	Net Result	32	129,853	143,027	35,753
Other Comprehensive Income							
Items that will not be reclassified to net result							
-----	-----	62,558	Net Increase/(Decrease) in Property, Plant &				
-----	-----	62,558	Equipment Revaluation Surplus	21	-----	-----	62,558
			Total Other Comprehensive Income		-----	-----	62,558
129,853	143,027	98,311	TOTAL COMPREHENSIVE INCOME		129,853	143,027	98,311

The accompanying notes form part of these financial statements.

Western Sydney 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	2016	2015		2016	2016	2015
\$000	\$000	\$000		\$000	\$000	\$000
ASSETS						
Current Assets						
64,980	72,647	67,450		64,980	72,647	67,450
76,519	62,211	62,117	17	76,519	62,211	62,117
14,466	11,522	11,618	18	14,466	11,522	11,618
10,062	9,700	---	19	10,062	9,700	---
166,027	156,080	141,185	20	166,027	156,080	141,185
Total Current Assets						
Non-Current Assets						
3,709	3,818	3,818		3,709	3,818	3,818
Receivables						
Property, Plant & Equipment						
1,198,025	1,214,777	1,085,077	21	1,198,025	1,214,777	1,085,077
70,833	48,669	50,138	21	70,833	48,669	50,138
3,648	3,540	4,545	21	3,648	3,540	4,545
1,272,306	1,266,986	1,139,760		1,272,306	1,266,986	1,139,760
612	198	445	22	612	198	445
1,276,627	1,271,002	1,144,023		1,276,627	1,271,002	1,144,023
1,442,654	1,427,082	1,285,208		1,442,654	1,427,082	1,285,208
Total Non-Current Assets						
Total Assets						
LIABILITIES						
Current Liabilities						
110,298	84,007	89,499	25	110,298	84,007	89,499
2,075	1,634	2,204	26	2,075	1,634	2,204
166,701	160,979	157,902	27	166,701	160,979	157,902
1,812	1,965	1,964	28	1,812	1,965	1,964
280,886	248,585	251,569		280,886	248,585	251,569
Total Current Liabilities						
Non-Current Liabilities						
3,138	6,700	5,130	26	3,138	6,700	5,130
2,020	2,020	1,752	27	2,020	2,020	1,752
5,158	8,720	6,882		5,158	8,720	6,882
286,044	257,305	258,451		286,044	257,305	258,451
Total Non-Current Liabilities						
Total Liabilities						
Net Assets						
EQUITY						
88,768	88,845	88,844		88,768	88,845	88,844
1,067,842	1,080,932	937,913		1,067,842	1,080,932	937,913
1,156,610	1,169,777	1,026,757		1,156,610	1,169,777	1,026,757
Total Equity						

The accompanying notes form part of these financial statements.

Western Sydney 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		937,913	88,844	1,026,757
Total Equity at 1 July 2015		<u>937,913</u>	<u>88,844</u>	<u>1,026,757</u>
Net Result for the year		129,853	----	129,853
Other Comprehensive Income:				
Transfers on Disposal		76	(76)	----
Total Other Comprehensive Income		<u>76</u>	<u>(76)</u>	<u>----</u>
Total Comprehensive Income for the year		<u>129,929</u>	<u>(76)</u>	<u>129,853</u>
Balance at 30 June 2016		<u><u>1,067,842</u></u>	<u><u>88,768</u></u>	<u><u>1,156,610</u></u>
Balance at 1 July 2014		897,848	30,598	928,446
Total Equity at 1 July 2014		<u>897,848</u>	<u>30,598</u>	<u>928,446</u>
Net Result for the year		35,753	----	35,753
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	21	----	62,558	62,558
Transfers on Disposal		4,312	(4,312)	----
Total Other Comprehensive Income		<u>4,312</u>	<u>58,246</u>	<u>62,558</u>
Total Comprehensive Income for the year		<u>40,065</u>	<u>58,246</u>	<u>98,311</u>
Balance at 30 June 2015		<u><u>937,913</u></u>	<u><u>88,844</u></u>	<u><u>1,026,757</u></u>

The accompanying notes form part of these financial statements.

Western Sydney 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	2016	2015		2016	2016	2015
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
—	—	—	Employee Related	(1,027,992)	(1,020,898)	(975,178)
(12,513)	(12,792)	(14,294)	Grants and Subsidies	(12,513)	(12,792)	(14,294)
(84)	(551)	(83)	Finance Costs	(84)	(551)	(83)
(1,521,066)	(1,531,000)	(1,445,935)	Other	(493,074)	(510,302)	(470,757)
<u>(1,533,663)</u>	<u>(1,544,343)</u>	<u>(1,460,312)</u>	Total Payments	<u>(1,533,663)</u>	<u>(1,544,343)</u>	<u>(1,460,312)</u>
Receipts						
1,227,165	1,227,165	1,174,760	NSW Ministry of Health Recurrent Allocations	1,227,165	1,227,165	1,174,760
197,709	197,709	105,790	NSW Ministry of Health Capital Allocations	197,709	197,709	105,790
18,671	18,671	18,276	Reimbursements from the Crown Entity	18,671	18,671	18,276
192,067	207,605	181,010	Sale of Goods and Services	192,067	207,605	181,010
1,856	2,669	2,488	Interest Received	1,856	2,669	2,488
45,251	42,623	37,637	Grants and Contributions	45,251	42,623	37,637
60,953	59,440	48,668	Other	60,953	59,440	48,668
<u>1,743,672</u>	<u>1,755,882</u>	<u>1,568,629</u>	Total Receipts	<u>1,743,672</u>	<u>1,755,882</u>	<u>1,568,629</u>
<u>210,009</u>	<u>211,539</u>	<u>108,317</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>210,009</u>	<u>211,539</u>	<u>108,317</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
39	—	609	Proceeds from Sale of Property, Plant & Equipment and Intangibles	39	—	609
(200,191)	(197,642)	(111,496)	Purchases of Property, Plant & Equipment and Intangibles	(200,191)	(197,642)	(111,496)
(10,062)	(9,700)	—	Purchases of Investments	(10,062)	(9,700)	—
<u>(210,214)</u>	<u>(207,342)</u>	<u>(110,887)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(210,214)</u>	<u>(207,342)</u>	<u>(110,887)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
—	—	4,018	Proceeds from Borrowings and Advances	—	—	4,018
(2,265)	1,000	(1,983)	Repayment of Borrowings and Advances	(2,265)	1,000	(1,983)
<u>(2,265)</u>	<u>1,000</u>	<u>2,035</u>	NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(2,265)</u>	<u>1,000</u>	<u>2,035</u>
(2,470)	5,197	(535)	NET INCREASE / (DECREASE) IN CASH	(2,470)	5,197	(535)
67,450	67,450	67,985	Opening Cash and Cash Equivalents	67,450	67,450	67,985
<u>64,980</u>	<u>72,647</u>	<u>67,450</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>64,980</u>	<u>72,647</u>	<u>67,450</u>

The accompanying notes form part of these financial statements.

Western Sydney 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	
	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
Expenses Excluding Losses																
Operating Expenses	66,352	45,470	1,660	1,570	156,816	166,955	91,545	89,532	488,864	475,110	122,319	117,411	65,357	81,617	24,516	21,944
Employee Related	815	371	1	—	6,089	5,256	1,840	1,773	27,821	29,176	2,088	1,749	913	920	809	875
Visiting Medical Officers	16,080	10,962	447	401	82,533	91,915	33,782	33,460	222,164	203,528	27,490	25,858	20,345	17,713	5,069	5,324
Other Operating Expenses	2,925	1,898	48	46	10,227	11,010	4,828	4,989	28,778	29,104	4,832	4,442	2,766	2,784	996	1,129
Depreciation and Amortisation	2,943	1,449	1,027	746	665	1,635	290	466	1,900	3,643	461	875	207	342	1,551	1,861
Grants and Subsidies	12	—	2	—	33	51	19	26	112	147	23	30	13	17	4	5
Finance Costs	89,127	60,182	3,186	2,763	256,193	276,822	132,304	130,246	779,439	740,706	157,223	150,365	89,601	83,393	32,947	31,139
Revenue																
NSW Ministry of Health Recurrent Allocations **	3,268	1,510	(2)	15	7,286	6,178	6,460	3,578	34,422	33,705	8,389	5,253	4,330	3,284	122	501
NSW Ministry of Health Capital Allocations **	1,167	819	—	3	35,527	30,296	5,638	18,236	125,567	108,763	9,028	7,458	19,671	10,077	570	607
Acceptance by the Crown Entity of Employee Benefits	10	11	1	(1)	425	595	140	188	935	1,247	111	131	97	127	43	61
Sale of Goods and Services	17,399	12,822	—	—	3,490	3,092	154	397	1,020	2,825	750	558	2,825	839	7,175	6,118
Investment Revenue	1,683	1,287	—	—	3,481	1,255	2,348	1,864	15,806	13,575	2,094	911	1,771	1,501	24	832
Grants and Contributions	23,527	15,449	—	18	50,199	41,416	14,760	24,263	177,770	160,115	20,372	14,311	25,968	15,828	7,934	9,119
Other Revenue	(395)	(10)	(11)	—	(2,027)	(195)	(830)	(40)	(5,458)	(1,500)	(675)	(21)	(500)	(103)	(125)	—
Gain / (Loss) on Disposal	(59)	(250)	(2)	(25)	(301)	(1,341)	(123)	(218)	(810)	(4,796)	(100)	(70)	(74)	(999)	(16)	(101)
Other Gains / (Losses)	(66,054)	(43,973)	(3,199)	(2,770)	(210,332)	(236,942)	(118,497)	(106,241)	(607,937)	(586,889)	(137,626)	(136,145)	(64,207)	(68,666)	(25,156)	(23,121)
Net Result																
Other Comprehensive Income																
Net Increase/(Decrease) in PP&E Revaluation Surplus	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Other Comprehensive Income																
Total Comprehensive Income																

* The name and purpose of each service group is summarised in Note 16

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

Service Group 6.1 * Teaching And Research		Not Attributable			Total	
2016	2015	2016	2015	2016	2015	
\$000	\$000	\$000	\$000	\$000	\$000	\$000
52,675	38,546	—	—	1,081,906	1,018,158	
747	427	—	—	40,943	40,547	
16,260	10,124	—	—	424,170	389,305	
2,114	1,557	—	—	57,515	56,939	
2,251	1,918	—	—	11,315	12,835	
10	10	—	—	228	299	
74,057	52,565	—	—	1,616,077	1,528,183	
		1,227,165	1,174,760	1,227,165	1,174,760	
8	1,436	187,709	105,791	197,709	105,791	
934	1,204	—	—	64,303	55,480	
94	129	—	—	188,122	177,463	
11,519	8,566	—	—	1,856	2,488	
(53)	1,241	—	—	41,606	35,217	
		—	—	27,135	22,467	
12,502	12,576	1,424,874	1,280,551	1,757,886	1,573,646	
(399)	(42)	—	—	(10,420)	(1,911)	
(59)	—	—	—	(1,548)	(7,799)	
(62,013)	(40,051)	1,424,874	1,280,551	1,280,853	35,753	
		—	—	—	—	82,558
		—	—	—	—	82,558
(62,013)	(40,051)	1,424,874	1,280,551	1,280,853	98,311	

Westam Sydney 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		
	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
ASSETS																	
Current Assets																	
Cash and Cash Equivalents	3,594	2,655	126	122	10,382	12,216	5,320	5,749	31,340	32,693	6,637	3,603	3,681	1,325	1,374		
Receivables	451	287	(1)	2	13,721	10,604	2,177	6,383	48,505	38,070	2,610	7,597	3,527	220	212		
Inventories	548	319	14	12	2,815	2,674	1,152	874	7,577	5,922	938	694	515	173	155		
Financial Assets at Fair Value	555	—	19	—	1,608	—	824	—	4,853	—	979	558	—	205	—		
Total Current Assets	5,138	3,261	158	136	28,526	25,496	9,473	13,106	92,275	76,685	11,726	12,452	7,723	1,523	1,741		
Non-Current Assets																	
Receivables	22	16	—	—	665	652	106	362	2,351	2,340	169	368	217	11	13		
Property, Plant and Equipment	60,921	36,168	1,015	861	213,031	209,821	100,563	94,701	599,430	554,632	100,654	57,615	53,062	20,752	21,510		
- Land and Buildings	3,592	1,671	60	40	12,580	9,695	5,928	4,376	35,341	25,628	5,934	3,397	2,452	1,223	994		
- Plant and Equipment	166	151	4	4	649	879	306	387	1,825	2,323	306	175	222	63	90		
- Infrastructure Systems	31	15	2	—	109	86	51	39	306	227	51	29	22	11	9		
Intangible Assets	64,752	38,023	1,081	905	227,014	221,133	106,955	99,905	639,253	585,130	107,114	61,584	55,975	22,080	22,516		
Total Non-Current Assets	69,690	41,284	1,239	1,041	255,540	246,629	116,426	113,011	731,528	661,835	116,840	74,036	63,696	23,983	24,357		
TOTAL ASSETS																	
LIABILITIES																	
Current Liabilities																	
Payables	4,181	2,457	117	90	21,461	20,602	6,785	7,504	57,770	45,618	7,148	5,280	3,670	1,318	1,193		
Borrowings	114	87	4	4	332	399	170	188	1,001	1,068	202	115	120	42	45		
Provisions	10,223	7,052	257	244	24,440	25,692	14,105	13,665	76,865	73,683	16,847	10,070	8,566	3,778	3,403		
Other	100	77	5	4	289	356	146	167	874	952	176	100	107	37	40		
Total Current Liabilities	14,618	9,673	383	342	46,522	47,249	23,206	21,744	136,510	121,321	26,373	15,575	13,753	5,175	4,681		
Non-Current Liabilities																	
Borrowings	173	202	7	8	501	929	257	437	1,513	2,467	305	174	280	64	105		
Provisions	124	78	4	3	298	287	171	154	931	818	228	202	106	46	38		
Total Non-Current Liabilities	297	280	11	11	797	1,216	428	591	2,444	3,305	533	386	386	110	143		
TOTAL LIABILITIES	14,915	9,953	394	353	47,319	48,465	23,636	22,335	138,954	124,626	26,906	15,871	14,139	5,285	4,824		
NET ASSETS	54,375	31,331	845	688	208,221	198,164	92,792	90,676	592,574	537,209	91,934	56,165	49,559	18,696	19,533		

* The name and purpose of each service group is summarised in Note 16

Service Group 6.1 * Teaching And Research		Not Attributable			Total		
2016	2015	2018	2015	2016	2015	2016	2015
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2,978	2,321	---	---	64,990	---	67,450	67,450
361	422	---	---	70,519	---	62,117	62,117
555	295	---	---	14,466	---	11,618	11,618
461	---	---	---	10,062	---	---	---
4,355	3,038	---	---	166,027	---	141,185	141,185
17	28	---	---	3,709	---	3,818	3,818
44,044	29,676	---	---	1,198,025	---	1,085,077	1,085,077
2,597	1,371	---	---	70,633	---	50,138	50,138
134	124	---	---	3,648	---	4,545	4,545
22	12	---	---	612	---	445	445
46,814	31,209	---	---	1,276,627	---	1,144,023	1,144,023
51,169	34,247	---	---	1,442,654	---	1,285,208	1,285,208
4,228	2,269	---	---	110,288	---	89,499	89,499
95	76	---	---	2,075	---	2,204	2,204
8,116	5,978	---	---	166,701	---	157,902	157,902
83	68	---	---	1,812	---	1,964	1,964
12,522	8,391	---	---	280,886	---	251,569	251,569
144	177	---	---	3,138	---	5,130	5,130
88	86	---	---	2,020	---	1,752	1,752
242	243	---	---	5,158	---	6,802	6,802
12,764	8,634	---	---	266,044	---	258,451	258,451
38,405	25,613	---	---	1,196,610	---	1,026,757	1,026,757

Western Sydney 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 Western Sydney 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 15 and 24), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Western Sydney 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 05/09/2016.

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{af}.

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

The Secretary of Health, the Chair of the Western Sydney 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.

Western Sydney 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 16.7%). 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 27.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 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.

Western Sydney 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.

Western Sydney 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(ac)).

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 and Intangibles are capitalised where their cost is \$10,000 or above.

Western Sydney 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(q).

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 21 and Note 23 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.

Western Sydney 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) 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.

r) 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.

Western Sydney 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

s) 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.

t) 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.

u) 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.

v) 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.

w) 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.

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.

Western Sydney 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

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.

x) 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.

y) 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.

z) 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.

aa) 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.

ab) 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 23 and Note 38 for further disclosures regarding fair value measurements of financial and non-financial assets.

Western Sydney 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

ac) 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.

ad) 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.

ae) Trust Funds

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

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.

af) 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 36.

ag) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 16.

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.

Western Sydney 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

ah) 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.

Western Sydney 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
2. Employee Related				
----	----	Salaries and Wages (including annual leave)	922,685	871,709
----	----	Superannuation - Defined Benefit Plans	10,758	11,637
----	----	Superannuation - Defined Contribution Plans	78,655	73,101
----	----	Long Service Leave	56,890	46,619
----	----	Redundancies	1,954	1,841
----	----	Workers' Compensation Insurance	10,659	12,851
----	----	Fringe Benefits Tax	305	400
<u>----</u>	<u>----</u>		<u>1,081,906</u>	<u>1,018,158</u>
3. Personnel Services				
922,685	871,709	Salaries and Wages	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
78,655	73,101	Superannuation - Defined Contribution Plans	----	----
3,345	2,796	Long Service Leave	----	----
1,954	1,841	Redundancies	----	----
10,659	12,851	Workers' Compensation Insurance	----	----
305	400	Fringe Benefits Tax	----	----
<u>1,017,603</u>	<u>962,698</u>		<u>----</u>	<u>----</u>
4. Other Operating Expenses				
91	237	Advertising	91	237
202	82	Auditor's Remuneration - Audit of Financial Statements	202	82
9,777	8,581	Blood and Blood Products	9,777	8,581
5,678	2,158	Consultancies	5,678	2,158
146	29	Contractors	146	29
16,991	16,397	Domestic Supplies and Services	16,991	16,397
81,303	60,773	Drug Supplies	81,303	60,773
23,751	23,749	Food Supplies	23,751	23,749
9,603	10,326	Fuel, Light and Power	9,603	10,326
4,419	4,449	Hospital Ambulance Transport Costs	4,419	4,449
22,989	26,432	Information Management Expenses	22,989	26,432
2,488	2,369	Insurance	2,488	2,369
34,318	38,253	Maintenance (See 4(b) below)	34,318	38,253
77,051	77,065	Medical and Surgical Supplies	77,051	77,065
1,469	1,475	Motor Vehicle Expenses	1,469	1,475
3,968	3,595	Postal and Telephone Costs	3,968	3,595
4,420	4,487	Printing and Stationery	4,420	4,487
2,343	2,443	Rates and Charges	2,343	2,443
2,755	2,408	Rental	2,755	2,408
155	----	Hosted Services Purchased from Other NSW Health Entities	155	----
67,571	65,893	Special Service Departments	67,571	65,893
9,051	7,351	Staff Related Costs	9,051	7,351
6,261	6,970	Travel Related Costs	6,261	6,970
37,370	33,783	Other (See 4(a) below)	37,370	33,783
<u>424,170</u>	<u>399,305</u>		<u>424,170</u>	<u>399,305</u>

Western Sydney 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:				
26	----	Aircraft Expenses (Ambulance)	26	----
2,492	3,101	Contract for Patient Services	2,492	3,101
10,906	8,053	Corporate Support Services	10,906	8,053
617	622	Courier and Freight	617	622
7	12	Isolated Patient Travel and Accommodation Assistance Scheme	7	12
209	466	Legal Services	209	466
2,903	2,427	Membership/Professional Fees	2,903	2,427
2,581	2,539	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,581	2,539
----	----	Public Private Partnership Contracted Services	----	----
4,531	3,937	Other Operating Lease Expense - Minimum Lease Payments	4,531	3,937
77	49	Quality Assurance/Accreditation	77	49
845	472	Security Services	845	472
----	(45)	Services Purchased from Health Reform Transition Organisations	----	(45)
12,176	12,150	Other Miscellaneous	12,176	12,150
37,370	33,783		37,370	33,783
b) Reconciliation of Total Maintenance				
10,893	10,323	Maintenance Contracts	10,893	10,323
11,995	15,509	New/Replacement Equipment under \$10,000	11,995	15,509
12,906	13,553	Repairs Maintenance/Non Contract	12,906	13,553
(1,476)	(1,132)	Other	(1,476)	(1,132)
34,318	38,253	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	34,318	38,253
4,235	4,339	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	4,235	4,339
38,553	42,592		38,553	42,592

Western Sydney 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				
43,826	41,529	Depreciation - Buildings	43,826	41,529
12,366	13,111	Depreciation - Plant and Equipment	12,366	13,111
1,124	1,726	Depreciation - Infrastructure Systems	1,124	1,726
199	573	Amortisation - Intangible Assets	199	573
<u>57,515</u>	<u>56,939</u>		<u>57,515</u>	<u>56,939</u>
6. Grants and Subsidies				
7,045	7,594	Non-Government Organisations	7,045	7,594
81	222	Grants to Research Organisations	81	222
5	---	NSW Government Sector Grants	5	---
2,125	75	Grants to Other NSW Health Entities	2,125	75
2,059	5,044	Other Grants	2,059	5,044
<u>11,315</u>	<u>12,935</u>		<u>11,315</u>	<u>12,935</u>
7. Finance Costs				
84	83	Interest on Loans	84	83
144	216	Other Interest Charges	144	216
<u>228</u>	<u>299</u>		<u>228</u>	<u>299</u>

Western Sydney 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
8. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
359	767	Pharmacy Sales	359	767
7,475	7,828	Sale of Prosthesis	7,475	7,828
100	171	Other	100	171
b) Rendering of Services comprise the following:-				
		Patient Fees		
60,174	54,139	- Inpatient Fees	60,174	54,139
1,288	1,280	- Nursing Home Fees	1,288	1,280
2,770	1,285	- Non Inpatient Fees	2,770	1,285
8,911	12,252	Department of Veterans' Affairs	8,911	12,252
336	373	Staff-Meals and Accommodation	336	373
26,299	24,052	Infrastructure Fees - Monthly Facility Charge	26,299	24,052
13,244	11,916	Infrastructure Fees - Annual Charge	13,244	11,916
170	192	Cafeteria/Kiosk	170	192
6,622	6,145	Car Parking	6,622	6,145
2,148	1,954	Child Care Fees	2,148	1,954
564	693	Clinical Services (excluding Clinical Drug Trials)	564	693
124	7,303	Commercial Activities	124	7,303
----	----	Enteral Nutrition	----	----
270	254	Fees for Medical Records	270	254
----	1	Information Retrieval	----	1
45,806	24,632	High Cost Drugs	45,806	24,632
2	----	Linen Service Revenues - Non Health Services	2	----
16,979	16,016	Motor Accident Authority Third Party	16,979	16,016
(15)	74	Patient Transport Fees	(15)	74
111	102	Private Use of Motor Vehicles	111	102
182	306	Salary Packaging Fee	182	306
3	----	Hosted Services Provided to Other NSW Health Entities	3	----
24	23	Services Provided to Non NSW Health Organisations	24	23
25	----	Shared Corporate Services	25	----
4,151	5,705	Other	4,151	5,705
198,122	177,463		198,122	177,463
9. Investment Revenue				
1,819	2,488	Interest	1,819	2,488
37	----	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	37	----
----	----	Other	----	----
1,856	2,488		1,856	2,488

Western Sydney 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
10. Grants and Contributions				
7,520	6,416	Clinical Drug Trials	7,520	6,416
13,058	14,308	Commonwealth Government Grants	13,058	14,308
1,443	1,342	Industry Contributions/Donations	1,443	1,342
8,199	7,176	Cancer Institute Grants	8,199	7,176
1,887	50	NSW Government Grants	1,887	50
2,176	1,870	Grants from Other NSW Health Entities	2,176	1,870
3,193	2,699	Research Grants	3,193	2,699
4,130	1,356	Other Grants	4,130	1,356
41,606	35,217		41,606	35,217
11. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	10,758	11,637
----	----	Long Service Leave	53,545	43,823
----	----		64,303	55,460
12. Other Revenue				
Other Revenue comprises the following:-				
5	4	Bad Debts Recovered	5	4
379	384	Commissions	379	384
465	979	Conference and Training Fees	465	979
532	686	Discounts	532	686
812	349	Insurance Refunds	812	349
6,858	6,836	Lease and Rental	6,858	6,836
320	875	Property not Previously Recognised	320	875
113	94	Sale of Merchandise, Old Wares and Books	113	94
----	1	Sponsorship	----	1
7,546	3,443	Treasury Managed Fund Hindsight Adjustment	7,546	3,443
13	----	Unclaimed Deposits	13	----
10,092	8,816	Other	10,092	8,816
27,135	22,467		27,135	22,467

Western Sydney 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
13. Gain / (Loss) on Disposal				
18,179	16,495	Property, Plant and Equipment	18,179	16,495
<u>(7,732)</u>	<u>(14,033)</u>	Accumulated Depreciation	<u>(7,732)</u>	<u>(14,033)</u>
10,447	2,462	Written Down Value	10,447	2,462
39	609	Proceeds from Disposal	39	609
<u>(10,408)</u>	<u>(1,853)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(10,408)</u>	<u>(1,853)</u>
12	58	Intangible Assets	12	58
<u>(12)</u>	<u>(58)</u>	Gain/(Loss) on Disposal of Intangible Assets	<u>(12)</u>	<u>(58)</u>
<u>(10,420)</u>	<u>(1,911)</u>	Total Gain/(Loss) on Disposal	<u>(10,420)</u>	<u>(1,911)</u>
14. Other Gains / (Losses)				
(1,546)	(7,799)	Impairment of Receivables	(1,546)	(7,799)
<u>(1,546)</u>	<u>(7,799)</u>		<u>(1,546)</u>	<u>(7,799)</u>

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

PARENT & CONSOLIDATION

15. 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	399	11,396	109	11,904
Contributions recognised in previous years which were not expended in the current reporting period	5,864	64,587	544	70,995
Total amount of unexpended contributions as at reporting date	6,263	75,983	653	82,899

Comment on restricted assets appears in Note 24

16. 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 services.

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

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

16. 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.

Western Sydney 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. Cash and Cash Equivalents				
64,980	67,450	Cash at Bank and On Hand	64,980	67,450
64,980	67,450		64,980	67,450
<p>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>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>				
64,980	67,450	Cash and Cash Equivalents (per Statement of Financial Position)	64,980	67,450
64,980	67,450	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	64,980	67,450

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

Western Sydney 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
18. Receivables				
Current				
30,833	23,763	Sale of Goods and Services	30,833	23,763
11,898	7,918	Intra Health Receivables	11,898	7,918
5,723	5,516	Goods and Services Tax	5,723	5,516
30,146	26,681	Other Debtors	30,146	26,681
<u>78,600</u>	<u>63,878</u>	Sub Total	<u>78,600</u>	<u>63,878</u>
(4,659)	(5,066)	Less Allowance for Impairment	(4,659)	(5,066)
<u>73,941</u>	<u>58,812</u>	Sub Total	<u>73,941</u>	<u>58,812</u>
2,578	3,305	Prepayments	2,578	3,305
<u>76,519</u>	<u>62,117</u>		<u>76,519</u>	<u>62,117</u>
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(4,517)	(3,656)	Balance at Commencement of Reporting Period	(4,517)	(3,656)
1,661	1,715	Amounts written off during the period	1,661	1,715
(1,526)	(2,576)	(Increase)/decrease in Allowance Recognised in the Net Result	(1,526)	(2,576)
<u>(4,382)</u>	<u>(4,517)</u>	Balance at 30 June	<u>(4,382)</u>	<u>(4,517)</u>
b) Movement in the Allowance for Impairment				
Other Debtors				
(548)	(514)	Balance at Commencement of Reporting Period	(548)	(514)
292	5,188	Amounts written off during the period	292	5,188
(21)	(5,223)	(Increase)/decrease in Allowance Recognised in the Net Result	(21)	(5,223)
<u>(277)</u>	<u>(549)</u>	Balance at 30 June	<u>(277)</u>	<u>(549)</u>
<u>(4,659)</u>	<u>(5,066)</u>		<u>(4,659)</u>	<u>(5,066)</u>
Non-Current				
<u>3,709</u>	<u>3,818</u>	Prepayments	<u>3,709</u>	<u>3,818</u>
<u>3,709</u>	<u>3,818</u>		<u>3,709</u>	<u>3,818</u>
c) The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
2,748	2,201	Patient Fees - Compensable	2,748	2,201
8,893	7,677	Patient Fees - Ineligible	8,893	7,677
7,438	6,786	Patient Fees - Inpatient & Other	7,438	6,786
<u>19,079</u>	<u>16,664</u>		<u>19,079</u>	<u>16,664</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 38.

Western Sydney 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. Inventories				
9,539	7,995	Drugs	9,539	7,995
4,085	3,271	Medical and Surgical Supplies	4,085	3,271
120	56	Engineering Supplies	120	56
722	296	Other Including Goods in Transit	722	296
<u>14,466</u>	<u>11,618</u>		<u>14,466</u>	<u>11,618</u>
20. Financial Assets at Fair Value				
Current				
10,062	-----	NSW Treasury Corporation - Hour-Glass Investment Facilities	10,062	-----
<u>10,062</u>	<u>-----</u>		<u>10,062</u>	<u>-----</u>

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

Western Sydney 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
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
2,400,532	2,246,358	Gross Carrying Amount	2,400,532	2,246,358
<u>1,202,507</u>	<u>1,161,281</u>	Less: Accumulated Depreciation and Impairment	<u>1,202,507</u>	<u>1,161,281</u>
<u>1,198,025</u>	<u>1,085,077</u>	Net Carrying Amount	<u>1,198,025</u>	<u>1,085,077</u>
Plant and Equipment - Fair Value*				
188,814	161,232	Gross Carrying Amount	188,814	161,232
<u>118,181</u>	<u>111,094</u>	Less: Accumulated Depreciation and Impairment	<u>118,181</u>	<u>111,094</u>
<u>70,633</u>	<u>50,138</u>	Net Carrying Amount	<u>70,633</u>	<u>50,138</u>
Infrastructure Systems - Fair Value				
47,823	47,596	Gross Carrying Amount	47,823	47,596
<u>44,175</u>	<u>43,051</u>	Less: Accumulated Depreciation and Impairment	<u>44,175</u>	<u>43,051</u>
<u>3,648</u>	<u>4,545</u>	Net Carrying Amount	<u>3,648</u>	<u>4,545</u>
<u>1,272,306</u>	<u>1,139,760</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,272,306</u>	<u>1,139,760</u>

* 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.

Western Sydney Local Health District
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PARENT & CONSOLIDATION

21. 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	305,646	779,431	50,138	4,545	1,139,760
Additions	----	166,765	32,150	227	199,142
Disposals	----	(10,231)	(216)	----	(10,447)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	1,167	----	1,167
Depreciation Expense	----	(43,826)	(12,366)	(1,124)	(57,316)
Reclassifications	40,003	(39,763)	(240)	----	-----
Net carrying amount at end of year	345,649	852,376	70,633	3,648	1,272,306

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2015					
Net carrying amount at start of year	251,576	695,896	53,509	22,775	1,023,756
Additions	695	100,664	11,198	11	112,568
Reclassifications to Intangibles	----	----	(294)	----	(294)
Disposals	----	(1,614)	(848)	----	(2,462)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	53,375	8,840	----	343	62,558
Depreciation Expense	----	(41,529)	(13,111)	(1,726)	(56,366)
Reclassifications	----	17,174	(316)	(16,858)	-----
Net carrying amount at end of year	305,646	779,431	50,138	4,545	1,139,760

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 23.

- (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 Holdings Pty Ltd were not applied as immaterial.
- (ii) To ensure the land, buildings and infrastructure systems materially reflect the carrying value since the last revaluation, assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure systems costs. The adjustment has been performed on a gross basis in accordance with note 1(n).

The following table details the indices applied to Land, Buildings and Infrastructure Systems as determined by Liquid Pacific Holdings Pty Ltd :

Year	Land	Buildings	Infrastructure Systems
2014/15	N/A	N/A	N/A
2015/16	6.99%	3.54%	2.45%

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
22. Intangible Assets				
		Intangibles		
3,078	3,757	Cost (Gross Carrying Amount)	3,078	3,757
2,466	3,312	Less Accumulated Amortisation and Impairment	2,466	3,312
<u>612</u>	<u>445</u>	Net Carrying Amount	<u>612</u>	<u>445</u>
<u>612</u>	<u>445</u>	Total Intangible Assets at Net Carrying Amount	<u>612</u>	<u>445</u>

PARENT & CONSOLIDATION

22. Intangibles - Reconciliation

	Intangibles \$000	Total \$000
2016		
Net carrying amount at start of year	445	445
Additions (From Internal Development or Acquired Separately)	378	378
Disposals	(12)	(12)
Amortisation (Recognised in Depreciation and Amortisation)	(199)	(199)
Net carrying amount at end of year	612	612

	Intangibles \$000	Total \$000
2015		
Net carrying amount at start of year	835	835
Additions (From Internal Development or Acquired Separately)	(53)	(53)
Reclassifications from Plant & Equipment	294	294
Disposals	(58)	(58)
Amortisation (Recognised in Depreciation and Amortisation)	(573)	(573)
Net carrying amount at end of year	445	445

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

23. 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 21)				
- Land and Buildings	----	412,605	785,417	1,198,022
- Infrastructure Systems	----	----	3,648	3,648
	----	412,605	789,065	1,201,670

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 21)				
- Land and Buildings	----	298,560	786,517	1,085,077
- Infrastructure Systems	----	----	4,545	4,545
	----	298,560	791,062	1,089,622

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 21.

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 Holdings Pty Ltd for the 2014/15 financial year. Liquid Pacific Holdings 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 21 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:

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

23. Fair Value Measurement of Non-Financial Assets

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.

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

For buildings and infrastructure, many assets are of a specialised nature or use, 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.

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

23. 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	786,517	4,545	791,062
Additions	42,340	227	42,567
Disposals	(1,665)	----	(1,665)
Depreciation	(41,775)	(1,124)	(42,899)
	<u>785,417</u>	<u>3,648</u>	<u>789,065</u>

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.

2015	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2014	730,077	22,775	752,852
Additions	35,999	11	36,010
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	40,710	343	41,053
Transfers from Level 2	12,660	----	12,660
Transfers to Level 2	(14,382)	----	(14,382)
Depreciation	(35,405)	(1,726)	(37,131)
Other - Westmead Carpark	16,858	(16,858)	----
	<u>786,517</u>	<u>4,545</u>	<u>791,062</u>

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.

Western Sydney Local Health District
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PARENT

CONSOLIDATION

2016
\$000

2015
\$000

2016
\$000

2015
\$000

24. Restricted Assets

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.

Category

35,212	35,260	Specific Purposes	35,212	35,260
6,304	6,197	Research Grants	6,304	6,197
40,537	31,679	Private Practice Funds	40,537	31,679
846	2,012	Other	846	2,012
<u>82,899</u>	<u>75,148</u>		<u>82,899</u>	<u>75,148</u>

Western Sydney 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
		25. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	21,455	25,719
----	----	Taxation and Payroll Deductions	5,499	1,446
26,954	27,165	Accrued Liability - Purchase of Personnel Services	----	----
56,814	33,715	Creditors	56,814	33,715
		Other Creditors		
8,855	9,661	- Intra Health Liability	8,855	9,661
17,675	18,958	- Other	17,675	18,958
110,298	89,499		110,298	89,499

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

		26. Borrowings		
		Current		
2,075	2,204	Other Loans and Deposits	2,075	2,204
2,075	2,204		2,075	2,204
		Non-Current		
3,138	5,130	Other Loans and Deposits	3,138	5,130
3,138	5,130		3,138	5,130

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 June 2020

Other loans still to be extinguished represent monies to be repaid to the HealthShare NSW, NSW Ministry of Health and Treasury.

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

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
27. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	100,651	95,912
----	----	Annual Leave - Long Term Benefit	42,822	41,838
----	----	Long Service Leave Consequential On-Costs	23,229	20,152
(1)	----	Other	(1)	----
166,702	157,902	Provision for Personnel Services Liability	----	----
166,701	157,902		166,701	157,902
Non-Current				
----	----	Long Service Leave Consequential On-Costs	2,020	1,752
2,020	1,752	Provision for Personnel Services Liability	----	----
2,020	1,752		2,020	1,752
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	166,702	157,902
----	----	Provisions - Non-Current	2,020	1,752
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	26,954	27,165
195,676	186,819	Liability - Purchase of Personnel Services	----	----
195,676	186,819		195,676	186,819
28. Other Liabilities				
Current				
1,812	1,964	Income in Advance	1,812	1,964
1,812	1,964		1,812	1,964
1,812	1,964		1,812	1,964

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
29. 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:				
72,625	37,081	Not later than one year	72,625	37,081
72,625	37,081	Total Capital Expenditure Commitments (Including GST)	72,625	37,081
b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
5,122	6,250	Not later than one year	5,122	6,250
6,803	9,708	Later than one year and not later than five years	6,803	9,708
213	85	Later than five years	213	85
12,138	16,043	Total Operating Lease Commitments (Including GST)	12,138	16,043

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. \$84.76m million as at 30 June 2016 includes input tax credits of \$7.71m that are expected to be recoverable from the Australian Taxation Office (2015 \$4.83m).

Western Sydney Local Health District
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PARENT & CONSOLIDATION

30. Trust Funds

The District holds trust funds of \$23.3 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.

	Refundable Deposits		Private Practice Trust Funds		Total	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Balance at the beginning of the financial year	270	344	22,512	14,879	22,782	15,223
Revenue	163	----	58,206	62,433	58,369	62,433
Expenses	----	(74)	(57,829)	(54,800)	(57,829)	(54,874)
Balance at the end of the financial year	433	270	22,889	22,512	23,322	22,782

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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31. 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 Western Sydney Local Health District to reliably quantify the hindsight benefit to be received or amount payable.

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
32. Reconciliation of Cash Flows from Operating Activities to Net Result				
210,009	108,317	Net Cash Flows from Operating Activities	210,009	108,317
(57,515)	(56,939)	Depreciation and Amortisation	(57,515)	(56,939)
(1,546)	(7,799)	Allowance for Impairment	(1,546)	(7,799)
152	(1,251)	(Increase)/ Decrease Income in Advance	152	(1,251)
(9,069)	(7,492)	(Increase)/ Decrease in Provisions	(9,069)	(7,492)
20,160	12,672	Increase / (Decrease) in Prepayments and Other Assets	20,160	12,672
(22,413)	(10,865)	(Increase)/ Decrease in Payables from Operating Activities	(22,413)	(10,865)
(10,420)	(1,911)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(10,420)	(1,911)
495	1,021	Assets donated or brought to account for the first time	495	1,021
129,853	35,753	Net Result	129,853	35,753
33. Non-Cash Financing and Investing Activities				
495	1,021	Assets Received by Donation	495	1,021
495	1,021		495	1,021
34. 2015/16 Voluntary Services				
<p>It is considered impracticable and immaterial to quantify the monetary value of voluntary services provided to the District. Services provided include:</p> <ul style="list-style-type: none"> - 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 				
35. Unclaimed Monies				
<p>Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the <i>Industrial Relations Act, 1996</i>.</p> <p>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.</p> <p>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.</p>				

Western Sydney Local Health District
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PARENT AND CONSOLIDATION

36. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was lower than adjusted budget by \$13 million, primarily due to:
headcount cost exceeding budget by \$18m offset by favourable variances in Other Operating Expenses (2m), Depreciation (\$2.5m)

Assets and Liabilities

Closing balance variances to budget as follows: Cash was \$8m below budget due to reduction of cash in General Fund and Capital accounts in line with Ministry policy, Receivables exceeded budget by \$14m due to accrued revenue component and increased billing, Inventory exceeded budget by \$3m due to High Cost Drugs held, Land and Buildings were below budget due to costs still held for Blacktown Stage 1 redevelopment by Health Infrastructure, Plant & Equipment was above budget due to new projects totalling \$20m including Westmead Wireless Upgrade and Accounts Payable exceeded budget by \$26m as a result of tighter cash focus and local capital projects.

Cash Flows

The major variances were within Cash Flows From Operating Activities. Cash payments related to Employee related costs exceeded budget by \$7m which was offset by payments for Goods & Services which were under budget by \$17m. Receipts from Sales Of Goods & Services were under budget by \$15m. There was no material net variance to budget for Cash Flows From Operating Activities. There were also no material variance to budget for Cash Flows From Financing and Investing Activities.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 28 07 2015 are as follows:

	\$000
Initial Allocation, July, 2015	1,201,624
Award Increases	0
Special Projects	
2015_16 Integrated Care Demonstrator Program AND and Planning and Innovation Fund	6,997
Nationally Funded Centres-Paediatric Liver Transplantation&Norwood Procedure Programs	5,530
Drug Summit 4	1,895
Living Well-NSW Mental Health Reform Funded Projects	1,486
Tissue Typing for Transplantation	1,324
Voluntary Redundancy Reimbursement	1,023
Quality & Appropriateness	887
Financial Split HARP Health Promotion Service Programs	559
Nurse and Midwifery Initiatives 2015-16	514
Initial Restricted Asset SPT Budget Allocation 2015-16	469
NSW Aged Care Assessment Program (ACAP) Funding Allocation 2015-16	431
Jeffreys House Parking	350
Workplace Culture and Safety	302
2014/15 Nursing Enhancements	291
Radiation Therapist Graduate Training Positions	281
Aboriginal Dental Assistants	250
Hospital in the Home HITH Investment	235
S100 Drugs	216
Peak Activities	200
Other (Small Programs <\$200k)	2,301
Balance as per Statement of Comprehensive Income	1,227,165

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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37. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2014/15 year were:

Nil equity transfers were effected in 2014/15.

Equity transfers effected in the 2015/16 year were:

Nil equity transfers were effected in 2015/16.

Western Sydney Local Health District
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38. Financial Instruments

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

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

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

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2016	2015
		\$000	\$000
Cash and Cash Equivalents (note 17)	N/A	64,980	67,450
Receivables (note 18)*	Loans and receivables (at amortised cost)	68,218	53,296
Financial Assets at Fair Value (note 20)	At fair value through profit or loss (designated as such upon initial recognition)	10,062	----
		143,260	120,746
Financial Liabilities			
Borrowings (note 26)	Financial liabilities measured at amortised cost	5,213	7,334
Payables (note 25)**	Financial liabilities measured at amortised cost	104,799	88,053
		110,012	95,387

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)

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2016	2015
		\$000	\$000
Cash and Cash Equivalents (note 17)	N/A	64,980	67,450
Receivables (note 18)*	Loans and receivables (at amortised cost)	68,218	53,296
Financial Assets at Fair Value (note 20)	At fair value through profit or loss (designated as such upon initial recognition)	10,062	----
		143,260	120,746

Western Sydney Local Health District
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38. Financial Instruments

Financial Liabilities

Borrowings (note 26)	5,213	7,334
Payables (note 25)**	104,799	88,053
Other Liabilities (note 28)	-----	-----
	110,012	95,387

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 2.85% in 2015/16 compared to 3.10% 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.

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: \$5.38m; 2015: \$7.60m) and not more than 3 months past due (2016: \$3.81m; 2015: \$2.97m) are not considered impaired. Together these represent 59% 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.

Western Sydney Local Health District
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38. Financial Instruments

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2016			
<3 months overdue	11,127	11,127	----
3 months - 6 months overdue	1,054	497	558
> 6 months overdue	5,582	1,481	4,101
2015			
<3 months overdue	10,569	10,569	----
3 months - 6 months overdue	2,139	482	1,657
> 6 months overdue	4,425	1,016	3,409

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.

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38. 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		21,455	----	----	21,455	21,455	----	----
- Creditors		83,344	----	----	83,344	83,344	----	----
Borrowings:								
- Loans and Deposits	3.82%	5,213	5,213	----	----	2,075	3,139	----
		<u>110,012</u>	<u>5,213</u>	<u>----</u>	<u>104,799</u>	<u>106,874</u>	<u>3,139</u>	<u>----</u>
2015								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		25,719	----	----	25,719	25,719	----	----
- Creditors		62,334	----	----	62,334	62,334	----	----
Borrowings:								
- Loans and Deposits	3.84%	7,334	7,334	----	----	2,204	5,130	----
		<u>95,387</u>	<u>7,334</u>	<u>----</u>	<u>88,053</u>	<u>90,257</u>	<u>5,130</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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38. 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	64,980	(650)	(650)	650	650
Receivables	68,218	----	----	----	----
Financial Assets at Fair Value	10,062	(101)	(101)	101	101
Financial Liabilities					
Payables	104,799	----	----	----	----
Borrowings	5,213	52	52	(52)	(52)
Other	----	----	----	----	----
2015					
Financial Assets					
Cash and Cash Equivalents	67,450	(675)	(675)	675	675
Receivables	53,296	----	----	----	----
Financial Assets at Fair Value	----	----	----	----	----
Financial Liabilities					
Payables	88,053	----	----	----	----
Borrowings	7,334	73	73	(73)	(73)
Other	----	----	----	----	----

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Other price risk - TCorp Hour-Glass Investment facilities

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

Facility	Investment Sectors	Investment Horizon	2016 \$000	2015 \$000
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	3 years to 7 years	5,074	----
Long-term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	4,988	----

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

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, NSW TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. NSW TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

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

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

Impact on net result	Change in unit price	2016	2015
		\$000	\$000
Hour-Glass Investment - Medium-term growth facility	-1%	74	-
Hour-Glass Investment - Long-term growth facility	-4%	(12)	-

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the NSW TCorp Hour-Glass facilities, which are measured at fair value.

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

Western Sydney Local Health District
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(ii) Fair Value recognised in the Statement of Financial Position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	10,062	-----	10,062
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
TCorp Hour-Glass Invt.Facility	-----		-----	-----

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

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

As discussed, the value of the Hour-Glass Investments is based on the District's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

39. 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 \$3.39M 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