



INDEPENDENT AUDITOR'S REPORT

Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Sydney Local Health District (the District), which comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity as at 30 June 2014, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the District or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the 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
- about other information that may have been hyperlinked to/from the financial statements.

Independence

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

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



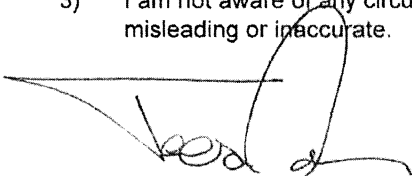
A Oyetunji
Director, Financial Audit Services

17 September 2014
SYDNEY

Sydney Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2014

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

- 1) The financial statements of the Sydney Local Health District for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations);
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Sydney Local Health District; and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Teresa Anderson
Chief Executive
16 September 2014



Steven Carr
Director of Finance

Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2014

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual
2014	2014	2013			2014	2014	2013
\$000	\$000	\$000			\$000	\$000	\$000
Expenses excluding losses							
Operating Expenses							
----	----	----	Employee Related	3	907,242	913,277	863,386
862,242	871,520	838,319	Personnel Services	4	----	----	----
43,063	42,122	42,390	Visiting Medical Officers		43,063	42,122	42,390
426,162	428,070	407,783	Other Operating Expenses	5	429,158	428,070	410,804
40,846	41,235	41,952	Depreciation and Amortisation	2(i), 6	41,677	41,235	42,770
16,986	16,913	16,009	Grants and Subsidies	7	17,172	16,913	16,142
114	----	179	Finance Costs	8	114	----	179
7,695	7,354	7,182	Payments to Affiliated Health Organisations	9	7,695	7,354	7,182
1,397,108	1,407,214	1,353,814	Total Expenses excluding losses		1,446,121	1,448,971	1,382,853
Revenue							
1,132,617	1,132,616	1,097,990	NSW Ministry of Health Recurrent Allocations	2(d)	1,132,617	1,132,616	1,097,990
52,896	52,904	18,733	NSW Ministry of Health Capital Allocations	2(d)	52,896	52,904	18,733
(27,509)	(27,509)	----	Asset Sale Proceeds Transferred to the NSW Ministry of Health		(27,509)	(27,509)	----
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii),13	40,469	41,757	21,649
189,666	188,664	177,210	Sale of Goods and Services	10	189,673	188,664	177,216
6,477	9,438	7,065	Investment Revenue	11	7,158	9,438	7,772
42,001	46,333	43,846	Grants and Contributions	12	48,783	46,333	51,930
6,847	7,434	11,381	Other Revenue	14	9,217	7,434	12,855
1,402,995	1,409,880	1,356,225	Total Revenue		1,453,304	1,451,637	1,388,145
(13,869)	(14,189)	26,227	Gain / (Loss) on Disposal	15	(13,889)	(14,189)	26,203
(2,305)	(770)	(685)	Other Gains / (Losses)	16	(2,307)	(770)	(681)
(10,287)	(12,293)	27,953	Net Result	35	(9,013)	(12,293)	30,814
Other Comprehensive Income							
Items that will not be reclassified to net result							
Net Increase/(Decrease) in Property, Plant &							
22,477	----	107,929	Equipment Asset Revaluation Surplus		22,845	----	110,011
22,477	----	107,929	Total Other Comprehensive Income for the year		22,845	----	110,011
12,190	(12,293)	135,882	TOTAL COMPREHENSIVE INCOME		13,832	(12,293)	140,825

The accompanying notes form part of these financial statements.

Sydney Local Health District
Statement of Financial Position as at 30 June 2014

PARENT							CONSOLIDATION		
Actual	Budget Unaudited	Actual					Actual	Budget Unaudited	Actual
2014	2014	2013	Notes				2014	2014	2013
\$000	\$000	\$000					\$000	\$000	\$000
ASSETS									
Current Assets									
188,219	215,238	187,546	Cash and Cash Equivalents	19	207,300	215,238	204,798		
43,604	45,397	69,132	Receivables	20	44,205	45,397	70,112		
5,909	7,107	7,107	Inventories	21	5,909	7,107	7,107		
----	348	----	Financial Assets at Fair Value	22	374	348	348		
237,732	268,090	263,785	Total Current Assets		257,788	268,090	282,365		
Non-Current Assets									
Property, Plant and Equipment									
923,096	899,027	889,458	- Land and Buildings	23	932,069	899,027	898,506		
56,168	63,607	59,659	- Plant and Equipment	23	58,137	63,607	61,479		
450	462	462	- Infrastructure Systems	23	450	462	462		
979,714	963,096	949,579	Total Property, Plant and Equipment		990,656	963,096	960,447		
76	----	----	Intangible Assets	24	76	----	----		
1,443	1,443	----	Other	25	1,443	1,443	----		
981,233	964,539	949,579	Total Non-Current Assets		992,175	964,539	960,447		
1,218,965	1,232,629	1,213,364	Total Assets		1,249,963	1,232,629	1,242,812		
LIABILITIES									
Current Liabilities									
79,719	84,762	87,998	Payables	28	79,803	84,762	88,295		
207	178	178	Borrowings	29	207	178	178		
165,680	169,110	162,004	Provisions	30	166,335	169,110	162,534		
150	429	425	Other	31	150	429	429		
245,756	254,479	250,605	Total Current Liabilities		246,495	254,479	251,436		
Non-Current Liabilities									
217	807	807	Borrowings	29	217	807	807		
936	111	----	Provisions	30	936	111	----		
1,153	918	807	Total Non-Current Liabilities		1,153	918	807		
246,909	255,397	251,412	Total Liabilities		247,648	255,397	252,243		
972,056	977,232	961,952	Net Assets		1,002,315	977,232	990,569		
EQUITY									
128,550	108,873	107,929	Reserves		131,000	108,873	110,011		
843,506	868,359	854,023	Accumulated Funds		871,315	868,359	880,558		
972,056	977,232	961,952	Total Equity		1,002,315	977,232	990,569		

The accompanying notes form part of these financial statements.

**Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2014**

PARENT	Accumulated Funds	Asset Revaluation Surplus	Total
	\$000	\$000	\$000
Balance at 1 July 2013	854,023	107,929	961,952
Total Equity at 1 July 2013	854,023	107,929	961,952
Net Result for the year	(10,287)	-----	(10,287)
Other Comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment	-----	22,477	22,477
Transfers on Disposal of Property, Plant & Equipment	1,856	(1,856)	-----
Total Other Comprehensive Income	1,856	20,621	22,477
Total Comprehensive Income for the year	(8,431)	20,621	12,190
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	(2,086)	-----	(2,086)
Balance at 30 June 2014	843,506	128,550	972,056
Balance at 1 July 2012	867,316	-----	867,316
Total Equity at 1 July 2012	867,316	-----	867,316
Net Result for the year	27,953	-----	27,953
Other Comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment	-----	107,929	107,929
Total Other Comprehensive Income	-----	107,929	107,929
Total Comprehensive Income for the year	27,953	107,929	135,882
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	(41,246)	-----	(41,246)
Balance at 30 June 2013	854,023	107,929	961,952

Notes

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The accompanying notes form part of these financial statements.

**Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2014**

CONSOLIDATION

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2013		880,558	110,011	990,569
Total Equity at 1 July 2013		880,558	110,011	990,569
Net Result for the year		(9,013)	-----	(9,013)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	22,845	22,845
Transfers on Disposal of Property, Plant & Equipment		1,856	(1,856)	-----
Total Other Comprehensive Income		1,856	20,989	22,845
Total Comprehensive Income for the year		(7,157)	20,989	13,832
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	39	(2,086)	-----	(2,086)
Balance at 30 June 2014		871,315	131,000	1,002,315
Balance at 1 July 2012		890,990	-----	890,990
Total Equity at 1 July 2012		890,990	-----	890,990
Net Result for the year		30,814	-----	30,814
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	110,011	110,011
Total Other Comprehensive Income		-----	110,011	110,011
Total Comprehensive Income for the year		30,814	110,011	140,825
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	39	(41,246)	-----	(41,246)
Balance at 30 June 2013		880,558	110,011	990,569

The accompanying notes form part of these financial statements.

Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual
2014 \$000	2014 \$000	2013 \$000	Notes	2014 \$000	2014 \$000	2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---		(877,780)	(879,409)	(851,811)
(27,313)	(26,901)	(26,251)	Employee Related	(27,500)	(26,901)	(26,378)
(4)	---	---	Grants and Subsidies	(4)	---	---
(1,383,843)	(1,402,087)	(1,351,907)	Finance Costs	(513,642)	(522,678)	(506,637)
			Other			
(1,411,160)	(1,428,988)	(1,378,158)	Total Payments	(1,418,926)	(1,428,988)	(1,384,826)
Receipts						
1,132,617	1,132,616	1,097,990	NSW Ministry of Health Recurrent Allocations	1,132,617	1,132,616	1,097,990
52,896	52,904	18,733	NSW Ministry of Health Capital Allocations	52,896	52,904	18,733
(27,509)	(27,509)	---	Asset Sale Proceeds Transferred to the NSW Ministry of Health	(27,509)	(27,509)	---
---	---	---	Reimbursements from the Crown Entity	16,246	16,246	13,164
184,170	194,238	181,419	Sale of Goods and Services	182,475	194,238	181,083
6,383	9,438	7,008	Interest Received	7,064	9,438	7,715
64,303	69,040	68,314	Grants and Contributions	55,244	52,794	64,107
44,538	69,260	37,843	Other	48,409	69,260	37,041
1,457,398	1,499,987	1,411,307	Total Receipts	1,467,442	1,499,987	1,419,833
46,238	70,999	33,149	NET CASH FLOWS FROM OPERATING ACTIVITIES	48,516	70,999	35,007
CASH FLOWS FROM INVESTING ACTIVITIES						
30,188	---	11	Proceeds from Sale of Property, Plant & Equipment and Intangibles	30,188	---	11
49,087	---	---	Proceeds from Sale of Investments	49,087	---	---
(67,159)	(59,515)	(30,182)	Purchases of Land and Buildings, Plant and Equipment	(67,581)	(59,515)	(30,591)
(49,087)	---	---	Infrastructure Systems and Intangibles	(49,114)	---	---
			Purchases of Investments			
(36,971)	(59,515)	(30,171)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(37,420)	(59,515)	(30,580)
CASH FLOWS FROM FINANCING ACTIVITIES						
(672)	---	(537)	Repayment of Borrowings and Advances	(672)	---	(537)
(672)	---	(537)	NET CASH FLOWS FROM FINANCING ACTIVITIES	(672)	---	(537)
NET INCREASE / (DECREASE) IN CASH						
8,595	11,484	2,441	Opening Cash and Cash Equivalents	10,424	11,484	3,890
187,546	204,798	214,359	Cash Transferred In/(Out) as a Result of Administrative Restructuring	204,798	204,798	230,162
(7,922)	(1,044)	(29,254)		(7,922)	(1,044)	(29,254)
188,219	215,238	187,546	CLOSING CASH AND CASH EQUIVALENTS	207,300	215,238	204,798

The accompanying notes form part of these financial statements.

Sydney Local Health District
Service Group Statements
for the year ended 30 June 2014

SLHD EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
Expenses excluding losses																								
Operating Expenses																								
Employee Related	59,878	57,847	89	864	143,254	136,415	64,959	65,617	464,871	442,917	83,265	76,841	40,100	55,257	16,149	7,770	34,657	19,858					907,242	
Visiting Medical Officers	396	382		85	8,402	9,368	1,748	1,568	29,640	29,037	978	890	456	127	909	551	534	382					43,063	
Other Operating Expenses	15,621	12,324	1	1	118,061	110,506	22,831	24,648	219,471	214,850	14,935	15,200	14,978	16,432	5,021	3,286	18,239	13,557					429,158	
Depreciation and Amortisation	1,484	1,925			9,281	10,436	3,205	2,994	22,422	21,342	2,030	2,139	1,375	2,224	638	470	1,242	1,240					41,677	
Grants and Subsidies	13,514	13,818			9		2		10		1,487	1,517	486	468	1,473		191	339					17,172	
Finance Costs	8	12	1		18	28	8	14		92	11	16	5	1	2	2	2	4					114	
Payments to Affiliated Health Organisations	595	1,637		1	1,422	1,149			4,321	4,388					7		543						7,695	
Total Expenses excluding losses	91,496	87,945	91	951	280,447	267,902	92,753	94,841	740,794	712,626	102,726	96,603	57,404	74,526	25,002	12,079	55,408	35,380					1,446,121	
Revenue																								
NSW Ministry of Health Recurrent Allocations **																								
NSW Ministry of Health Capital Allocations **																								
Transfers to the NSW Ministry of Health	(979)																							
Acceptance by the Crown Entity																								
of Employee Benefits and Other Liabilities	2,671	1,450	4	21	6,390	3,421	2,898	1,645	20,736	11,106	3,715	1,927	1,789	1,386	720	195	1,546	498					40,469	
Sale of Goods and Services	1,878	1,418	(1)		56,864	33,848	1,157	3,013	112,799	111,646	3,054	2,304	13,486	24,101	95	177	341	709					189,673	
Investment Revenue	113	39	2	(1)	2,017	1,585	97	117	4,149	4,842	170	117	582	1,057	11		17	16					7,772	
Grants and Contributions	210	52	(1)	(1)	8,493	3,687	322	156	3,908	7,582	371	156	7,844	5,972	5,430	9,971	22,206	24,355					48,783	
Other Revenue	157	1,710	1	12	2,583	1,543	127	746	5,342	5,605	223	1,800	746	668	14	167	24	604					12,855	
Total Revenue	4,050	4,669	5	31	70,221	44,084	2,486	5,677	132,134	140,781	6,193	6,304	23,559	33,184	5,849	10,510	23,314	26,182					1,453,304	
Gain / (Loss) on Disposal	(494)	1,179	(1)	(1)	(3,093)	6,394	(1,068)	1,834	(7,472)	13,075	(676)	1,310	(458)	1,363	(213)	288	(414)	760					(13,889)	
Other Gains / (Losses)	(65)	(12)	(1)		(605)	(110)	(21)		(1,138)	(368)	(53)	(16)	(203)	(83)	(50)	(27)	(201)	(65)					(2,307)	
Net Result	(87,975)	(82,109)	(88)	(921)	(213,924)	(217,534)	(91,356)	(87,330)	(617,270)	(559,138)	(97,262)	(89,005)	(34,526)	(40,062)	(19,416)	(1,308)	(32,709)	(8,503)					1,116,723	
Other Comprehensive Income																								
Increase/(Decrease) in Revaluation Surplus	813	4,950	(2)		5,088	26,843	1,757	7,701	12,291	54,895	1,113	5,501	754	5,721	350	1,210	681	3,190					22,845	
Total Other Comprehensive Income	(87,162)	(77,159)	(90)	(921)	(208,836)	(190,691)	(89,599)	(79,629)	(604,979)	(504,243)	(96,149)	(83,504)	(33,772)	(34,341)	(19,066)	(98)	(32,028)	(5,313)					13,832	
Total Comprehensive Income																								140,825

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

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

Sydney Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2014

SLHD ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total				
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
ASSETS																									
Current Assets																									
Cash and Cash Equivalents	5,493	13,107	64	205	23,321	39,731	4,954	14,131	37,376	105,061	5,037	14,336	4,312	11,059	705	1,843	126,038	5,325					207,300	204,798	
Receivables	438	561	(2)	1	13,253	13,391	270	1,192	26,289	44,171	712	911	3,143	9,535	22	70	80	280					44,205	70,112	
Inventories	215	213			1,626	1,912	314	426	3,022	3,717	206	263	206	284	69	57	251	235					5,909	7,107	
Financial Assets at Fair Value	24	22	(1)		73	68	24	24	192	179	27	24	15	19	6	3	14	9					374	348	
Total Current Assets	6,170	13,903	61	206	38,273	55,102	5,562	15,773	66,879	153,128	5,982	15,534	7,676	20,897	802	1,973	126,383	5,849					257,788	282,365	
Non-Current Assets																									
Property, Plant and Equipment																									
- Land and Buildings	19,667	40,433	(1)	1	183,897	219,235	63,381	62,895	441,428	448,354	163,671	44,925	27,496	46,722	12,024	9,884	20,506	26,057					932,069	898,506	
- Plant and Equipment	907	2,767	1	(1)	13,441	15,001	4,622	4,304	32,324	30,678	2,267	3,074	1,110	3,197	948	676	2,517	1,783					58,137	61,479	
- Infrastructure Systems	16	21			100	113	35	32	242	231	22	23	15	24	7	5	13	13					450	462	
Intangible Assets	3		(1)		17		6		41		4		3					2						76	
Other	51				321		111		776		70		48				43							1,443	
Total Non-Current Assets	20,644	43,221	(1)	(1)	197,776	234,349	68,155	67,231	474,811	479,263	166,034	48,022	28,672	49,943	13,002	10,565	23,081	27,853					992,175	960,447	
TOTAL ASSETS	26,814	57,124	60	206	236,049	289,451	73,717	83,004	541,690	632,391	172,016	63,556	36,348	70,840	13,804	12,538	149,464	33,702					1,249,963	1,242,812	
LIABILITIES																									
Current Liabilities																									
Payables	2,905	2,649	(1)		21,954	23,751	4,246	5,298	40,811	46,178	2,777	3,267	2,785	3,532	934	706	3,392	2,914					79,803	88,295	
Borrowings	13	11			40	35	13	12	106	91	15	12	8	10	4	2	8	5					207	178	
Provisions	10,978	10,890	16	162	26,264	25,680	11,910	12,353	85,230	83,380	15,270	14,466	7,352	10,402	2,961	1,463	6,354	3,738					166,335	162,534	
Other	9	27	(1)	1	29	83	10	30	77	220	11	30	6	23	3	4	6	11					150	429	
Total Current Liabilities	13,905	13,577	14	163	48,287	49,549	16,179	17,693	126,224	129,869	18,073	17,775	10,151	13,967	3,902	2,175	9,760	6,668					246,495	251,436	
Non-Current Liabilities																									
Borrowings	14	52			42	157	14	56	111	414	15	56	9	44	4	7	8	21					217	807	
Provisions	62		(1)		148		67		480		86		41		17		36						936		
Total Non-Current Liabilities	76	52	(1)	(1)	190	157	81	56	591	414	101	56	50	44	21	7	44	21					1,153	807	
TOTAL LIABILITIES	13,981	13,629	13	163	48,477	49,706	16,260	17,749	126,815	130,283	18,174	17,831	10,201	14,011	3,923	2,182	9,804	6,689					247,648	252,243	
NET ASSETS	12,833	43,495	47	43	187,572	239,745	57,457	65,255	414,875	502,108	153,842	45,725	26,147	56,829	9,881	10,356	139,660	27,013					1,002,315	990,569	

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

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

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

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

In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive on 16 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

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

The Secretary of Health, the Chair of 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 SLHD's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the SLHD fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other circumstances why the going concern is appropriate include:

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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 use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.5% are applied to the value of leave payable at 30 June 2014 (comparable on-costs for 30 June 2013 were 14.9%). The SLHD has assessed the actuarial advice based on the SLHD'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 SLHD'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 SLHD accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the SLHD as shown in Note 30.

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 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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

b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the SLHD 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).

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Patient Fees

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

High Cost Drugs

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

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

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

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 SLHD use in the advancement of the SLHD or individuals within it.

Use of Outside Facilities

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

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

General operating expenses/revenues of \$7.695 million (Tresillian and Scarba) have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The SLHD is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

- * the amount of GST incurred by the SLHD as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

f) 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.

g) 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 2(y)).

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

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

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

h) Capitalisation Thresholds

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

i) Depreciation of Property, Plant and Equipment

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

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

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

"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.

j) 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 2(m).

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 23 and Note 26 for further information regarding fair value.

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

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 a surrogate for fair value.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

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

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

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

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

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

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances 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.

l) Restoration Costs

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
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m) Investment Properties

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

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

n) Intangible Assets

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

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

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

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

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

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

o) Maintenance

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

p) Leased Assets

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

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

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

q) Inventories

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

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

r) Loans and Receivables

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

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

s) Investments

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

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

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

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

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

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

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

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

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

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

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

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

t) Impairment of financial assets

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

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

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

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

u) De-recognition of financial assets and financial liabilities

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

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

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

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

v) Payables

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

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

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

w) Borrowings

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

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
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x) Fair Value Hierarchy

A number of the SLHD'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 Hierarchy, the SLHD 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 SLHD recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 26 and Note 40 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity Transfers

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

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

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

z) 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 SLHD's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(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.

aa) Trust Funds

The SLHD receives monies in a trustee capacity for various trusts as set out in Note 33.

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
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ab) Budgeted Amounts

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

ac) Emerging Asset

The SLHD's emerging interest in the Lifehouse Class A Assets, Radiation Oncology Building and Lifehouse Main Building has been valued in accordance with the Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required the SLHD to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the asset's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 40 years using the annuity method and the Government Bond rate of 4.74% at commencement of the concession period.

ad) Service Group Statements Allocation Methodology

Using the statistical data for twelve months ending 30 June 2013, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2013/14 year.

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

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

ae) New Australian Accounting Standards Issued but not Effective

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. No impact to prior year values, increased note disclosures, refer note 26.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer note 3 and 30.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7. Minor Adjustment has been made to note 40.

Sydney Local Health District
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(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 have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not for profit entities, the changes have application from 1 July 2014. Based on the initial high level assessment performed by the Ministry of Health, this standard has been assessed as having no material effect. The SLHD in conjunction with the Ministry will be performing a detailed review of the impact of the standard to assess if any small foundations, trust or any other type of entities are controlled, noting if such relationship exists, it is still likely to be immaterial.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting, has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted for whole of government reporting.

AASB 9, Financial Instruments, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

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

AASB 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.

AASB 2014-1, Amendments to Australian Accounting Standards is a summary of changes and impacts on wording arising from changes in other standards issued by the Australian Accounting Standards Board which have been already assessed above. This standard has application from 1 July 2014.

AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements which should have minimal impact due to exemptions not applying to General Government Sector Entities. This standard has application from 1 July 2014.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	580,762	578,332
----	----	Overtime	31,192	33,522
----	----	Penalties	51,420	53,499
----	----	Superannuation - Defined Benefit Plans	10,437	10,547
----	----	Superannuation - Defined Contribution Plans	67,078	63,750
----	----	Long Service Leave	32,261	11,086
----	----	Annual Leave	75,515	72,502
----	----	Sick Leave and Other Leave	46,831	29,095
----	----	Redundancies	----	222
----	----	Workers' Compensation Insurance	11,746	10,831
----	----		907,242	863,386
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
577,060	575,661	Salaries and Wages	----	----
31,190	33,519	Overtime	----	----
51,414	53,493	Penalties	----	----
66,732	63,414	Superannuation - Defined Contribution Plans	----	----
2,228	(19)	Long Service Leave	----	----
75,172	72,176	Annual Leave	----	----
46,700	29,022	Sick Leave and Other Leave	----	----
----	222	Redundancies	----	----
11,746	10,831	Workers' Compensation Insurance	----	----
862,242	838,319		----	----
5. Other Operating Expenses				
196	409	Advertising	197	415
239	235	Auditor's Remuneration - External Audit	264	260
21,978	19,985	Blood and Blood Products	21,978	19,985
61	127	Capital Project Expense	61	127
		Consultancies		
1,040	1,504	- Operating Activities	1,040	1,526
3,649	1,505	Contractors	3,849	1,506
16,968	15,576	Domestic Supplies and Services	16,977	15,589
69,034	71,763	Drug Supplies	69,062	71,794
24,100	23,582	Food Supplies	24,130	23,612
15,620	15,640	Fuel, Light and Power	15,621	15,640
39,235	21,988	Other Expenses (See (a) below)	39,531	22,173
3,012	3,049	Hospital Ambulance Transport Costs	3,012	3,049
13,655	12,713	Information Management Expenses	13,664	12,739
1,917	2,440	Insurance	1,920	2,444
34,400	36,797	Maintenance (See (b) below)	34,617	37,103
87,636	91,387	Medical and Surgical Supplies	87,653	91,414
1,714	1,832	Motor Vehicle Expenses	1,721	1,837
2,560	2,837	Postal and Telephone Costs	2,566	2,852
4,853	5,508	Printing and Stationery	4,911	5,563
2,527	2,216	Rates and Charges	2,555	2,224
2,903	2,628	Rental	2,903	2,628
64,082	61,200	Special Service Departments	65,272	62,503
10,192	8,293	Staff Related Costs	10,911	9,090
4,591	4,569	Travel Related Costs	4,743	4,731
426,162	407,783		429,158	410,804

Sydney Local Health District
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
-----	41	(a) Other Expenses Includes:		
19,545	6,724	Aircraft Expenses (Ambulance)	-----	41
5,269	4,084	Contract for Patient Services	19,546	6,724
808	887	Corporate Support Services	5,269	4,084
8,576	1,710	Courier and Freight	874	954
607	578	Legal Services	8,599	1,731
2,146	2,162	Membership/Professional Fees	625	594
10	65	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,152	2,169
3,368	3,347	Public Private Partnership	10	65
54	118	Other Operating Lease Expense - Minimum Lease Payments	3,368	3,347
380	361	Quality Assurance/Accreditation	54	118
(1,528)	1,911	Security Services	380	361
		Other	(1,346)	1,985
39,235	21,988		39,531	22,173
		(b) Reconciliation of Total Maintenance		
21,960	26,232	Maintenance Contracts	22,071	26,344
9,195	6,902	New/Replacement Equipment under \$10,000	9,297	7,074
3,942	4,145	Repairs Maintenance/Non Contract	3,946	4,167
(697)	(482)	Other	(697)	(482)
34,400	36,797	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note	34,617	37,103
6,660	5,176	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	6,660	5,176
41,060	41,973	Total Maintenance Expenses	41,277	42,279

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
6. Depreciation and Amortisation				
27,711	28,571	Depreciation - Buildings	28,154	29,057
13,108	13,381	Depreciation - Plant and Equipment	13,496	13,713
12	-----	Depreciation - Infrastructure Systems	12	-----
15	-----	Amortisation - Intangible Assets	15	-----
40,846	41,952		41,677	42,770
7. Grants and Subsidies				
16,478	15,794	Non-Government Organisations	16,478	15,794
11	-----	Grants to Research Organisations	11	-----
471	-----	Grant Payments to Other NSW Health Entities	471	-----
26	215	Other Grants	212	348
16,986	16,009		17,172	16,142
8. Finance Costs				
110	179	Interest on Loans	110	179
4	-----	Other Interest Charges	4	-----
114	179		114	179
9. Payments to Affiliated Health Organisations				
7,137	6,658	Recurrent Sourced	7,137	6,658
558	524	Tresillian Family Care Centres at Belmore, Willoughby, and Wollstonecraft Central Sydney Scarba Service	558	524
7,695	7,182		7,695	7,182

Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
7,953	9,055	Sale of Prostheses	7,953	9,055
4	4	Other	4	4
1,005	1,237	Pharmacy Sales	1,005	1,237
(b) Rendering of Services comprise the following:-				
		Patient Fees		
70,717	60,517	- Inpatient Fees	70,717	60,517
113	----	- Nursing Home Fees	113	----
1,900	1,607	- Non Inpatient Fees	1,900	1,607
15,383	17,455	Department of Veterans' Affairs	15,383	17,455
809	793	Staff-Meals and Accommodation	809	793
13,171	14,505	Infrastructure Fees - Monthly Facility Charge	13,171	14,505
10,074	13,266	- Annual Charge	10,074	13,266
2,749	2,929	Cafeteria/Kiosk	2,749	2,929
4,408	4,181	Car Parking	4,408	4,181
2,270	2,147	Child Care Fees	2,270	2,147
17,436	73	Clinical Services (excluding Clinical Drug Trials)*	17,436	73
232	180	Commercial Activities	232	180
2	1	Enteral Nutrition Income	2	1
123	124	Fees for Medical Records	123	124
50	50	Information Retrieval	50	50
27,696	27,560	High Cost Drugs	27,696	27,560
3,289	9,563	Motor Accident Authority Third Party	3,289	9,563
116	26	Private Use of Motor Vehicles	116	26
1,249	605	Salary Packaging Fee	1,256	608
5,092	8,183	Hosted services provided to Other LHDs	5,092	8,183
3,679	2,574	Services Provided to Non NSW Health Organisations	3,679	2,574
----	14	Shared Corporate Services	----	14
146	561	Other	146	564
189,666	177,210		189,673	177,216

* Recognising for the first time Clinical Service revenue \$17.418 million maintained in an uncontrolled trust account in previous year

11. Investment Revenue

6,383	7,008	Interest	7,064	7,715
94	57	Royalties	94	57
6,477	7,065		7,158	7,772

Sydney Local Health District
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
12. Grants and Contributions				
4,690	4,749	Clinical Drug Trials	4,720	5,012
12,847	17,156	Commonwealth Government Grants	12,847	17,156
-----	52	Commonwealth Teaching Hospital Grants	-----	52
8,533	5,531	Industry Contributions/Donations	8,876	6,215
5,812	7,957	Cancer Institute Grants	6,709	8,858
3,925	2,756	NSW Government Grants	4,625	3,223
94	-----	Grants from Other NSW Health Entities	94	-----
2,729	4,319	Research Grants	7,541	10,088
91	-----	University Commission Grants	91	-----
3,280	1,326	Other Grants	3,280	1,326
<u>42,001</u>	<u>43,846</u>		<u>48,783</u>	<u>51,930</u>
 13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-----	-----	Superannuation-defined benefit	10,436	10,547
-----	-----	Long Service Leave	30,033	11,102
<u>-----</u>	<u>-----</u>		<u>40,469</u>	<u>21,649</u>
 14. Other Revenue				
Other Revenue comprises the following:-				
103	27	Commissions	103	27
927	1,645	Conference and Training Fees	927	1,645
-----	2	Discounts	-----	2
4	25	Insurance Refunds	4	25
3,382	1,878	Lease and Rental Income	3,385	1,891
31	5,852	Property not Previously Recognised	166	5,939
393	151	Sponsorship Income	393	151
-----	143	Unclaimed Deposits	-----	143
2,006	1,658	Other	4,238	3,032
<u>6,847</u>	<u>11,381</u>		<u>9,217</u>	<u>12,855</u>

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		15. Gain / (Loss) on Disposal		
50,571	16,410	Property, Plant and Equipment	50,648	16,496
33,513	15,626	Less: Accumulated Depreciation	33,570	15,688
<u>17,058</u>	<u>784</u>	Written Down Value	<u>17,078</u>	<u>808</u>
3,189	27,011	Less: Proceeds from Disposal*	3,189	27,011
<u>(13,869)</u>	<u>26,227</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(13,889)</u>	<u>26,203</u>
<u>(13,869)</u>	<u>26,227</u>	Total Gain/(Loss) on Disposal	<u>(13,889)</u>	<u>26,203</u>
		* Proceeds from Sale of 229 Bridge Road, Glebe \$2.7 million (Proceeds from Sale of Queen Mary Building \$27 million in 2012/13)		
		16. Other Gains / (Losses)		
(2,305)	(685)	Impairment of Receivables	(2,307)	(681)
<u>(2,305)</u>	<u>(685)</u>		<u>(2,307)</u>	<u>(681)</u>

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

17. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at balance date	25,253	8,758	8,352	42,363
Contributions recognised in previous years which were not expended in the current reporting period	65,366	31,018	45,861	142,245
Total amount of unexpended contributions as at balance date	90,619	39,776	54,213	184,608

Comment on restricted assets appears in Note 27

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

17. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	28,043	15,828	8,352	52,223
Contributions recognised in previous years which were not expended in the current reporting period	84,864	31,915	45,861	162,640
Total amount of unexpended contributions as at balance date	112,907	47,743	54,213	214,863

Comment on restricted assets appears in Note 27

18. Service Groups of the SLHD

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

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

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

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

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		19. Cash and Cash Equivalents		
89,647	104,542	Cash at Bank and On Hand	91,055	107,414
<u>98,572</u>	<u>83,004</u>	Short Term Deposits	<u>116,245</u>	<u>97,384</u>
<u>188,219</u>	<u>187,546</u>		<u>207,300</u>	<u>204,798</u>
<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>				
<u>188,219</u>	<u>187,546</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>207,300</u>	<u>204,798</u>
<u>188,219</u>	<u>187,546</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>207,300</u>	<u>204,798</u>

Refer to Note 40 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT		CONSOLIDATION	
2014 \$000	2013 \$000	2014 \$000	2013 \$000
20. Receivables			
Current			
31,059	28,747	32,336	30,149
11,232	38,860	10,755	38,463
3,052	2,187	2,769	2,087
1,741	3,004	1,825	3,079
47,084	72,798	47,685	73,778
(3,905)	(3,738)	(3,905)	(3,738)
43,179	69,060	43,780	70,040
425	72	425	72
43,604	69,132	44,205	70,112
(a) Movement in the Allowance for Impairment			
Sale of Goods and Services			
(2,965)	(2,881)	(2,965)	(2,881)
1,551	943	1,551	943
(1,388)	(1,027)	(1,388)	(1,027)
(2,801)	(2,965)	(2,801)	(2,965)
(b) Movement in the Allowance for Impairment			
Other Debtors			
(773)	(1,534)	(773)	(1,538)
587	130	588	130
----	289	----	289
(918)	342	(919)	346
(1,104)	(773)	(1,104)	(773)
(3,905)	(3,738)	(3,905)	(3,738)
The current and non-current sale of goods and services balances above include the following patient fee receivables:			
(Current and Non-Current) include:			
4,964	5,311	4,964	5,311
10,579	7,376	10,579	7,376
9,921	8,408	9,921	8,408
25,464	21,095	25,464	21,095

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 40.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
21. Inventories - Current - Held for Distribution				
5,058	6,291	Drugs	5,058	6,291
821	787	Medical and Surgical Supplies	821	787
29	29	Engineering Supplies	29	29
5,909	7,107		5,909	7,107
5,909	7,107		5,909	7,107
22. Financial Assets at Fair Value				
Current				
-----	-----	Treasury Corporation - Hour-Glass Investment Facilities	374	348
-----	-----		374	348
-----	-----		374	348

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
23. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,579,593	1,511,992	Gross Carrying Amount	1,592,691	1,524,833
<u>656,497</u>	<u>622,534</u>	Less: Accumulated Depreciation and Impairment	<u>660,622</u>	<u>626,327</u>
<u>923,096</u>	<u>889,458</u>	Net Carrying Amount	<u>932,069</u>	<u>898,506</u>
Plant and Equipment - Fair Value				
178,412	196,746	Gross Carrying Amount	182,930	200,785
<u>122,244</u>	<u>137,087</u>	Less: Accumulated Depreciation and Impairment	<u>124,793</u>	<u>139,306</u>
<u>56,168</u>	<u>59,659</u>	Net Carrying Amount	<u>58,137</u>	<u>61,479</u>
Infrastructure Systems - Fair Value				
462	462	Gross Carrying Amount	462	462
<u>12</u>	<u>-----</u>	Less: Accumulated Depreciation and Impairment	<u>12</u>	<u>-----</u>
<u>450</u>	<u>462</u>	Net Carrying Amount	<u>450</u>	<u>462</u>
<u>979,714</u>	<u>949,579</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>990,656</u>	<u>960,447</u>

PARENT

23. 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	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2014					
Net Carrying Amount at Start of Year	292,000	597,458	59,659	462	949,579
Additions	----	51,240	15,471	----	66,711
Disposals	(1,800)	(10,568)	(4,690)	----	(17,058)
Administrative Restructures - Transfers In/(Out)	----	----	(1,164)	----	(1,164)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	11,138	11,339	----	----	22,477
Depreciation Expense	----	(27,711)	(13,108)	(12)	(40,831)
Reclassifications	----	----	----	----	----
Net Carrying Amount at End of Year	301,338	621,758	56,168	450	979,714

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2013					
Net Carrying Amount at Start of Year	247,670	536,935	65,307	----	849,912
Additions	5,070	19,743	11,221	----	36,034
Disposals	----	----	(784)	----	(784)
Administrative Restructures - Transfers In/(Out)	----	----	(1,560)	----	(1,560)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	39,260	68,669	----	----	107,929
Depreciation Expense	----	(28,571)	(13,381)	----	(41,952)
Reclassifications	----	682	(1,144)	462	----
Net Carrying Amount at End of Year	292,000	597,458	59,659	462	949,579

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 26.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SLHD [see note 2(g)].
- (ii) To ensure the land, buildings and infrastructure materially reflects 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 costs. The adjustment has been performed on a gross basis in accordance with note 2 (j).

The following table details the indices applied to Non Current Assets as determined by Martin Burns (Liquid Pacific) :

Year	Land	Buildings	Infrastructure
2013/14	4%	3%	0%

CONSOLIDATION

23. 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	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2014					
Net Carrying Amount at Start of Year	292,000	606,506	61,479	462	960,447
Additions	----	51,240	16,027	----	67,267
Disposals	(1,800)	(10,568)	(4,709)	----	(17,077)
Administrative Restructures - Transfers In/(Out)	----	----	(1,164)	----	(1,164)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	11,138	11,707	----	----	22,845
Depreciation Expense	----	(28,154)	(13,496)	(12)	(41,662)
Reclassifications	----	----	----	----	----
Net Carrying Amount at End of Year	301,338	630,731	58,137	450	990,656

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2013					
Net Carrying Amount at Start of Year	247,670	544,386	66,988	----	859,044
Additions	5,070	19,744	11,716	----	36,530
Disposals	----	----	(808)	----	(808)
Administrative Restructures - Transfers In/(Out)	----	----	(1,560)	----	(1,560)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	39,260	70,751	----	----	110,011
Depreciation Expense	----	(29,057)	(13,713)	----	(42,770)
Reclassifications	----	682	(1,144)	462	----
Net Carrying Amount at End of Year	292,000	606,506	61,479	462	960,447

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 26.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SLHD [see note 2(g)].
- (ii) To ensure the land, buildings and infrastructure materially reflects 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 costs. The adjustment has been performed on a gross basis in accordance with note 2 (j).

The following table details the indices applied to Non Current Assets as determined by Martin Burns (Liquid Pacific) :

Year	Land	Buildings	Infrastructure
2013/14	4%	3%	0%

Sydney Local Health District
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		24. Intangible Assets		
		Intangibles		
91	-----	Cost (Gross Carrying Amount)	91	-----
15	-----	Less Accumulated Amortisation and Impairment	15	-----
76	-----	Net Carrying Amount	76	-----
76	-----	Total Intangible Assets at Net Carrying Amount	76	-----

Sydney Local Health District
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PARENT

24. Intangibles - Reconciliation

	Intangibles \$000	Total \$000
2014		
Net Carrying Amount at Start of Year	----	----
Additions from Internal Development or Acquired Separately	91	91
Amortisation (Recognised in Depreciation and Amortisation)	(15)	(15)
Net Carrying Amount at End of Year	76	76

	Intangibles \$000	Total \$000
2013		
Net Carrying Amount at Start of Reporting Period	----	----
Additions from Internal Development or Acquired Separately	----	----
Amortisation (Recognised in Depreciation and Amortisation)	----	----
Net Carrying Amount at End of Year	----	----

Sydney Local Health District
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24. Intangibles - Reconciliation

	Software \$000	Intangibles \$000	Total \$000
2014			
Net Carrying Amount at Start of Year	----	----	----
Additions (From Internal Development or Acquired Separately)	----	91	91
Amortisation (Recognised in Depreciation and Amortisation)	----	(15)	(15)
Net Carrying Amount at End of Year	----	76	76

	Software \$000	Intangibles \$000	Total \$000
2013			
Net Carrying Amount at Start of Year	----	----	----
Additions (From Internal Development or Acquired Separately)	----	----	----
Amortisation (Recognised in Depreciation and Amortisation)	----	----	----
Net Carrying Amount at End of Year	----	----	----

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		25. Other Assets		
		Non-Current		
		Emerging Rights to Assets (refer Note 2(ac))		
1,443	-----		1,443	-----
<u>1,443</u>	<u>-----</u>		<u>1,443</u>	<u>-----</u>

26. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for the following has not been provided as permitted by the transitional provisions of the new standard.

(a) Fair Value Hierarchy	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2014				
PARENT				
Property, Plant and Equipment (Note 23)*				
- Land and Buildings	----	380,195	542,901	923,096
- Infrastructure Systems	----	----	450	450
	-----	<u>380,195</u>	<u>543,351</u>	<u>923,546</u>
CONSOLIDATION				
Property, Plant and Equipment (Note 23)*				
- Land and Buildings	----	380,196	551,873	932,069
- Infrastructure Systems	----	----	450	450
	-----	<u>380,196</u>	<u>552,323</u>	<u>932,519</u>

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

*For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant and Equipment are not required to be reported under the fair value hierarchy.

(b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure the SLHD obtains external valuations by independent valuers every three years. The last revaluation was performed by Mark Greenhalgh FAPI (Corporeal) for the 2012/13 financial year. Corporeal is an independent entity and is not an employee of the SLHD.

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 23 reconciliation.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

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

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

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.

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current 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.

The values present in Level 3 for Land and Buildings in the above table relates to buildings only.

Work in Progress and Newly Completed Buildings is categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer a identical correlation with the "shelf product".

Level 3 disclosures:

Buildings and Infrastructure

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual building and infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations. The useful economic life of the assets is initially assessed at 40 years. The remaining economic life is assessed based upon physical depreciation and obsolescence. The District provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed over the past four years have been included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The District is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

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PARENT & CONSOLIDATION

26. Fair Value Measurement of Non-Financial Assets

(c) Reconciliation of Recurring Level 3 Fair Value Measurements	Land and Buildings \$000	Infrastructure \$000	Level 3 Recurring Total \$000
PARENT			
Fair value as at 1 July 2013	569,568	462	570,030
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus'	10,915	----	10,915
Transfers from Level 2	----	----	----
Transfers to Level 2	----	----	----
Disposals	(10,166)	----	(10,166)
Depreciation	(27,416)	(12)	(27,428)
Fair value as at 30 June 2014	<u>542,901</u>	<u>450</u>	<u>543,351</u>
CONSOLIDATION			
Fair value as at 1 July 2013	578,615	462	579,077
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus'	11,283	----	11,283
Transfers from Level 2	----	----	----
Transfers to Level 2	----	----	----
Disposals	(10,166)	----	(10,166)
Depreciation	(27,859)	(12)	(27,871)
Fair value as at 30 June 2014	<u>551,873</u>	<u>450</u>	<u>552,323</u>

Sydney Local Health District
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PARENT

CONSOLIDATION

**2014
\$000**

**2013
\$000**

**2014
\$000**

**2013
\$000**

27. Restricted Assets

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

Category

90,619	72,511	Specific Purposes	112,907	93,330
39,776	37,904	Research Grants	47,743	45,698
54,213	54,420	Private Practice Funds	54,213	54,420
<hr/>	<hr/>		<hr/>	<hr/>
184,608	164,835		214,863	193,448
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		28. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	21,913	19,599
----	----	Taxation and Payroll Deductions	5,297	5,281
27,225	24,884	Accrued Liability - Purchase of Personnel Services	----	----
36,111	36,288	Creditors	36,111	36,289
24	24	Interest	24	24
		Other Creditors		
9,602	17,545	- Intra Health Liability	9,602	17,545
6,757	9,257	- Other	6,856	9,557
79,719	87,998		79,803	88,295

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

29. Borrowings

		Current		
207	178	Other Loans and Deposits	207	178
207	178		207	178
		Non-Current		
217	807	Other Loans and Deposits	217	807
217	807		217	807

Other loans still to be extinguished represent monies to be repaid to the HealthShare.
Final Repayment is scheduled for 30 June 2016

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		30. Provisions		
		Current		
-----	-----	Annual Leave - Short Term Benefit	80,693	74,794
-----	-----	Annual Leave - Long Term Benefit	67,862	71,252
-----	-----	Long Service Leave Consequential On-Costs	17,780	16,488
165,680	162,004	Provision for Personnel Services Liability	-----	-----
165,680	162,004	Total Current Provisions	166,335	162,534
		Non-Current		
936	-----	Long Service Leave Consequential On-Costs	936	-----
936	-----	Total Non-Current Provisions	936	-----
		Aggregate Employee Benefits and Related On-Costs		
-----	-----	Provisions - Current	166,335	162,534
-----	-----	Provisions - Non-Current	936	-----
-----	-----	Accrued Salaries, Wages and On-Costs (Note 28)	27,210	24,880
193,841	186,888	Liability - Purchase of Personnel Services	-----	-----
193,841	186,888		194,481	187,414
		31. Other Liabilities		
		Current		
140	425	Income in Advance	140	429
10	-----	Other	10	-----
150	425		150	429

Sydney Local Health District
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PARENT			CONSOLIDATION	
2014	2013	32. Commitments for Expenditure	2014	2013
\$000	\$000		\$000	\$000
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	11,099	32,697
11,099	32,697	Later than one year and not later than five years	50	14,009
50	14,009			
11,149	46,706	Total Capital Expenditure Commitments (Including GST)	11,149	46,706
		Of the commitments reported at 30 June 2014 it is expected that \$Nil will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	4,604	5,883
4,604	5,883	Later than one year and not later than five years	9,760	11,323
9,760	11,323	Later than five years	1,847	2,617
1,847	2,617			
16,211	19,823	Total Operating Lease Commitments (Including GST)	16,211	19,823
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Contingent Asset Related to Commitments for Expenditure		
		The total of 'Commitments for Expenditure' above, i.e. \$27.360 million as at 30 June 2014 includes input tax credits of \$2.487 million that are expected to be recoverable from the Australian Taxation Office (2013 \$6.048 million).		

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

33. Trust Funds

The SLHD holds trust fund moneys of \$15.3 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the SLHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	150	125	5,403	6,257	29,386	26,931	34,939	33,313
Admin Transfer	-----	-----	-----	-----	-----	(1,101)	-----	(1,101)
Receipts	188	265	1,126	1,469	17,253	40,101	18,567	41,835
Expenditure	(180)	(240)	(2,032)	(2,323)	(36,024)	(36,545)	(38,236)	(39,108)
Cash Balance at the end of the financial year	158	150	4,497	5,403	10,615	29,386	15,270	34,939

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

33. Trust Funds

The SLHD holds trust fund moneys of \$15.3 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
			Patient Trust	Refundable Deposits	Private Practice Trust Funds						
Cash Balance at the beginning of the financial year	150	125	5,403	6,257	29,386	26,931	34,939	33,313			
Admin Transfer	-----	-----	-----	-----	-----	(1,101)	-----	(1,101)			(1,101)
Receipts	188	265	1,126	1,469	17,253	40,101	18,567	41,835			
Expenditure	(180)	(240)	(2,032)	(2,323)	(36,024)	(36,545)	(38,236)	(39,108)			
Cash Balance at the end of the financial year	158	150	4,497	5,403	10,615	29,386	15,270	34,939			

PARENT AND CONSOLIDATED

34. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2007/08 fund year and an interim adjustment for the 2009/10 fund year were not calculated until 2013/14.

As a result, the 2008/09 final and 2010/11 pertaining to the hospitals and community services now forming part of the SLHD will be paid in 2014/15. It is not possible for the SLHD to reliably quantify the benefit to be received or amount payable.

b) Other

Damages

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

PARENT		CONSOLIDATION	
2014 \$000	2013 \$000	2014 \$000	2013 \$000
35. Reconciliation of Cash Flows from Operating Activities to Net Result			
	33,149	48,516	35,007
Net Cash Flows from Operating Activities	(41,952)	(41,677)	(42,770)
Depreciation	(685)	(2,307)	(681)
Allowance for Impairment	(425)	289	(429)
(Increase)/ Decrease Income in Advance	(2,840)	(4,736)	(2,813)
(Increase)/ Decrease in Provisions	(5,809)	3,066	(3,446)
Increase / (Decrease) in Prepayments and Other Assets	14,436	1,560	13,804
(Increase)/ Decrease in Creditors	26,227	(13,890)	26,203
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	5,852	166	5,939
Assets Donated or Brought to Account			
	(10,287)	(9,013)	30,814

36. 2013/14 Voluntary Services

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

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

37. Unclaimed Moneys

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

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

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

38. Budget Review - Parent and Consolidated

Net Result

The District was classified within NSW Health's Performance Framework at Performance Level 0 for the entire twelve months to 30 June 2014 which is the highest standard possible. This is a continuation of the prior year result.

During the year the District has undertaken a number of service and budget realignments with SWSLHD to enable services to operate more effectively and independently.

An update was made to the District's program fractions in 2014 which has enhanced the accuracy of 2014 Service Group Statement data compared to 2013. In particular 2014 expenses program allocations are guided by round 17 costing which better reflects non admitted patient data. Asset allocation by program is guided by facility and cost centre balances which enhance accuracy. Expenses for Aboriginal Health where not separately reported are included in the remaining service group programs.

The Actual Consolidated Net Result at 30 June 2014 was \$9.013M deficit. Loss on Disposal of assets of \$13.889M and Other Losses of \$2.307M were the primary contributing factors to the deficit result. Otherwise Total Actual Revenue exceeded Total Actual Expenses by \$7.183M or 0.5%.

Consolidated Actual Total Expenditure of \$1,446M was favourable to budget by \$2.850M or 0.2% which in NSW Ministry of Health performance thresholds is considered to be "performing". Unfavourability existed in Visiting Medical Officers and Other Operating Expenses categories which were offset by favourabilities in Employee Related Expenses.

Consolidated Actual Total Revenue of \$1,453M was favourable to budget by \$1.667M or 0.1% which in the NSW Ministry of Health performance thresholds is considered to be "performing". Favourabilities were attributable to better than expected receipts of Sales from Goods and Services, Grants and Contributions and Other Revenue, more than offsetting unfavourabilities in Investment Revenue

Consolidated Actual Losses on Disposal and Other Losses were unfavourable to budget by \$1.237M or 8.3%. Losses on Disposal were associated with transfer of oncology services to Lifehouse Australia consistent with Government priorities.

Combined Consolidated Net Result to budget at 30 June 2014 (before other gains/losses) was \$4.517M favourable.

Assets and Liabilities

SLHD's Current Assets of \$257.788M exceeded current liabilities of \$246.495M by \$11.2931M. SLHD's Current Ratio, which is a measure of the District's capacity to meet short term liabilities, was 1.046 at 30 June 2014.

As at 30 June 2014 SLHD's Non Current Assets were valued at \$992.175M whilst Non Current Liabilities were \$1.153M. Long Service Leave consequential costs of \$0.936M in 2014 are included in Non Current Liabilities not previously reported in this category. SLHD made a one off additional payment of \$0.448M to shorten the term of the existing loan from HealthShare for food service staff annual leave liability by two years. The loan is now expected to be repaid by 30 June 2016. During 2013/14 the value of SLHD's land and buildings were adjusted in accordance with indices provided by an independent valuer. The independent advice received raised the value of these assets by \$22.845M (Consolidated) and this is reflected in the Statement of Comprehensive Income (Net Increase in Property, Plant & Equipment Asset Revaluation Surplus) and Statement of Financial Position (Reserves). This financial year the District commenced recording an emerging asset for a building situated on District's land but owned and operated by Lifehouse Australia. Overall SLHD has a sound asset base with Net Assets of \$1,002M.

Cash Flows

SLHD's net increase in Cash and Cash Equivalents for 2013/14 was \$2.502M. This comprised a net increase in cash flows from Operating activities of \$48.516M, a net decrease in cash flows from Investing activities of \$37.420M a net decrease in cash flows from Financial activities of \$0.672M and a net Administrative Transfer of cash of \$7.922M. Decreases in cash flows from Investing activities were associated with Health Infrastructure capital works being Missenden Mental Health Unit and Concord Palliative Care (\$48.972M), High Volume Short Stay Unit/Emergency Department at Canterbury, purchases of various clinical equipment and Concord ED & ICU Monitors, Powerchart cardiology system and wireless network.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 3 July 2013 are as follows:

	\$000
Initial Allocation	1,109,103
National Partnership Agreement on Treating More Public Dental Patients	11,367
Nurse/Midwife Strategy Reserve	2,027
NGO Holyoake Family Alcohol and Other Drugs Program	108
Upscaling and evaluation of the NSW Yhunger program across NSW	131
Realignment of the 2013/14 AEP (PADP) Budgets	119
RPA Pelvic Exenterations	1,484
Nursing Staff Enhancements Budget Supplementation	156
Radiation Therapist National Professional Development Program 2014	178
Tertiary Eating Disorder Service	600
AIDS Program Cost Escalations	281
Improving Workplace Culture	276
Drug and Alcohol Consultation Liaison Project	566
National Illicit Drug Strategy Needle and Syringes	177
Diploma of Nursing funding	300
2012/13 Budget Adjustments	(1,614)
2013/14 Adjusted Budget - Commonwealth Funded project (DBMAS)	(125)
Treasury Managed Fund 2013_14 Allocation Adjustment	(207)
Steps Budget Transfer from SLHD to SWSLHD	(248)
Community Paediatrics Budget Transfer from SWSLHD to SLHD	296
Child Protection Strategy Budget Transfer from SLHD to SWSLHD	(127)
Whole of Hospital Lead Budget	120
Concord Hospital - Superannuation	5,682
National Perinatal Depression Initiative (NPDI)	140
2013/14 Nursing Staff Enhancements - Clinical Support Officers	140
NSW Aged Care Assessment Program Funding	229
Legal and Integration Costs associated with Lifehouse	500
Other	958
Balance as per Statement of Comprehensive Income	<u>1,132,617</u>

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

Equity transfers effected in the 2012/13 year were:

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

Equity transfers effected in the 2013/14 year were:

A decrease in net assets of \$2.086 million relating to NSW Health Pathology, HETI and SWSLHD.

	2014	2013
	\$000	\$000
Equity transfers effected comprised:		
Crown Entity - Transfer of Long Service Leave On-costs	-----	167
NSW Health Pathology	523	(28,812)
HETI	(410)	(1,003)
SWSLHD	(2,199)	(6,364)
WSLHD	-----	(6,544)
NBMLHD	-----	93
WNSWLHD	-----	1,249
Other	-----	(32)
	<u>(2,086)</u>	<u>(41,246)</u>
Assets and Liabilities transferred are as follows:		
	2014	2013
	\$000	\$000
Assets		
Cash & Cash Equivalents	(922)	(29,254)
Receivables	-----	(32)
Plant & Equipment	(1,164)	(1,560)
Liabilities		
Payables	-----	(10,928)
Provisions	-----	528
Increase/(Decrease) in Net Assets From Equity Transfers	<u>(2,086)</u>	<u>(41,246)</u>

Sydney Local Health District
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40. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2014 \$000	2013 \$000
Cash and Cash Equivalents (note 19)	N/A	188,219	187,546
Receivables (note 20)	Loans and receivables (at amortised cost)	40,127	66,873
Financial Assets at Fair Value (note 22)	At fair value through profit or loss (designated as such upon initial recognition)	-----	-----
Total Financial Assets		<u>228,346</u>	<u>254,419</u>
Financial Liabilities			
Borrowings (note 29)	Financial liabilities	424	985
Payables (note 28)	measured at	79,719	87,998
Other (note 31)	amortised cost	10	-----
Total Financial Liabilities		<u>80,153</u>	<u>88,983</u>

Notes

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

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

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CONSOLIDATION		Carrying Amount 2014 \$000	Carrying Amount 2013 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	207,300	204,798
Receivables (note 20)*	Loans and receivables (at amortised cost)	41,011	67,953
Financial Assets at Fair Value (note 22)	At fair value through profit or loss (designated as such upon initial recognition)	374	348
Total Financial Assets		<u>248,685</u>	<u>273,099</u>
Financial Liabilities			
Borrowings (note 29)	Financial liabilities	424	985
Payables (note 28)**	measured at	74,506	83,014
Other (note 31)	amortised cost	10	----
Total Financial Liabilities		<u>74,940</u>	<u>83,999</u>

Notes

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

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

(b) Credit Risk

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

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

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

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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 3.35% to 3.60% in 2013/14 compared to 2.8% to 3.43% 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 SLHD will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The SLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014:\$29.611M; 2013: \$30.884M) and not more than 3 months past due (2014: \$4.203M; 2013:\$6.792M) are not considered impaired and together these represent 74% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the SLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

PARENT

2014	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	4,203	4,203	----
3 months - 6 months overdue	5,093	5,093	----
> 6 months overdue	6,519	2,614	3,905
2013			
<3 months overdue	6,792	6,792	----
3 months - 6 months overdue	3,183	3,183	----
> 6 months overdue	4,009	271	3,738

CONSOLIDATION

2014	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	4,203	4,203	----
3 months - 6 months overdue	5,093	5,093	----
> 6 months overdue	6,524	2,619	3,905
2013			
<3 months overdue	6,792	6,792	----
3 months - 6 months overdue	3,183	3,183	----
> 6 months overdue	4,019	281	3,738

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.

Sydney Local Health District
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(c) Liquidity Risk

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

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The SLHD has exposure to liquidity risk.

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

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

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

PARENT	Interest Rate Exposure				Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
2014	%	\$000	\$000	\$000	\$000	\$000	\$000
Payables:							
- Creditors		79,719	----	----	79,719	79,719	----
Borrowings:							
- Other Loans and Deposits		448	----	----	448	224	224
		<u>80,167</u>	<u>----</u>	<u>----</u>	<u>80,167</u>	<u>79,943</u>	<u>224</u>
2013							
Payables:							
- Creditors		87,998	----	----	87,998	87,998	----
Borrowings:							
- Other Loans and Deposits		1,120	----	----	1,120	224	896
		<u>89,118</u>	<u>----</u>	<u>----</u>	<u>89,118</u>	<u>88,222</u>	<u>896</u>
CONOLIDATION							
CONOLIDATION	Interest Rate Exposure				Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
2014	%	\$000	\$000	\$000	\$000	\$000	\$000
Payables:							
- Accrued Salaries Wages, On-Costs		21,913	----	----	21,913	21,913	----
- Creditors		52,593	----	----	52,593	52,593	----
Borrowings:							
- Other Loans and Deposits		448	----	----	448	224	224
		<u>74,954</u>	<u>----</u>	<u>----</u>	<u>74,954</u>	<u>74,730</u>	<u>224</u>
2013							
Payables:							
- Accrued Salaries Wages, On-Costs		19,599	----	----	19,599	19,599	----
- Creditors		63,415	----	----	63,415	63,415	----
Borrowings:							
- Other Loans and Deposits		1,120	----	----	1,120	224	896
		<u>84,134</u>	<u>----</u>	<u>----</u>	<u>84,134</u>	<u>83,238</u>	<u>896</u>

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the SLHD can be required to pay.

The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

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d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the SLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The SLHD does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates. (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 SLHD's exposure to interest rate risk is set out below.

PARENT	Carrying Amount \$'000	-1% Profit	Equity	Profit	+1% Equity
2014					
Financial Assets					
Cash and Cash Equivalents	188,219	(1,882)	(1,882)	1,882	1,882
Receivables	40,127	----	----	----	----
Financial Liabilities					
Payables	79,719	----	----	----	----
Borrowings	424	4	4	(4)	(4)
Other	10	----	----	----	----
2013					
Financial Assets					
Cash and Cash Equivalents	187,546	(1,875)	(1,875)	1,875	1,875
Receivables	66,873	----	----	----	----
Financial Liabilities					
Payables	87,998	----	----	----	----
Borrowings	985	10	10	(10)	(10)
Other	----	----	----	----	----

Sydney Local Health District
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CONSOLIDATED	Carrying Amount \$'000	-1% Profit	Equity	Profit	+1% Equity
2014					
Financial Assets					
Cash and Cash Equivalents	207,300	(2,073)	(2,073)	2,073	2,073
Receivables	41,011	----	----	----	----
Financial Assets at Fair Value	374	(4)	(4)	4	4
Financial Liabilities					
Payables	74,506	----	----	----	----
Borrowings	424	4	4	(4)	(4)
Other	10	----	----	----	----
2013					
Financial Assets					
Cash and Cash Equivalents	204,798	(2,048)	(2,048)	2,048	2,048
Receivables	67,953	----	----	----	----
Financial Assets at Fair Value	348	(3)	(3)	3	3
Financial Liabilities					
Payables	83,014	----	----	----	----
Borrowings	985	10	10	(10)	(10)
Other	----	----	----	----	----

Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2014 \$'000	2013 \$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	49,485	83,004
Medium term growth facility	Cash, money market instruments, Australian bonds, listed property and Australian, International and Emerging market shares, and Multi-asset.	3 years to 7 years	374	348

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

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. 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 SLHD's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

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

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

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	Change in unit price	Impact on profit/loss	
		2014 \$'000	2013 \$'000
Hour-Glass Investment - Cash facility	1 %	495	830
Hour-Glass Investment - Medium-term growth facility	6 %	22	21

(e) Fair Value Measurement

Financial instruments are generally recognised at cost, with the exception of the 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.

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	49,859	-----	49,859
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	83,352	-----	83,352

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

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

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

Note 41 Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS