



## INDEPENDENT AUDITOR'S REPORT

### Far West Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Far West Local Health District (the District), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and service group statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

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

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

### Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(w). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

### Chief Executive's Responsibility for the Financial Statements

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

### 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 an 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 District'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 District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 carried out their activities effectively, efficiently and economically;
- about the effectiveness of the internal control;
- about the assumptions used in formulating the adjusted 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; and
- 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; and
- 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.



Renee Meimaroglou  
Director, Financial Audit Services

11 September 2015  
SYDNEY


**Far West Local Health District  
Certification of the Financial Statements  
for the year ended 30 June 2015**

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

- 1) The financial statements of the Far West Local Health District for the year ended 30 June 2015 have been prepared in accordance with:
  - a) Australian Accounting Standards (which include Australian Accounting Interpretations);
  - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2015* and the Treasurer's Directions;
  - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Far West Local Health District; and
- 3) There are no known circumstances, of which we are aware, that would render any particulars in the financial statements to be misleading or inaccurate.



Stuart Riley  
Chief Executive  
9 September 2015



John Leehane  
Director of Finance and Corporate Services  
9 September 2015

**Far West Local Health District**  
**Statement of Comprehensive Income for the year ended 30 June 2015**

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual
2015	2015	2014			2015	2015	2014
\$000	\$000	\$000			\$000	\$000	\$000
			<b>Expenses excluding losses</b>				
			Operating Expenses				
----	----	----	Employee Related	3	61,960	65,713	62,695
59,796	63,549	58,661	Personnel Services	4	----	----	----
6,160	3,676	5,110	Visiting Medical Officers		6,160	3,676	5,110
27,253	21,765	24,448	Other Operating Expenses	5	27,253	21,765	24,448
4,322	4,226	4,040	Depreciation and Amortisation	2(h), 6	4,322	4,226	4,040
4,730	4,536	4,613	Grants and Subsidies	7	4,730	4,536	4,613
<b>102,261</b>	<b>97,752</b>	<b>96,872</b>	<b>Total Expenses excluding losses</b>		<b>104,425</b>	<b>99,916</b>	<b>100,906</b>
			<b>Revenue</b>				
82,601	82,601	80,233	NSW Ministry of Health Recurrent Allocations	2(c)	82,601	82,601	80,233
3,913	4,350	1,834	NSW Ministry of Health Capital Allocations	2(c)	3,913	4,350	1,834
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 11	2,164	2,164	4,034
11,987	9,892	10,431	Sale of Goods	2(c), 8	11,987	9,892	10,431
111	----	59	Investment Revenue	2(c), 9	111	----	59
2,260	646	2,072	Grants and Contributions	2(c), 10	2,260	646	2,072
937	261	602	Other Revenue	12	937	261	602
<b>101,809</b>	<b>97,750</b>	<b>95,231</b>	<b>Total Revenue</b>		<b>103,973</b>	<b>99,914</b>	<b>99,265</b>
(107)	----	----	<b>Gain / (Loss) on Disposal</b>	13	(107)	----	----
(27)	----	23	<b>Other Gains / (Losses)</b>	14	(27)	----	23
<b>(586)</b>	<b>(2)</b>	<b>(1,618)</b>	<b>Net Result</b>	29	<b>(586)</b>	<b>(2)</b>	<b>(1,618)</b>
			<b>Other Comprehensive Income</b>				
			<b>Items that will not be reclassified to net result</b>				
			Net Increase/(Decrease) in Property, Plant &				
5,912	----	3,912	Equipment Revaluation Surplus	20	5,912	----	3,912
<b>5,912</b>	<b>----</b>	<b>3,912</b>	<b>Total Other Comprehensive Income</b>		<b>5,912</b>	<b>----</b>	<b>3,912</b>
<b>5,326</b>	<b>(2)</b>	<b>2,294</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,326</b>	<b>(2)</b>	<b>2,294</b>

The accompanying notes form part of these financial statements.

**Far West Local Health District**  
**Statement of Financial Position as at 30 June 2015**

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
2,992	2,148	2,503	17	2,992	2,148	2,503
2,359	2,929	2,930	18	2,359	2,929	2,930
201	219	219	19	201	219	219
<b>5,552</b>	<b>5,296</b>	<b>5,652</b>		<b>5,552</b>	<b>5,296</b>	<b>5,652</b>
<b>Non-Current Assets</b>						
33	95	95	18	33	95	95
93,971	88,803	88,602	20	93,971	88,803	88,602
3,319	2,841	2,694	20	3,319	2,841	2,694
2,258	2,054	2,066	20	2,258	2,054	2,066
99,548	93,698	93,362		99,548	93,698	93,362
189	----	----	21	189	----	----
<b>99,770</b>	<b>93,793</b>	<b>93,457</b>		<b>99,770</b>	<b>93,793</b>	<b>93,457</b>
<b>105,322</b>	<b>99,089</b>	<b>99,109</b>		<b>105,322</b>	<b>99,089</b>	<b>99,109</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
6,540	5,970	5,969	24	6,540	5,970	5,969
9,042	8,708	8,760	25	9,042	8,708	8,760
15,582	14,678	14,729		15,582	14,678	14,729
<b>Non-Current Liabilities</b>						
93	93	59	25	93	93	59
<b>93</b>	<b>93</b>	<b>59</b>		<b>93</b>	<b>93</b>	<b>59</b>
<b>15,675</b>	<b>14,771</b>	<b>14,788</b>		<b>15,675</b>	<b>14,771</b>	<b>14,788</b>
<b>89,647</b>	<b>84,318</b>	<b>84,321</b>		<b>89,647</b>	<b>84,318</b>	<b>84,321</b>
<b>EQUITY</b>						
14,168	8,255	8,256		14,168	8,255	8,256
75,479	76,063	76,065		75,479	76,063	76,065
<b>89,647</b>	<b>84,318</b>	<b>84,321</b>		<b>89,647</b>	<b>84,318</b>	<b>84,321</b>

The accompanying notes form part of these financial statements.

**Far West Local Health District**  
**Statement of Changes in Equity for the year ended 30 June 2015**

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2014		76,065	8,256	84,321
<b>Total Equity at 1 July 2014</b>		<b>76,065</b>	<b>8,256</b>	<b>84,321</b>
Net Result for the year		(586)	----	(586)
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment	20	----	5,912	5,912
<b>Total Other Comprehensive Income</b>		<b>----</b>	<b>5,912</b>	<b>5,912</b>
<b>Total Comprehensive Income for the year</b>		<b>(586)</b>	<b>5,912</b>	<b>5,326</b>
<b>Balance at 30 June 2015</b>		<b>75,479</b>	<b>14,168</b>	<b>89,647</b>
Balance at 1 July 2013		77,683	4,344	82,027
<b>Total Equity at 1 July 2013</b>		<b>77,683</b>	<b>4,344</b>	<b>82,027</b>
Net Result for the year		(1,618)	----	(1,618)
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment	20	----	3,912	3,912
<b>Total Other Comprehensive Income</b>		<b>----</b>	<b>3,912</b>	<b>3,912</b>
<b>Total Comprehensive Income for the year</b>		<b>(1,618)</b>	<b>3,912</b>	<b>2,294</b>
<b>Balance at 30 June 2014</b>		<b>76,065</b>	<b>8,256</b>	<b>84,321</b>

The accompanying notes form part of these financial statements.

**Far West Local Health District**  
**Statement of Cash Flows for the year ended 30 June 2015**

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
----	----	----				
(5,190)	(4,997)	(5,081)		(60,908)	(65,162)	(59,314)
(97,048)	(93,488)	(92,227)		(5,190)	(4,997)	(5,081)
				(36,140)	(28,326)	(32,913)
(102,238)	(98,485)	(97,308)		(102,238)	(98,485)	(97,308)
<b>Receipts</b>						
82,601	82,601	80,233		82,601	82,601	80,233
3,913	4,350	1,834		3,913	4,350	1,834
1,492	1,492	1,298		1,492	1,492	1,298
13,060	10,036	10,554		13,060	10,036	10,554
111	----	59		111	----	59
2,312	698	2,135		2,312	698	2,135
4,089	3,514	3,574		4,089	3,514	3,574
107,578	102,691	99,687		107,578	102,691	99,687
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<u>5,340</u>	<u>4,206</u>	<u>2,379</u>	29	<u>5,340</u>	<u>4,206</u>	<u>2,379</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
8	----	----		8	----	----
(4,859)	(4,561)	(1,112)		(4,859)	(4,561)	(1,112)
(4,851)	(4,561)	(1,112)		(4,851)	(4,561)	(1,112)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>						
489	(355)	1,267		489	(355)	1,267
2,503	2,503	1,236		2,503	2,503	1,236
<u>2,992</u>	<u>2,148</u>	<u>2,503</u>	17	<u>2,992</u>	<u>2,148</u>	<u>2,503</u>

The accompanying notes form part of these financial statements.

Far West Local Health District  
Service Group Statements  
for the year ended 30 June 2015

	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		Nor Attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenses excluding losses</b>																						
Operating Expenses																						
Employee Related	7,311	4,790	1,053	915	5,576	10,514	7,063	8,025	22,491	24,439	7,745	6,928	9,542	6,652	558	426	620	-----	-----	-----	-----	62,695
Visiting Medical Officers	55	250	12	-----	1,103	873	117	198	3,499	2,499	967	1,194	407	96	-----	-----	-----	-----	-----	-----	-----	6,160
Other Operating Expenses	2,398	1,653	300	379	4,606	7,066	4,279	3,022	7,958	7,765	4,088	2,413	3,052	1,944	82	205	491	-----	-----	-----	-----	27,253
Depreciation and Amortisation	722	216	112	28	437	911	462	529	1,768	1,813	186	212	627	297	-----	35	9	-----	-----	-----	-----	24,448
Grants and Subsidies	397	596	5	3	4,153	3,623	24	20	85	84	28	262	38	23	-----	-----	-----	-----	-----	-----	-----	4,040
<b>Total Expenses excluding losses</b>	<b>10,883</b>	<b>7,505</b>	<b>1,482</b>	<b>1,325</b>	<b>15,875</b>	<b>22,989</b>	<b>11,945</b>	<b>11,794</b>	<b>35,801</b>	<b>36,600</b>	<b>13,014</b>	<b>11,009</b>	<b>13,666</b>	<b>9,012</b>	<b>640</b>	<b>667</b>	<b>1,120</b>	-----	-----	-----	-----	<b>100,906</b>
<b>Revenue</b>																						
NSW Ministry of Health Recurrent Allocations **																						
NSW Ministry of Health Capital Allocations **																						
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities	251	459	37	65	186	497	253	490	794	1,342	290	401	329	730	24	49	-----	-----	-----	-----	-----	2,164
Sale of Goods and Services	204	74	24	14	1,115	3,114	1,522	130	5,634	3,431	276	82	3,189	3,581	24	5	-----	-----	-----	-----	-----	10,431
Investment Revenue	13	2	2	-----	10	16	13	2	41	19	15	1	17	19	1	-----	-----	-----	-----	-----	-----	59
Grants and Contributions	716	7	5	63	927	552	34	8	111	85	47	6	414	866	2	485	5	-----	-----	-----	-----	2,072
Other Revenue	109	33	16	7	81	135	109	27	344	200	126	24	142	173	10	3	-----	-----	-----	-----	-----	602
<b>Total Revenue</b>	<b>1,293</b>	<b>575</b>	<b>84</b>	<b>149</b>	<b>2,319</b>	<b>4,314</b>	<b>1,931</b>	<b>657</b>	<b>6,924</b>	<b>5,077</b>	<b>754</b>	<b>514</b>	<b>4,091</b>	<b>5,369</b>	<b>61</b>	<b>542</b>	<b>5</b>	-----	-----	-----	-----	<b>99,265</b>
Gain / (Loss) on Disposal	(18)	-----	(3)	-----	(11)	-----	(11)	-----	(44)	-----	(5)	-----	(16)	-----	-----	-----	-----	-----	-----	-----	-----	-----
Other Gains / (Losses)	-----	-----	-----	-----	(3)	7	(3)	-----	(13)	-----	(1)	-----	(7)	8	-----	-----	-----	-----	-----	-----	-----	-----
<b>Net Result</b>	<b>(9,608)</b>	<b>(6,930)</b>	<b>(1,401)</b>	<b>(1,176)</b>	<b>(13,570)</b>	<b>(18,668)</b>	<b>(10,028)</b>	<b>(11,137)</b>	<b>(28,934)</b>	<b>(31,515)</b>	<b>(12,266)</b>	<b>(10,495)</b>	<b>(9,599)</b>	<b>(3,635)</b>	<b>(579)</b>	<b>(125)</b>	<b>(1,115)</b>	-----	-----	-----	-----	<b>(1,516)</b>
<b>Other Comprehensive Income</b>																						
Increase/(Decrease) in Revaluation Surplus	987	207	154	27	597	880	633	512	2,418	1,756	254	203	857	289	-----	35	12	-----	-----	-----	-----	3,912
<b>Total Other Comprehensive Income</b>	<b>987</b>	<b>207</b>	<b>154</b>	<b>27</b>	<b>597</b>	<b>880</b>	<b>633</b>	<b>512</b>	<b>2,418</b>	<b>1,756</b>	<b>254</b>	<b>203</b>	<b>857</b>	<b>289</b>	-----	<b>35</b>	<b>12</b>	-----	-----	-----	-----	<b>3,912</b>
<b>Total Comprehensive Income</b>	<b>(8,621)</b>	<b>(6,723)</b>	<b>(1,247)</b>	<b>(1,149)</b>	<b>(12,973)</b>	<b>(17,788)</b>	<b>(9,395)</b>	<b>(10,625)</b>	<b>(26,516)</b>	<b>(29,759)</b>	<b>(12,012)</b>	<b>(10,292)</b>	<b>(8,741)</b>	<b>(3,346)</b>	<b>(579)</b>	<b>(90)</b>	<b>(1,103)</b>	-----	-----	-----	-----	<b>2,294</b>

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

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



Far West Local Health District  
Service Group Statements (Continued)  
for the year ended 30 June 2015

	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		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>ASSETS</b>																							
Current Assets																							
Cash and Cash Equivalents	312	186	42	33	455	570	342	293	1,026	908	373	273	392	224	18	17	32					2,992	2,503
Receivables	40	21	5	4	219	875	300	37	1,109	964	54	23	627	1,006	5	1						2,359	2,930
Inventories	18	15	2	3	34	63	32	27	59	70	30	22	23	17	1	2	4					201	219
<b>Total Current Assets</b>	<b>370</b>	<b>222</b>	<b>49</b>	<b>40</b>	<b>708</b>	<b>1,508</b>	<b>674</b>	<b>357</b>	<b>2,194</b>	<b>1,942</b>	<b>457</b>	<b>318</b>	<b>1,042</b>	<b>1,247</b>	<b>24</b>	<b>20</b>	<b>36</b>					<b>5,552</b>	<b>5,652</b>
Non-Current Assets																							
Receivables	1	1			3	28	4	1	16	31	1	1	9	33								33	95
Property, Plant and Equipment																							
- Land and Buildings	15,683	4,731	2,443	611	9,491	19,971	10,055	11,598	38,434	39,765	4,041	4,643	13,626	6,512			188					93,971	88,602
- Plant and Equipment	554	144	86	19	335	607	355	353	1,357	1,209	143	141	481	198			7					3,319	2,694
- Infrastructure Systems	377	110	59	14	228	466	242	270	924	927	97	108	327	152			5					2,258	2,066
Intangible Assets	32		5		19		20		77		8		27									189	
<b>Total Non-Current Assets</b>	<b>16,657</b>	<b>4,986</b>	<b>2,593</b>	<b>644</b>	<b>10,076</b>	<b>21,072</b>	<b>10,676</b>	<b>12,222</b>	<b>40,808</b>	<b>41,932</b>	<b>4,290</b>	<b>4,893</b>	<b>14,470</b>	<b>6,885</b>			<b>200</b>					<b>99,770</b>	<b>93,457</b>
<b>TOTAL ASSETS</b>	<b>17,027</b>	<b>5,208</b>	<b>2,642</b>	<b>684</b>	<b>10,784</b>	<b>22,580</b>	<b>11,350</b>	<b>12,579</b>	<b>43,002</b>	<b>43,874</b>	<b>4,747</b>	<b>5,211</b>	<b>15,512</b>	<b>8,142</b>	<b>24</b>	<b>832</b>	<b>236</b>					<b>105,322</b>	<b>99,109</b>
<b>LIABILITIES</b>																							
Current Liabilities																							
Payables	576	404	72	93	1,105	1,726	1,027	738	1,910	1,896	981	589	732	475	20	50	118					6,540	5,989
Provisions	1,067	669	154	128	814	1,469	1,031	1,121	3,282	3,415	1,130	968	1,392	929	81	60	90					9,042	8,760
<b>Total Current Liabilities</b>	<b>1,643</b>	<b>1,073</b>	<b>226</b>	<b>221</b>	<b>1,919</b>	<b>3,195</b>	<b>2,058</b>	<b>1,859</b>	<b>5,192</b>	<b>5,311</b>	<b>2,111</b>	<b>1,557</b>	<b>2,124</b>	<b>1,404</b>	<b>101</b>	<b>110</b>	<b>208</b>					<b>15,582</b>	<b>14,729</b>
Non-Current Liabilities																							
Provisions	11	5	2	1	8	10	11	8	34	23	12	7	14	6	1		1					93	59
<b>Total Non-Current Liabilities</b>	<b>11</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>8</b>	<b>10</b>	<b>11</b>	<b>8</b>	<b>34</b>	<b>23</b>	<b>12</b>	<b>7</b>	<b>14</b>	<b>6</b>	<b>1</b>		<b>1</b>					<b>93</b>	<b>59</b>
<b>TOTAL LIABILITIES</b>	<b>1,654</b>	<b>1,078</b>	<b>228</b>	<b>222</b>	<b>1,927</b>	<b>3,205</b>	<b>2,069</b>	<b>1,867</b>	<b>5,226</b>	<b>5,334</b>	<b>2,123</b>	<b>1,564</b>	<b>2,138</b>	<b>1,410</b>	<b>102</b>	<b>110</b>	<b>209</b>					<b>15,675</b>	<b>14,788</b>
<b>NET ASSETS</b>	<b>15,373</b>	<b>4,130</b>	<b>2,414</b>	<b>462</b>	<b>8,857</b>	<b>19,375</b>	<b>9,281</b>	<b>10,712</b>	<b>37,776</b>	<b>38,540</b>	<b>2,624</b>	<b>3,647</b>	<b>13,374</b>	<b>6,732</b>	<b>(78)</b>	<b>722</b>	<b>27</b>					<b>89,647</b>	<b>84,321</b>

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

Far West Local Health District  
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**1. The Reporting Entity**

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

The District as a reporting entity, comprises all the entities under its control, namely:

- \* The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 15 and 23), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- \* The Far West Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

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

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Chief Executive on 9 September 2015.

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The District's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and the Treasurers' Directions. The financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(w).

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

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

Other circumstances why the going concern is appropriate include:

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

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

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

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

### **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.

### **Statement of Compliance**

The financial statements and notes 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.

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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 18% are applied to the value of leave payable at 30 June 2015 (comparable on-costs for 30 June 2014 were 17.8%). The District has assessed the actuarial advice based on the District's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

**ii) Long Service Leave and Superannuation**

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

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 25.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

**iii) Consequential On-Costs**

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

**b) Insurance**

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

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**c) Income Recognition**

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

*Sale of Goods*

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

*Rendering of Services*

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

*Patient Fees*

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

*High Cost Drugs*

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

*Motor Accident Authority Third Party*

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

*Department of Veterans' Affairs*

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

*Investment Revenue*

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

*Debt Forgiveness*

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

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*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 District use in the advancement of the District or individuals within it.

*Use of Outside Facilities*

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

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

*Grants and Contributions*

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

*NSW Ministry of Health Allocations*

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

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

**d) Accounting for the Goods & Services Tax (GST)**

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

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

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

**e) 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.

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**f) 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.

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

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

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

**g) Capitalisation Thresholds**

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

**h) Depreciation of Property, Plant and Equipment**

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

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

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

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

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Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. There have been no changes to depreciation rates from the prior year.

**i) 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.

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 20 and Note 22 for further information regarding fair value.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets recognised by the District was completed in the 2014/15 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 an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

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

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.



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

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

**j) Impairment of Property, Plant and Equipment**

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

**k) Intangible Assets**

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

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

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

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

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

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

**l) 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.

**m) Leased Assets**

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

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

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**n) 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.

**o) 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.

**p) Investments**

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

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

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

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

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

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

The movement in the fair value of the T Corp Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

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

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

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

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

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.

**q) 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.

**r) De-recognition of financial assets and financial liabilities**

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

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

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

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

**s) Payables**

These amounts represent liabilities for goods and services provided to the District 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 District.

**t) Fair Value Hierarchy**

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

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

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

Refer Note 22 and Note 33 for further disclosures regarding fair value measurements of financial and non-financial assets.

**u) Equity and Reserves**

**(i) Accumulated Funds**

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

**(ii) Revaluation Surplus**

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

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**v) Trust Funds**

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

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

**w) Adjusted Budgeted Amounts**

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

**x) Service Group Statements Allocation Methodology**

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

Income and expenses are allocated to service groups using statistical data for the twelve months ending 30 June 2014, then adjusted for any material change in service delivery or funding distribution occurring in the 2014-15 financial year.

In respect of assets and liabilities, the District identifies 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.

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

**(i) Effective for the first time in 2014-15**

The accounting policies applied in 2014-15 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 2014-15 and have been applied for the first time as follows:

AASB 10 Consolidated Financial Statements, AASB 2011-7, and AASB 2013-8 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.

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Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, District management is of the opinion that there will be no material implications for the financial statements.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. This standard is not applicable to the District as individual budgets are not presented in parliament. Refer note 2(w) on how the District derives its adjusted budgetary information.

**(ii) Issued but not yet effective**

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

AASB 9, Financial Instruments, has application from 1 January 2017. The 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 15 and AASB 2014-5, Revenue from Contracts with Customers has application from 1 January 2017. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprises 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 2014-3, Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. This amending standard clarifies the treatment of expensing all acquisition-related costs, and recognition of share in a joint operation according to the contractual arrangements, this standard is applicable from 1 January 2016.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life.

AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 Jan 2018. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

Far West Local Health District  
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AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] has application from 1 Jan 2015. This update limits the application of the existing versions of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-9, Amendments to Australian Accounting Standards – It gives entities the choice of using the Equity Method for their subsidiaries in their separate financial statements [AASB 1, 127 & 128]. It has application from 1 January 2016.

AASB 2014-10, Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]. This has application from 1 January 2016.

AASB 2015-1, Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016.

AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 January 2016. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

AASB 2015-5, Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12 & AASB 128], has application from 1 January 2016. This standard is unlikely to have any impact on this entity as the exceptions would be hard to satisfy.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard could potentially increase the level of disclosure required for not for profit entities where delegated power exists for senior officers of the entity.

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>3. Employee Related</b>				
Employee Related expenses comprise the following:				
----	----	Salaries and Wages	41,174	40,408
----	----	Overtime	1,473	1,540
----	----	Penalties	3,095	2,957
----	----	Superannuation - Defined Benefit Plans	1,016	1,066
----	----	Superannuation - Defined Contribution Plans	4,348	4,030
----	----	Long Service Leave	1,131	3,121
----	----	Annual Leave	5,819	5,471
----	----	Sick Leave and Other Leave	3,215	3,013
----	----	Redundancies	----	268
----	----	Workers' Compensation Insurance	674	797
----	----	Fringe Benefits Tax	15	24
-----	-----		-----	-----
-----	-----		<b>61,960</b>	<b>62,695</b>
-----	-----		-----	-----
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
41,174	40,408	Salaries and Wages	----	----
1,473	1,540	Overtime	----	----
3,095	2,957	Penalties	----	----
4,348	4,030	Superannuation - Defined Contribution Plans	----	----
(17)	153	Long Service Leave	----	----
5,819	5,471	Annual Leave	----	----
3,215	3,013	Sick Leave and Other Leave	----	----
----	268	Redundancies	----	----
674	797	Workers' Compensation Insurance	----	----
15	24	Fringe Benefits Tax	----	----
-----	-----		-----	-----
<b>59,796</b>	<b>58,661</b>		<b>-----</b>	<b>-----</b>
-----	-----		-----	-----
<b>5. Other Operating Expenses</b>				
119	192	Advertising	119	192
149	145	Auditor's Remuneration - Audit of Financial Statements	149	145
127	100	Blood and Blood Products	127	100
149	98	Consultancies - Other	149	98
649	577	Domestic Supplies and Services	649	577
1,629	1,617	Drug Supplies	1,629	1,617
437	435	Food Supplies	437	435
1,374	1,478	Fuel, Light and Power	1,374	1,478
1,539	837	Hospital Ambulance Transport Costs	1,539	837
1,152	873	Information Management Expenses	1,152	873
199	230	Insurance	199	230
2,067	1,690	Maintenance (See (b) below)	2,067	1,690
1,692	1,638	Medical and Surgical Supplies	1,692	1,638
364	415	Motor Vehicle Expenses	364	415
187	222	Postal and Telephone Costs	187	222
229	241	Printing and Stationery	229	241
206	190	Rates and Charges	206	190
490	411	Rental	490	411
7,448	6,304	Special Service Departments	7,448	6,304
1,532	1,504	Staff Related Costs	1,532	1,504
1,432	1,368	Travel Related Costs	1,432	1,368
4,083	3,883	Other (See (a) below)	4,083	3,883
-----	-----		-----	-----
<b>27,253</b>	<b>24,448</b>		<b>27,253</b>	<b>24,448</b>
-----	-----		-----	-----



Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		<b>(a) Other Includes:</b>		
274	203	Contract for Patient Services	274	203
551	515	Corporate Support Services	551	515
94	127	Courier and Freight	94	127
1,568	1,332	Isolated Patient Travel and Accommodation Assistance Scheme	1,568	1,332
133	17	Legal Services	133	17
64	27	Membership/Professional Fees	64	27
472	452	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	472	452
408	399	Other Operating Lease Expense - Minimum Lease Payments	408	399
16	16	Quality Assurance/Accreditation	16	16
62	103	Security Services	62	103
441	692	Other Miscellaneous	441	692
<u>4,083</u>	<u>3,883</u>		<u>4,083</u>	<u>3,883</u>
		<b>(b) Reconciliation of Total Maintenance</b>		
343	265	Maintenance Contracts	343	265
1,225	953	New/Replacement Equipment under \$10,000	1,225	953
499	462	Repairs Maintenance/Non Contract	499	462
----	10	Other	----	10
2,067	1,690	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	2,067	1,690
881	769	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	881	769
<u>2,948</u>	<u>2,459</u>	Total Maintenance Expenses	<u>2,948</u>	<u>2,459</u>

Far West Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
3,715	3,523	Depreciation - Buildings	3,715	3,523
509	417	Depreciation - Plant and Equipment	509	417
98	100	Depreciation - Infrastructure Systems	98	100
<hr/>	<hr/>		<hr/>	<hr/>
<b>4,322</b>	<b>4,040</b>		<b>4,322</b>	<b>4,040</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
<b>7. Grants and Subsidies</b>				
4,247	4,142	Non-Government Organisations	4,247	4,142
186	210	Community Packages	186	210
37	-----	Grant Payments to Other NSW Health Entities	37	-----
260	261	Other Grants	260	261
<hr/>	<hr/>		<hr/>	<hr/>
<b>4,730</b>	<b>4,613</b>		<b>4,730</b>	<b>4,613</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>8. Sale of Goods</b>				
(a) Sale of Goods comprise the following:-				
60	56	Pharmacy Sales	60	56
102	61	Sale of Prosthesis	102	61
32	14	Other	32	14
(b) Rendering of Services comprise the following:-				
		Patient Fees		
3,975	3,261	- Inpatient Fees	3,975	3,261
245	161	- Nursing Home Fees	245	161
301	107	- Non Inpatient Fees	301	107
1,169	870	Department of Veterans' Affairs	1,169	870
168	148	Staff-Meals and Accommodation	168	148
3,034	3,217	Infrastructure Fees - Monthly Facility Charge	3,034	3,217
510	-----	- Annual Charge	510	-----
4	7	Cafeteria/Kiosk	4	7
6	48	Clinical Services (excluding Clinical Drug Trials)	6	48
57	61	Commercial Activities	57	61
10	8	Fees for Medical Records	10	8
-----	1	Information Retrieval	-----	1
549	663	High Cost Drugs	549	663
67	73	Linen Service Revenues - Non Health Services	67	73
27	28	Linen Service Revenues - Other Health Services	27	28
20	31	Meals on Wheels	20	31
324	164	Motor Accident Authority Third Party	324	164
44	35	Private Use of Motor Vehicles	44	35
26	27	Salary Packaging Fee	26	27
28	63	Services Provided to Non NSW Health Organisations	28	63
341	319	Multi Purpose Service Centre Fees	341	319
888	1,008	Other	888	1,008
<b>11,987</b>	<b>10,431</b>		<b>11,987</b>	<b>10,431</b>
<b>9. Investment Revenue</b>				
111	59	Interest	111	59
<b>111</b>	<b>59</b>		<b>111</b>	<b>59</b>

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>10. Grants and Contributions</b>				
-----	5	Clinical Drug Trials	-----	5
551	528	Commonwealth Government Grants	551	528
345	270	Industry Contributions/Donations	345	270
415	365	Cancer Institute Grants	415	365
391	556	NSW Government Grants	391	556
241	37	Grants from Other NSW Health Entities	241	37
317	311	Other Grants	317	311
<u>2,260</u>	<u>2,072</u>		<u>2,260</u>	<u>2,072</u>
<b>11. Acceptance by the Crown Entity of Employee Benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
-----	-----	Superannuation-Defined Benefit	1,016	1,066
-----	-----	Long Service Leave	1,148	2,968
<u>-----</u>	<u>-----</u>		<u>2,164</u>	<u>4,034</u>
<b>12. Other Revenue</b>				
Other Revenue comprises the following:-				
1	2	Commissions	1	2
13	-----	Insurance Refunds	13	-----
330	372	Lease and Rental Income	330	372
-----	2	Sale of Merchandise, Old Wares and Books	-----	2
2	4	Sponsorship Income	2	4
109	2	Treasury Managed Fund Hindsight Adjustment	109	2
482	220	Other	482	220
<u>937</u>	<u>602</u>		<u>937</u>	<u>602</u>

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>13. Gain / (Loss) on Disposal</b>				
4,453	-----	Property, Plant and Equipment	4,453	-----
4,338	-----	Less: Accumulated Depreciation	4,338	-----
-----	-----		-----	-----
<b>115</b>	-----	<b>Written Down Value</b>	<b>115</b>	-----
8	-----	Less: Proceeds from Disposal	8	-----
-----	-----		-----	-----
<b>(107)</b>	-----	<b>Total Gain/(Loss) on Disposal</b>	<b>(107)</b>	-----
=====	=====		=====	=====
<b>14. Other Gains / (Losses)</b>				
		Property, Plant and Equipment		
41	-----	Asset Revaluation Increment/(Decrement)	41	-----
(68)	23	Impairment of Receivables	(68)	23
-----	-----		-----	-----
<b>(27)</b>	<b>23</b>		<b>(27)</b>	<b>23</b>
=====	=====		=====	=====

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**PARENT & CONSOLIDATION**

**15. Conditions on Contributions**

	<b>Purchase of Assets</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date	-----	-----	-----
Contributions recognised in previous years which were not expended in the current reporting period	124	524	648
Total amount of unexpended contributions as at reporting date	124	524	648

Comment on restricted assets appears in Note 23

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**16. Service Groups of the District**

**Service Group 1.1 - Primary and Community Based Services**

Service Description: This service group covers the provision of health services 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. This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community.

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

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

**Service Group 1.3 - Outpatient Services**

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

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

**Service Group 2.1 - Emergency Services**

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

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

**Service Group 2.2 - Inpatient Hospital Services**

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

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

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

Far West Local Health District  
Notes to and forming part of the Financial Statements  
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**Service Group 3.1 - Mental Health Services**

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

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

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

**Service Group 4.1 - Rehabilitation and Extended Care Services**

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

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

**Service Group 5.1 - Population Health Services**

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

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

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

**Service Group 6.1 - Teaching and Research**

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

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

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



Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>17. Cash and Cash Equivalents</b>				
2,992	1,683	Cash at Bank and On Hand	2,992	1,683
-----	820	Short Term Deposits	-----	820
<u>2,992</u>	<u>2,503</u>		<u>2,992</u>	<u>2,503</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 &amp; 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>				
2,992	2,503	Cash and Cash Equivalents (per Statement of Financial Position)	2,992	2,503
<u>2,992</u>	<u>2,503</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>2,992</u>	<u>2,503</u>

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

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>18. Receivables</b>				
<b>Current</b>				
747	847	Sale of Goods and Services	747	847
334	1,450	Intra Health Receivables	334	1,450
573	333	Goods and Services Tax	573	333
<u>607</u>	<u>301</u>	Other Debtors	<u>607</u>	<u>301</u>
2,261	2,931	<b>Sub Total</b>	2,261	2,931
<u>(83)</u>	<u>(132)</u>	Less Allowance for Impairment	<u>(83)</u>	<u>(132)</u>
2,178	2,799	<b>Sub Total</b>	2,178	2,799
<u>181</u>	<u>131</u>	Prepayments	<u>181</u>	<u>131</u>
<u><b>2,359</b></u>	<u><b>2,930</b></u>		<u><b>2,359</b></u>	<u><b>2,930</b></u>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(95)	(150)	Balance at Commencement of Reporting Period	(95)	(150)
37	101	Amounts written off during the period	37	101
-----	(46)	(Increase)/decrease in Allowance Recognised in the Net Result	-----	(46)
<u>(58)</u>	<u>(95)</u>	Balance at 30 June	<u>(58)</u>	<u>(95)</u>
(b) Movement in the Allowance for Impairment				
Other Debtors				
(37)	(35)	Balance at Commencement of Reporting Period	(37)	(35)
80	(25)	Amounts written off during the period	80	(25)
(68)	23	(Increase)/decrease in Allowance Recognised in the Net Result	(68)	23
<u>(25)</u>	<u>(37)</u>	Balance at 30 June	<u>(25)</u>	<u>(37)</u>
<u><b>(83)</b></u>	<u><b>(132)</b></u>		<u><b>(83)</b></u>	<u><b>(132)</b></u>
<b>Non-Current</b>				
<u>33</u>	<u>95</u>	Sale of Goods and Services	<u>33</u>	<u>95</u>
<u><b>33</b></u>	<u><b>95</b></u>		<u><b>33</b></u>	<u><b>95</b></u>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
-----	(46)	Balance at Commencement of Reporting Period	-----	(46)
-----	46	(Increase)/decrease in Allowance Recognised in the Net Result	-----	46
<u>-----</u>	<u>-----</u>		<u>-----</u>	<u>-----</u>

Far West Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
40	10	Patient Fees - Compensable	40	10
7	11	Patient Fees - Ineligible	7	11
580	555	Patient Fees - Inpatient & Other	580	555
<b>627</b>	<b>576</b>		<b>627</b>	<b>576</b>

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

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

**PARENT**

**CONSOLIDATION**

**2015**            **2014**  
**\$000**            **\$000**

**2015**            **2014**  
**\$000**            **\$000**

**19. Inventories**

105	116	Drugs
<u>96</u>	<u>103</u>	Other Including Goods in Transit
<b><u>201</u></b>	<b><u>219</u></b>	

105	116
<u>96</u>	<u>103</u>
<b><u>201</u></b>	<b><u>219</u></b>

Far West Local Health District  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>20. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
162,573	141,117	Gross Carrying Amount	162,573	141,117
<u>68,602</u>	<u>52,515</u>	Less: Accumulated Depreciation and Impairment	<u>68,602</u>	<u>52,515</u>
<b><u>93,971</u></b>	<b><u>88,602</u></b>	Net Carrying Amount	<b><u>93,971</u></b>	<b><u>88,602</u></b>
<b>Plant and Equipment - Fair Value*</b>				
10,249	13,378	Gross Carrying Amount	10,249	13,378
<u>6,930</u>	<u>10,684</u>	Less: Accumulated Depreciation and Impairment	<u>6,930</u>	<u>10,684</u>
<b><u>3,319</u></b>	<b><u>2,694</u></b>	Net Carrying Amount	<b><u>3,319</u></b>	<b><u>2,694</u></b>
<b>Infrastructure Systems - Fair Value</b>				
4,070	4,006	Gross Carrying Amount	4,070	4,006
<u>1,812</u>	<u>1,940</u>	Less: Accumulated Depreciation and Impairment	<u>1,812</u>	<u>1,940</u>
<b><u>2,258</u></b>	<b><u>2,066</u></b>	Net Carrying Amount	<b><u>2,258</u></b>	<b><u>2,066</u></b>
<b><u>99,548</u></b>	<b><u>93,362</u></b>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<b><u>99,548</u></b>	<b><u>93,362</u></b>

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

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**PARENT & CONSOLIDATION**

**20. 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
<b>2015</b>					
Net Carrying Amount at Start of Year	1,149	87,453	2,694	2,066	93,362
Additions	----	3,027	1,497	----	4,524
Reclassifications to Intangibles	----	----	(16)	----	(16)
Disposals	----	----	(115)	----	(115)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	135	5,922	(232)	290	6,115
Depreciation Expense	----	(3,715)	(509)	(98)	(4,322)
Reclassifications	----	----	----	----	----
Net Carrying Amount at End of Year	<b>1,284</b>	<b>92,687</b>	<b>3,319</b>	<b>2,258</b>	<b>99,548</b>

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
<b>2014</b>					
Net Carrying Amount at Start of Year	1,149	86,718	2,563	1,948	92,378
Additions	----	564	548	----	1,112
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	3,694	----	218	3,912
Depreciation Expense	----	(3,523)	(417)	(100)	(4,040)
Reclassifications	----	----	----	----	----
Net Carrying Amount at End of Year	<b>1,149</b>	<b>87,453</b>	<b>2,694</b>	<b>2,066</b>	<b>93,362</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 22.

- (i) Land and Buildings include land owned by the Health Administration Corporation or State and operated/occupied by the District are deemed to be controlled by the District [see note 2(f)].

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>21. Intangible Assets</b>		
		<b>Intangibles</b>		
189	-----	Cost (Gross Carrying Amount)	189	-----
-----	-----	Less Accumulated Amortisation and Impairment	-----	-----
<u>189</u>	<u>-----</u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u>189</u>	<u>-----</u>

Far West Local Health District  
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**PARENT & CONSOLIDATION**

**21. Intangibles - Reconciliation**

	<b>Intangibles \$000</b>
<b>2015</b>	
Net Carrying Amount at Start of Year	-----
Additions (From Internal Development or Acquired Separately)	<b>173</b>
Reclassifications from Plant & Equipment	<b>16</b>
<b>Net Carrying Amount at End of Year</b>	<b>189</b>



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**PARENT & CONSOLIDATION**

**22. Fair Value Measurement of Non-Financial Assets**

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

**a) Fair Value Hierarchy**

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 20)				
- Land and Buildings	----	142	90,736	90,878
- Infrastructure Systems	----	----	2,258	2,258
	-----	-----	-----	-----
	<u>-----</u>	<u>142</u>	<u>92,994</u>	<u>93,136</u>

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

2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 20)				
- Land and Buildings	----	2,139	86,463	88,602
- Infrastructure Systems	----	----	2,066	2,066
	-----	-----	-----	-----
	<u>-----</u>	<u>2,139</u>	<u>88,529</u>	<u>90,668</u>

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

Work in Progress is carried at cost, therefore excluded from figures above and as a result will not agree to Note 20.

**b) Valuation Techniques, Inputs and Processes**

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

At the end of each reporting period a fair value assessment is made on any movements since the last valuation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 20 reconciliation. No indices have been applied in the 2014/15 financial year as there was a valuation performed in the 2014/2015 financial year.

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 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.

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

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

Far West Local Health District  
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For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, one residential property (excluding those on restricted land) is valued on a market approach and included in level 2. Residential properties on restricted land or with unobservable inputs have been reflected as being valued on depreciated replacement cost basis and reflected as level 3.

Work in Progress and newly completed projects are recorded at cost, which is not considered to be fair value and are therefore excluded from the fair value hierarchy.

Level 3 significant valuation inputs and relationship to fair value:

The District has performed and applied its own fair value hierarchy assessment. The following table highlights the key unobservable (Level 3) inputs assessed during the valuation process, the relationship to the estimated fair value and the sensitivity to changes in unobservable inputs.

Assets	Valuation Technique	Significant Unobservable Inputs	Relationship between unobservable inputs and fair value measurement
Land	Market approach: this valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for restrictions specific for the property (e.g. mandated use and/or zoning)	<ul style="list-style-type: none"> <li>▪ Rate per square metre</li> <li>▪ Discount rate</li> <li>▪ Provision for remediation</li> </ul>	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> <li>▪ Rate per square metre increases/(decreases)</li> <li>▪ Discount rate decreases/(increases)</li> <li>▪ Provision for remediation decreases/(increases)</li> </ul>
Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> <li>▪ Useful life assessment</li> <li>▪ Replacement cost per square metre</li> </ul>	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> <li>▪ Useful life assessment increases/(decreases)</li> <li>▪ Replacement cost per square metre increases/(decreases)</li> </ul>
Non-Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> <li>▪ Useful life assessment</li> <li>▪ Replacement cost per square metre</li> </ul>	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> <li>▪ Useful life assessment increases/(decreases)</li> <li>▪ Replacement cost per square metre increases/(decreases)</li> </ul>
Infrastructure Systems	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent infrastructure asset on a rate per square metre basis; depreciated to reflect the assets remaining useful life.	<ul style="list-style-type: none"> <li>▪ Useful life assessment</li> <li>▪ Replacement cost per square metre</li> </ul>	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> <li>▪ Useful life assessment increases/(decreases)</li> <li>▪ Replacement cost per square metre increases/(decreases)</li> </ul>

There are no other direct or significant relationships between the unobservable inputs which materially impact fair value.

Far West Local Health District  
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**PARENT & CONSOLIDATION**

**22. Fair Value Measurement of Non-Financial Assets**

**c) Reconciliation of Recurring Level 3 Fair Value Measurements**

<b>2015</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
Fair value as at 1 July 2014	86,463	2,066	88,529
Additions	117	-----	117
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	5,874	290	6,164
Transfers from Level 2	1,997	-----	1,997
Depreciation	(3,715)	(98)	(3,813)
	<hr/>	<hr/>	<hr/>
Fair value as at 30 June 2015	<b><u>90,736</u></b>	<b><u>2,258</u></b>	<b><u>92,994</u></b>

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

<b>2014</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Total Level 3 Recurring \$000</b>
Fair value as at 1 July 2013	85,728	1,948	87,676
Additions	564	-----	564
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	3,694	218	3,912
Depreciation	(3,523)	(100)	(3,623)
	<hr/>	<hr/>	<hr/>
Fair value as at 30 June 2014	<b><u>86,463</u></b>	<b><u>2,066</u></b>	<b><u>88,529</u></b>

Far West Local Health District  
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**PARENT**

**CONSOLIDATION**

**2015  
\$000**

**2014  
\$000**

**2015  
\$000**

**2014  
\$000**

**23. Restricted Assets**

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

**Category**

636	1,009	Specific Purposes	636	1,009
12	12	Perpetually Invested Funds	12	12
<hr/> <b>648</b> <hr/>	<hr/> <b>1,021</b> <hr/>		<hr/> <b>648</b> <hr/>	<hr/> <b>1,021</b> <hr/>

Far West Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		<b>24. Payables</b>		
		<b>Current</b>		
-----	-----	Accrued Salaries, Wages and On-Costs	2,111	1,985
-----	-----	Taxation and Payroll Deductions	85	84
2,196	2,069	Accrued Liability - Purchase of Personnel Services	-----	-----
2,380	2,607	Creditors	2,380	2,607
		Other Creditors		
101	375	- Intra Health Liability	101	375
1,863	918	- Other	1,863	918
<u>6,540</u>	<u>5,969</u>		<u>6,540</u>	<u>5,969</u>

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

Far West Local Health District  
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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>25. Provisions</b>				
<b>Current</b>				
----	----	Annual Leave - Short Term Benefit	5,660	5,492
----	----	Annual Leave - Long Term Benefit	2,023	1,787
----	----	Sick Leave	293	364
----	----	Long Service Leave Consequential On-Costs	1,066	1,117
9,042	8,760	Provision for Personnel Services Liability	----	----
<u>9,042</u>	<u>8,760</u>	<b>Total Current Provisions</b>	<u>9,042</u>	<u>8,760</u>
<b>Non-Current</b>				
----	----	Long Service Leave Consequential On-Costs	93	59
93	59	Provision for Personnel Services Liability	----	----
<u>93</u>	<u>59</u>	<b>Total Non-Current Provisions</b>	<u>93</u>	<u>59</u>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	9,042	8,760
----	----	Provisions - Non-Current	93	59
----	----	Accrued Salaries, Wages and On-Costs (Note 24)	2,196	2,069
11,331	10,888	Liability - Purchase of Personnel Services	----	----
<u>11,331</u>	<u>10,888</u>		<u>11,331</u>	<u>10,888</u>

Far West Local Health District  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>26. Commitments for Expenditure</b>		
		(a) <b>Capital Commitments</b>		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	1,413	272
1,413	272		1,413	272
<hr/>	<hr/>		<hr/>	<hr/>
<u>1,413</u>	<u>272</u>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<u>1,413</u>	<u>272</u>
		Of the commitments reported at 30 June 2015 it is expected that \$0 will be met from locally generated moneys.		
		(b) <b>Operating Lease Commitments</b>		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	667	498
667	498	Later than one year and not later than five years	398	571
398	571		<hr/>	<hr/>
<hr/>	<hr/>		<hr/>	<hr/>
<u>1,065</u>	<u>1,069</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>1,065</u>	<u>1,069</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) <b>Contingent Asset Related to Commitments for Expenditure</b>		
		The total of 'Commitments for Expenditure' above, i.e. \$2.478 million as at 30 June 2015 includes input tax credits of \$0.225 million that are expected to be recoverable from the Australian Taxation Office (2014 \$0.122 million).		

Far West Local Health District  
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**PARENT AND CONSOLIDATION**

**27. Trust Funds**

The District holds trust funds of \$228 thousand which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Balance at the beginning of the financial year	32	31	166	157	37	34	235	222
Revenue	1	1	12	12	1	3	14	16
Expenses	----	----	(21)	(3)	----	----	(21)	(3)
Balance at the end of the financial year	<b>33</b>	<b>32</b>	<b>157</b>	<b>166</b>	<b>38</b>	<b>37</b>	<b>228</b>	<b>235</b>



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**PARENT AND CONSOLIDATED**

**28. 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 2009/10 fund year and an interim adjustment for the 2011/12 fund year were not calculated until 2014/15.

As a result, the 2010/11 final and 2012/13 adjustments pertaining to the hospitals and community services now forming part of the District will be paid in 2015/16. It is not possible for the District to reliably quantify the benefit to be received or amount payable.

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>29. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
5,340	2,379	Net Cash Flows from Operating Activities	5,340	2,379
(4,322)	(4,040)	Depreciation	(4,322)	(4,040)
(68)	23	Allowance for Impairment	(68)	23
(317)	(756)	(Increase)/ Decrease in Provisions	(317)	(756)
(586)	133	Increase / (Decrease) in Prepayments and Other Assets	(586)	133
(567)	643	(Increase)/ Decrease in Payables from Operating Activities	(567)	643
41	-----	Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	41	-----
(107)	-----	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(107)	-----
<b>(586)</b>	<b>(1,618)</b>	<b>Net Result</b>	<b>(586)</b>	<b>(1,618)</b>

**30. 2014/15 Voluntary Services**

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

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>- Chaplaincies and Pastoral Care</li> <li>- Pink Ladies/Hospital Auxiliaries</li> <li>- Patient Support Groups</li> <li>- Community Organisations</li> </ul> | <ul style="list-style-type: none"> <li>- Patient &amp; Family Support</li> <li>- Patient Services, Fund Raising</li> <li>- Practical Support to Patients and Relatives</li> <li>- Counselling, Health Education, Transport, Home Help &amp; Patient Activities</li> </ul> |
|---|---|

**31. Unclaimed Monies**

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

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

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

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**PARENT AND CONSOLIDATION**

**32. Adjusted Budget Review - Parent and Consolidated**

**Net Result**

The actual Net Result was lower than the adjusted budget by \$0.584 million. Where Total Expenses exceeded budget, that has been partially offset by a better than budget performance in Total Revenue. The cost of Visiting Medical Officers exceeding budget is consistent with prior year results. An increase in Depreciation is aligned with the increase in Non-Current Assets. The District incurs higher than average costs for IPTAAS, patient transport and domestic travel.

**Assets and Liabilities**

Total Assets were \$6.233 million higher than budget. Non-Current Assets are the main contributor to this favourable variance. A revaluation of land, buildings and infrastructure increased Non-Current Assets by \$6.347 million.

**Cash Flows**

**Flows from Operating Activities:**

Total Payments exceeded budget by \$3.753 million due to expenditure outlined above in the Net Result section. The deficit to budget for payments was partially offset by a favourable result from Total Receipts.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2014 are as follows:

	<b>\$000</b>
Initial Allocation, 1 July 2014	80,549
<b>Special Projects</b>	
NPA Dental	178
Maari Ma DATS Funding	293
Specialist Medical Training Position	100
Childrens Healthcare Network	44
ITSRYPS	279
Aboriginal Specific Midwifery Position	28
Improving Workplace Culture	112
Renal Supportive Care	3
DUI Testing	6
Aboriginal Maternity and Child & Family Health Services	70
Broselow Trolley Funding	25
Electronic Patient Journey Boards	12
Aged Care Assessment Program Funding	57
Healthcare Assistant Coordinator - Allied Health	41
Integrated Care Planning and Innovation Fund	144
<b>Other</b>	
TMF Budget Adjustment	(8)
Nurse Midwife Strategy Reserve	394
Whole of Hospital Budget Supplementation	60
Superannuation Defined Benefit Scheme 2014/15	(196)
IPTAAS	310
Nursing and Midwifery Enhancements	100
Balance as per Statement of Comprehensive Income	82,601

Far West Local Health District  
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### 33. Financial Instruments

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

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

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

#### (a) Financial Instrument Categories

<b>PARENT AND CONSOLIDATION</b>		<b>Carrying Amount 2015 \$000</b>	<b>Carrying Amount 2014 \$000</b>
<b>Class:</b>	<b>Category</b>		
<b>Financial Assets</b>			
Cash and Cash Equivalents (note 17)	N/A	2,992	2,503
Receivables (note 18)*	Loans and receivables (at amortised cost)	1,638	2,561
Total Financial Assets		4,630	5,064
<b>Financial Liabilities</b>			
		Financial liabilities measured at	
Payables (note 24)**	amortised cost	6,455	5,885
Total Financial Liabilities		6,455	5,885

#### 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)

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**(b) Credit Risk**

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

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

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

**Cash**

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.2% in 2014/15 compared to 3.35% in the previous year.

**Receivables - trade debtors**

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015: \$0.946m; 2014: \$0.819m) and not more than 3 months past due (2015: \$0.054m; 2014: \$0.161m) are not considered impaired. Together these represent 91% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

<b>2015</b>	<b>Total <sup>1,2</sup></b>	<b>Past due but not impaired <sup>1,2</sup></b>	<b>Considered impaired <sup>1,2</sup></b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<3 months overdue	1,000	996	4
3 months - 6 months overdue	49	23	26
> 6 months overdue	54	1	53
<b>2014</b>			
<3 months overdue	980	980	-----
3 months - 6 months overdue	44	30	14
> 6 months overdue	128	10	118

**Notes**

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

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

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**(c) Liquidity Risk**

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

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

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

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

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*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
<b>2015</b>		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		2,111	-----	-----	2,111	2,111	-----	-----
- Creditors		4,344	-----	-----	4,344	4,344	-----	-----
		<u>6,455</u>	-----	-----	<u>6,455</u>	<u>6,455</u>	-----	-----
<b>2014</b>								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		1,985	-----	-----	1,985	1,985	-----	-----
- Creditors		3,900	-----	-----	3,900	3,900	-----	-----
		<u>5,885</u>	-----	-----	<u>5,885</u>	<u>5,885</u>	-----	-----

Notes:

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

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**(d) Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2014. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

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

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.



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

	Carrying Amount \$000	-1% Net Result	Equity	+1% Net Result	Equity
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	2,992	(30)	(30)	30	30
Receivables	1,638	-----	-----	-----	-----
<b>Financial Liabilities</b>					
Payables	6,455	-----	-----	-----	-----
<b>2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	2,503	(25)	(25)	25	25
Receivables	2,561	-----	-----	-----	-----
<b>Financial Liabilities</b>					
Payables	5,885	-----	-----	-----	-----

#### 34. Events after the Reporting Period

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

**END OF AUDITED FINANCIAL STATEMENTS**