



## INDEPENDENT AUDITOR'S REPORT

### Sydney Local Health District

To Members of the New South Wales Parliament

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

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### 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(ab). 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

## **Independence**

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

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



A Oyetunji  
Director, Financial Audit Services

11 September 2015  
SYDNEY

**Sydney Local Health District  
Certification of the Parent/Consolidated 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 Sydney 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 Sydney Local Health District; and
- 3) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



**Dr Teresa Anderson**  
**Chief Executive**  
10 September 2015



Jacquie Ferguson 10.9.15  
**A/Director of Finance**

**Sydney 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	947,124	948,997	907,242
889,162	895,863	862,242	Personnel Services	4	----	----	----
43,072	42,362	43,063	Visiting Medical Officers		43,072	42,362	43,063
470,045	456,686	426,162	Other Operating Expenses	5	473,163	456,686	429,158
40,764	41,546	40,846	Depreciation and Amortisation	2(i), 6	41,546	41,546	41,677
17,500	17,452	16,986	Grants and Subsidies	7	17,586	17,452	17,172
32	36	114	Finance Costs	8	32	36	114
8,118	8,118	7,695	Payments to Affiliated Health Organisations	9	8,118	8,118	7,695
<b>1,468,693</b>	<b>1,462,063</b>	<b>1,397,108</b>	<b>Total Expenses excluding losses</b>		<b>1,530,641</b>	<b>1,515,197</b>	<b>1,446,121</b>
<b>Revenue</b>							
1,163,639	1,158,812	1,132,617	NSW Ministry of Health Recurrent Allocations	2(d)	1,163,639	1,158,812	1,132,617
13,696	13,696	52,896	NSW Ministry of Health Capital Allocations	2(d)	13,696	13,696	52,896
----	----	(27,509)	Asset Sale Proceeds Transferred to the NSW Ministry of Health		----	----	(27,509)
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	53,187	53,134	40,469
198,290	186,212	189,666	Sale of Goods and Services	10	198,290	186,212	189,673
6,028	7,529	6,477	Investment Revenue	11	6,682	7,529	7,158
39,641	38,570	42,001	Grants and Contributions	12	47,200	38,570	48,783
12,408	7,521	6,847	Other Revenue	14	13,776	7,521	9,217
<b>1,433,702</b>	<b>1,412,340</b>	<b>1,402,995</b>	<b>Total Revenue</b>		<b>1,496,470</b>	<b>1,465,474</b>	<b>1,453,304</b>
<b>(1,117)</b>	<b>(764)</b>	<b>(13,869)</b>	<b>Gain / (Loss) on Disposal</b>	15	<b>(1,135)</b>	<b>(764)</b>	<b>(13,889)</b>
<b>(5,854)</b>	<b>(3,770)</b>	<b>(2,305)</b>	<b>Other Gains / (Losses)</b>	16	<b>(5,854)</b>	<b>(3,770)</b>	<b>(2,307)</b>
<b>(41,962)</b>	<b>(54,257)</b>	<b>(10,287)</b>	<b>Net Result</b>	35	<b>(41,160)</b>	<b>(54,257)</b>	<b>(9,013)</b>
<b>Other Comprehensive Income</b>							
<b>Items that will not be reclassified to net result</b>							
Net Increase/(Decrease) in Property, Plant &							
15,953	----	22,477	Equipment Asset Revaluation Surplus	23	16,041	----	22,845
<b>15,953</b>	<b>----</b>	<b>22,477</b>	<b>Total Other Comprehensive Income for the year</b>		<b>16,041</b>	<b>----</b>	<b>22,845</b>
<b>(26,009)</b>	<b>(54,257)</b>	<b>12,190</b>	<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>(25,119)</b>	<b>(54,257)</b>	<b>13,832</b>

The accompanying notes form part of these financial statements.

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

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual				Actual	Adjusted Budget Unaudited	Actual	
2015	2015	2014				2015	2015	2014	
\$000	\$000	\$000				\$000	\$000	\$000	
<b>ASSETS</b>									
<b>Current Assets</b>									
176,293	177,779	188,219	Cash and Cash Equivalents	19		196,670	196,859	207,300	
47,883	31,754	43,604	Receivables	20		48,423	32,351	44,205	
5,618	5,909	5,909	Inventories	21		5,618	5,909	5,909	
----	----	----	Financial Assets at Fair Value	22		402	374	374	
<b>229,794</b>	<b>215,442</b>	<b>237,732</b>	<b>Total Current Assets</b>			<b>251,113</b>	<b>235,493</b>	<b>257,788</b>	
<b>Non-Current Assets</b>									
<b>Property, Plant and Equipment</b>									
923,559	902,507	923,096	- Land and Buildings	23		932,169	911,479	932,069	
62,934	70,873	56,168	- Plant and Equipment	23		64,927	72,843	58,137	
442	450	450	- Infrastructure Systems	23		442	450	450	
<b>986,935</b>	<b>973,830</b>	<b>979,714</b>	<b>Total Property, Plant and Equipment</b>			<b>997,538</b>	<b>984,772</b>	<b>990,656</b>	
635	76	76	Intangible Assets	24		635	76	76	
1,497	54	1,443	Other	25		1,497	54	1,443	
<b>989,067</b>	<b>973,960</b>	<b>981,233</b>	<b>Total Non-Current Assets</b>			<b>999,670</b>	<b>984,902</b>	<b>992,175</b>	
<b>1,218,861</b>	<b>1,189,402</b>	<b>1,218,965</b>	<b>Total Assets</b>			<b>1,250,783</b>	<b>1,220,395</b>	<b>1,249,963</b>	
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
79,986	79,586	79,719	Payables	28		79,983	79,671	79,803	
217	207	207	Borrowings	29		217	207	207	
190,832	189,696	165,680	Provisions	30		191,558	190,350	166,335	
36	150	150	Other	31		86	150	150	
<b>271,071</b>	<b>269,639</b>	<b>245,756</b>	<b>Total Current Liabilities</b>			<b>271,844</b>	<b>270,378</b>	<b>246,495</b>	
<b>Non-Current Liabilities</b>									
----	217	217	Borrowings	29		----	217	217	
1,743	1,743	936	Provisions	30		1,743	1,743	936	
<b>1,743</b>	<b>1,960</b>	<b>1,153</b>	<b>Total Non-Current Liabilities</b>			<b>1,743</b>	<b>1,960</b>	<b>1,153</b>	
<b>272,814</b>	<b>271,599</b>	<b>246,909</b>	<b>Total Liabilities</b>			<b>273,587</b>	<b>272,338</b>	<b>247,648</b>	
<b>946,047</b>	<b>917,803</b>	<b>972,056</b>	<b>Net Assets</b>			<b>977,196</b>	<b>948,057</b>	<b>1,002,315</b>	
<b>EQUITY</b>									
144,503	128,550	128,550	Reserves			147,041	131,000	131,000	
801,544	789,253	843,506	Accumulated Funds			830,155	817,057	871,315	
<b>946,047</b>	<b>917,803</b>	<b>972,056</b>	<b>Total Equity</b>			<b>977,196</b>	<b>948,057</b>	<b>1,002,315</b>	

The accompanying notes form part of these financial statements.

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

<b>PARENT</b>	<b>Notes</b>	<b>Accumulated Funds \$000</b>	<b>Asset Revaluation Surplus \$000</b>	<b>Total \$000</b>
<b>Balance at 1 July 2014</b>		843,506	128,550	972,056
<b>Total Equity at 1 July 2014</b>		<b>843,506</b>	<b>128,550</b>	<b>972,056</b>
<b>Net Result for the year</b>		(41,962)	----	(41,962)
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	15,953	15,953
<b>Total Other Comprehensive Income</b>		----	15,953	15,953
<b>Total Comprehensive Income for the year</b>		(41,962)	15,953	(26,009)
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	----	----	----
<b>Balance at 30 June 2015</b>		<b>801,544</b>	<b>144,503</b>	<b>946,047</b>
<b>Balance at 1 July 2013</b>		854,023	107,929	961,952
<b>Total Equity at 1 July 2013</b>		<b>854,023</b>	<b>107,929</b>	<b>961,952</b>
<b>Net Result for the year</b>		(10,287)	----	(10,287)
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	22,477	22,477
-Transfers on Disposal of Property, Plant and Equipment		1,856	(1,856)	----
<b>Total Other Comprehensive Income</b>		1,856	20,621	22,477
<b>Total Comprehensive Income for the year</b>		(8,431)	20,621	12,190
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	(2,086)	----	(2,086)
<b>Balance at 30 June 2014</b>		<b>843,506</b>	<b>128,550</b>	<b>972,056</b>

The accompanying notes form part of these financial statements.

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

CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
<b>Balance at 1 July 2014</b>		871,315	131,000	1,002,315
<b>Total Equity at 1 July 2014</b>		<u>871,315</u>	<u>131,000</u>	<u>1,002,315</u>
<b>Net Result for the year</b>		(41,160)	----	(41,160)
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	16,041	16,041
<b>Total Other Comprehensive Income</b>		----	16,041	16,041
<b>Total Comprehensive Income for the year</b>		<u>(41,160)</u>	<u>16,041</u>	<u>(25,119)</u>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	----	----	----
<b>Balance at 30 June 2015</b>		<u><u>830,155</u></u>	<u><u>147,041</u></u>	<u><u>977,196</u></u>
<b>Balance at 1 July 2013</b>		880,558	110,011	990,569
<b>Total Equity at 1 July 2013</b>		<u>880,558</u>	<u>110,011</u>	<u>990,569</u>
<b>Net Result for the year</b>		(9,013)	----	(9,013)
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		----	22,845	22,845
-Transfers on Disposal of Property, Plant and Equipment		1,856	(1,856)	----
<b>Total Other Comprehensive Income</b>		<u>1,856</u>	<u>20,989</u>	<u>22,845</u>
<b>Total Comprehensive Income for the year</b>		<u>(7,157)</u>	<u>20,989</u>	<u>13,832</u>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	39	(2,086)	----	(2,086)
<b>Balance at 30 June 2014</b>		<u><u>871,315</u></u>	<u><u>131,000</u></u>	<u><u>1,002,315</u></u>

The accompanying notes form part of these financial statements.

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

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000	Notes	2015 \$000	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
		—	Employee Related	(884,746)	(887,999)	(877,780)
(28,298)	(28,276)	(27,313)	Grants and Subsidies	(28,411)	(28,276)	(27,500)
(15)	—	(4)	Finance Costs	(15)	—	(4)
(1,426,451)	(1,426,492)	(1,383,843)	Other	(550,452)	(538,493)	(513,642)
<u>(1,454,764)</u>	<u>(1,454,768)</u>	<u>(1,411,160)</u>	<b>Total Payments</b>	<u>(1,463,624)</u>	<u>(1,454,768)</u>	<u>(1,418,926)</u>
<b>Receipts</b>						
1,163,639	1,158,812	1,132,617	NSW Ministry of Health Recurrent Allocations	1,163,639	1,158,812	1,132,617
13,696	13,696	52,896	NSW Ministry of Health Capital Allocations	13,696	13,696	52,896
—	—	(27,509)	Asset Sale Proceeds Transferred to the NSW Ministry of Health	—	—	(27,509)
—	—	—	Reimbursements from the Crown Entity	14,736	14,736	16,246
181,326	191,142	184,170	Sale of Goods and Services	181,409	191,142	182,475
5,912	7,529	6,383	Interest Received	6,566	7,529	7,064
58,664	60,798	64,303	Grants and Contributions	52,359	46,062	55,244
53,248	47,421	44,538	Other	54,643	47,421	48,409
<u>1,476,485</u>	<u>1,479,398</u>	<u>1,457,398</u>	<b>Total Receipts</b>	<u>1,487,048</u>	<u>1,479,398</u>	<u>1,467,442</u>
<u><b>21,721</b></u>	<u><b>24,630</b></u>	<u><b>46,238</b></u>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>23,424</b></u>	<u><b>24,630</b></u>	<u><b>48,516</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
91	—	30,188	Proceeds from Sale of Property, Plant & Equipment and Intangibles	91	—	30,188
25,000	—	49,087	Proceeds from Sale of Investments	25,000	—	49,087
(33,516)	(35,035)	(67,159)	Purchases of Land and Buildings, Plant and Equipment Infrastructure Systems and Intangibles	(33,893)	(35,035)	(67,581)
(24,998)	—	(49,087)	Purchases of Investments	(25,028)	—	(49,114)
<u>(33,423)</u>	<u>(35,035)</u>	<u>(36,971)</u>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(33,830)</u>	<u>(35,035)</u>	<u>(37,420)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
(224)	(36)	(672)	Repayment of Borrowings and Advances	(224)	(36)	(672)
<u>(224)</u>	<u>(36)</u>	<u>(672)</u>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>(224)</u>	<u>(36)</u>	<u>(672)</u>
(11,926)	(10,441)	8,595	<b>NET INCREASE / (DECREASE) IN CASH</b>	(10,630)	(10,441)	10,424
188,219	188,219	187,546	Opening Cash and Cash Equivalents	207,300	207,300	204,798
—	—	(7,922)	Cash Transferred In/(Out) as a Result of Administrative Restructuring	—	—	(7,922)
<u><b>176,293</b></u>	<u><b>177,778</b></u>	<u><b>188,219</b></u>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u><b>196,670</b></u>	<u><b>196,859</b></u>	<u><b>207,300</b></u>

The accompanying notes form part of these financial statements.



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

SLHD EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	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	\$000	
<b>Expenses excluding losses</b>																								
Operating Expenses																								
Employee Related	42,999	59,878	569	89	151,919	143,254	68,951	64,959	497,903	464,871	88,461	83,285	45,746	40,100	14,491	16,149	36,085	34,657			947,124	907,242		
Visiting Medical Officers	108	396	(1)		6,719	8,402	2,076	1,748	31,611	29,640	719	978	457	458	849	909	534	534			43,072	43,063		
Other Operating Expenses	20,441	15,621	95	1	138,258	118,061	22,948	22,831	236,676	219,471	14,526	14,935	17,318	14,978	4,779	5,021	18,122	18,239			473,163	429,158		
Depreciation and Amortisation	931	1,484	(1)		9,593	9,281	2,871	3,205	21,708	22,422	2,655	2,030	1,799	1,375	424	638	1,566	1,242			41,546	41,677		
Grants and Subsidies	14,192	13,514				9		2		10	1,514	1,487	505	486	1,375	1,473		191			17,586	17,172		
Finance Costs	1	8	1	1	5	18	2	8	17	59	3	11	2	5		2	1	2			32	114		
Payments to Affiliated Health Organisations	2,786	595			45	1,422			4,311	4,321				4	179	810	797	543			8,118	7,695		
<b>Total Expenses excluding losses</b>	<b>81,458</b>	<b>91,496</b>	<b>663</b>	<b>91</b>	<b>306,539</b>	<b>280,447</b>	<b>96,848</b>	<b>92,753</b>	<b>792,226</b>	<b>740,794</b>	<b>107,878</b>	<b>102,726</b>	<b>65,827</b>	<b>57,404</b>	<b>22,097</b>	<b>25,002</b>	<b>57,105</b>	<b>55,408</b>			<b>1,530,641</b>	<b>1,446,121</b>		
<b>Revenue</b>																								
NSW Ministry of Health Recurrent Allocations **																					1,163,639	1,132,617	1,163,639	1,132,617
NSW Ministry of Health Capital Allocations **																					13,696	52,896	13,696	52,896
Transfers to the NSW Ministry of Health		(979)				(6,126)		(2,115)		(14,800)		(1,340)		(908)		(421)		(820)					(27,509)	
Acceptance by the Crown Entity																								
of Employee Benefits and Other Liabilities	2,415	2,671	32	4	8,531	6,390	3,872	2,898	27,960	20,736	4,968	3,715	2,569	1,789	814	720	2,026	1,546			53,187	40,469		
Sale of Goods and Services	595	1,878		(1)	34,522	56,864	2,340	1,157	132,775	112,799	9,637	3,054	13,642	13,486	4,283	95	496	341			198,290	189,673		
Investment Revenue	98	113	2	2	749	2,017	237	97	1,916	4,149	356	170	274	582	315	11	2,735	17			6,682	7,158		
Grants and Contributions	1,765	210		(1)	4,673	8,493	642	322	5,178	3,908	1,123	371	12,083	7,844	4,267	5,430	17,469	22,206			47,200	48,783		
Other Revenue	430	157	4	1	2,706	2,583	853	127	7,527	5,342	1,229	223	844	746	183	14		24			13,776	9,217		
<b>Total Revenue</b>	<b>5,303</b>	<b>4,050</b>	<b>38</b>	<b>5</b>	<b>51,181</b>	<b>70,221</b>	<b>7,944</b>	<b>2,486</b>	<b>175,356</b>	<b>132,134</b>	<b>17,313</b>	<b>6,193</b>	<b>29,412</b>	<b>23,539</b>	<b>9,862</b>	<b>5,849</b>	<b>22,726</b>	<b>23,314</b>	<b>1,177,335</b>	<b>1,185,513</b>	<b>1,496,470</b>	<b>1,453,304</b>		
Gain / (Loss) on Disposal	(25)	(494)		(1)	(262)	(3,093)	(78)	(1,068)	(593)	(7,472)	(73)	(676)	(49)	(458)	(12)	(213)	(43)	(414)			(1,135)	(13,889)		
Other Gains / (Losses)	(97)	(35)	1	(1)	(939)	(605)	(146)	(21)	(3,217)	(1,138)	(318)	(53)	(540)	(203)	(181)	(50)	(417)	(201)			(5,854)	(2,307)		
<b>Net Result</b>	<b>(76,277)</b>	<b>(87,975)</b>	<b>(624)</b>	<b>(88)</b>	<b>(256,559)</b>	<b>(213,924)</b>	<b>(89,128)</b>	<b>(91,356)</b>	<b>(620,680)</b>	<b>(617,270)</b>	<b>(90,956)</b>	<b>(97,262)</b>	<b>(37,004)</b>	<b>(34,526)</b>	<b>(12,428)</b>	<b>(19,416)</b>	<b>(34,839)</b>	<b>(32,709)</b>	<b>1,177,335</b>	<b>1,185,513</b>	<b>(41,160)</b>	<b>(9,013)</b>		
<b>Other Comprehensive Income</b>																								
Increase/(Decrease) in Revaluation Surplus	359	813		(2)	3,704	5,088	1,108	1,757	8,381	12,291	1,025	1,113	695	754	164	350	605	681			16,041	22,845		
<b>Total Other Comprehensive Income</b>	<b>359</b>	<b>813</b>	<b>0</b>	<b>(2)</b>	<b>3,704</b>	<b>5,088</b>	<b>1,108</b>	<b>1,757</b>	<b>8,381</b>	<b>12,291</b>	<b>1,025</b>	<b>1,113</b>	<b>695</b>	<b>754</b>	<b>164</b>	<b>350</b>	<b>605</b>	<b>681</b>	<b>0</b>	<b>0</b>	<b>16,041</b>	<b>22,845</b>		
<b>Total Comprehensive Income</b>	<b>(75,918)</b>	<b>(87,162)</b>	<b>(624)</b>	<b>(90)</b>	<b>(252,855)</b>	<b>(208,836)</b>	<b>(88,020)</b>	<b>(89,599)</b>	<b>(612,299)</b>	<b>(604,979)</b>	<b>(89,931)</b>	<b>(96,149)</b>	<b>(36,309)</b>	<b>(33,772)</b>	<b>(12,264)</b>	<b>(19,066)</b>	<b>(34,234)</b>	<b>(32,028)</b>	<b>1,177,335</b>	<b>1,185,513</b>	<b>(25,119)</b>	<b>13,832</b>		

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

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

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

SLHD ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	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	5,212	5,493	59	64	22,125	23,321	4,700	4,954	35,440	37,376	4,779	5,037	4,091	4,312	669	705	119,595	126,038			196,670	207,300
Receivables	145	438	1	(2)	8,430	13,253	571	270	32,424	26,289	2,353	712	3,332	3,143	1,046	22	121	80			48,423	44,205
Inventories	243	215	1	-----	1,642	1,626	272	314	2,810	3,022	172	206	206	206	57	69	215	251			5,618	5,909
Financial Assets at Fair Value	21	24	1	(1)	81	73	25	24	208	192	28	27	17	15	6	6	15	14			402	374
<b>Total Current Assets</b>	<b>5,621</b>	<b>6,170</b>	<b>62</b>	<b>61</b>	<b>32,278</b>	<b>36,273</b>	<b>5,568</b>	<b>5,562</b>	<b>70,882</b>	<b>66,879</b>	<b>7,332</b>	<b>5,982</b>	<b>7,646</b>	<b>7,676</b>	<b>1,778</b>	<b>802</b>	<b>119,946</b>	<b>126,383</b>			<b>251,113</b>	<b>257,788</b>
Non-Current Assets																						
Property, Plant and Equipment																						
- Land and Buildings	19,669	19,667	-----	(1)	163,917	163,897	63,367	63,381	441,475	441,428	163,689	163,671	27,499	27,496	12,025	12,024	20,508	20,506			932,169	932,069
- Plant and Equipment	1,013	907	1	1	15,011	13,441	5,162	4,622	36,099	32,324	2,532	2,267	1,240	1,110	1,058	948	2,811	2,517			64,927	58,137
- Infrastructure Systems	10	16	(1)	-----	102	100	31	35	231	242	28	22	19	15	5	7	17	13			442	450
Intangible Assets	14	3	3	(1)	147	147	44	6	332	41	41	4	27	3	6	1	24	2			635	76
Other	80	51	(1)	(1)	300	321	95	111	775	776	106	70	64	48	22	22	56	43			1,497	1,443
<b>Total Non-Current Assets</b>	<b>20,766</b>	<b>20,644</b>	<b>(1)</b>	<b>-----</b>	<b>199,477</b>	<b>197,776</b>	<b>68,719</b>	<b>68,155</b>	<b>478,912</b>	<b>474,811</b>	<b>166,396</b>	<b>166,034</b>	<b>28,849</b>	<b>28,672</b>	<b>13,116</b>	<b>13,002</b>	<b>23,416</b>	<b>23,081</b>			<b>999,670</b>	<b>992,175</b>
<b>TOTAL ASSETS</b>	<b>26,407</b>	<b>26,814</b>	<b>61</b>	<b>61</b>	<b>231,755</b>	<b>236,049</b>	<b>74,287</b>	<b>73,717</b>	<b>549,794</b>	<b>541,690</b>	<b>173,728</b>	<b>172,016</b>	<b>36,495</b>	<b>36,348</b>	<b>14,894</b>	<b>13,804</b>	<b>143,362</b>	<b>149,464</b>			<b>1,250,783</b>	<b>1,249,963</b>
LIABILITIES																						
Current Liabilities																						
Payables	3,455	2,905	18	(1)	23,371	21,954	3,879	4,246	40,007	40,811	2,455	2,777	2,927	2,785	808	934	3,063	3,392			79,983	79,803
Borrowings	12	13	1	-----	43	40	14	13	112	106	15	15	9	8	3	4	8	8			217	207
Provisions	8,697	10,978	115	16	30,726	26,264	13,945	11,910	100,702	85,230	17,892	15,270	9,252	7,352	2,931	2,961	7,288	6,354			191,558	166,335
Other	5	9	-----	(1)	17	29	5	10	45	77	6	11	4	6	1	3	3	6			86	150
<b>Total Current Liabilities</b>	<b>12,169</b>	<b>13,905</b>	<b>134</b>	<b>14</b>	<b>54,157</b>	<b>48,287</b>	<b>17,843</b>	<b>16,179</b>	<b>140,866</b>	<b>126,224</b>	<b>20,368</b>	<b>18,073</b>	<b>12,192</b>	<b>10,151</b>	<b>3,743</b>	<b>3,902</b>	<b>10,372</b>	<b>9,760</b>			<b>271,844</b>	<b>246,495</b>
Non-Current Liabilities																						
Borrowings	-----	14	-----	-----	-----	42	-----	14	-----	111	-----	15	-----	9	-----	4	-----	8			-----	217
Provisions	79	62	1	(1)	280	148	127	67	916	480	163	86	84	41	27	17	66	36			1,743	936
<b>Total Non-Current Liabilities</b>	<b>79</b>	<b>76</b>	<b>1</b>	<b>(1)</b>	<b>280</b>	<b>190</b>	<b>127</b>	<b>81</b>	<b>916</b>	<b>591</b>	<b>163</b>	<b>101</b>	<b>84</b>	<b>50</b>	<b>27</b>	<b>21</b>	<b>66</b>	<b>44</b>			<b>1,743</b>	<b>1,153</b>
<b>TOTAL LIABILITIES</b>	<b>12,248</b>	<b>13,981</b>	<b>135</b>	<b>13</b>	<b>54,437</b>	<b>48,477</b>	<b>17,970</b>	<b>16,260</b>	<b>141,782</b>	<b>126,815</b>	<b>20,531</b>	<b>18,174</b>	<b>12,276</b>	<b>10,201</b>	<b>3,770</b>	<b>3,923</b>	<b>10,438</b>	<b>9,804</b>			<b>273,587</b>	<b>247,648</b>
<b>NET ASSETS</b>	<b>14,159</b>	<b>12,833</b>	<b>(74)</b>	<b>48</b>	<b>177,318</b>	<b>187,572</b>	<b>56,317</b>	<b>57,457</b>	<b>408,012</b>	<b>414,875</b>	<b>153,197</b>	<b>153,842</b>	<b>24,219</b>	<b>26,147</b>	<b>11,124</b>	<b>9,881</b>	<b>132,924</b>	<b>139,660</b>			<b>977,196</b>	<b>1,002,315</b>

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

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

## 1. The Reporting Entity

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Chief Executive on 10 September 2015.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

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

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

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

Other circumstances why the going concern is appropriate include:

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

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

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.

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

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

### **Comparative Information**

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

### **Statement of Compliance**

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

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

#### **a) Employee Benefits and Other Provisions**

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

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

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.7% are applied to the value of leave payable at 30 June 2015 (comparable on-costs for 30 June 2014 were 16.5%). SLHD has assessed the actuarial advice based on SLHD's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

##### **ii) Long Service Leave and Superannuation**

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

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

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

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

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

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

**iii) Consequential On-Costs**

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

**iv) Other Provisions**

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

**b) Insurance**

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

**c) Finance Costs**

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

**d) Income Recognition**

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

*Sale of Goods*

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

*Rendering of Services*

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

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

*Patient Fees*

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

*High Cost Drugs*

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

*Motor Accident Authority Third Party*

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

*Department of Veterans' Affairs*

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

*Investment Revenue*

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

*Debt Forgiveness*

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

*Use of Hospital Facilities*

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

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

*Use of Outside Facilities*

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

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

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

*Grants and Contributions*

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

*NSW Ministry of Health Allocations*

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

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

General operating expenses/revenues of \$8.118 million (Tresillian and Scarba) have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The SLHD is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

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

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

**f) Interstate Patient Flows**

Interstate patient flows are funded through the State Pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation.

**g) Acquisition of Assets**

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

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

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

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

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

**h) Capitalisation Thresholds**

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
Buildings	2.5%	2.5%
Electro Medical Equipment		
- Costing less than \$200,000	10.0%	10.0%
- Costing more than or equal to \$200,000	12.5%	12.5%
Computer Equipment	20.0%	20.0%
Infrastructure Systems	2.5%	2.5%
Motor Vehicle Sedans	12.5%	12.5%
Motor Vehicles, Trucks & Vans	20.0%	20.0%
Office Equipment	10.0%	10.0%
Plant and Machinery	10.0%	10.0%
Linen	25.0%	25.0%
Furniture, Fittings and Furnishings	5.0%	5.0%
Buildings - Leasehold	4.0%	4.0%

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

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. There have been no changes to depreciation rates from 2013-14.

**j) Revaluation of Non-Current Assets**

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

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 23 and Note 26 for further information regarding fair value.

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

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

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



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

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

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

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

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

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

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

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

**l) Restoration Costs**

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

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**m) Investment Properties**

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

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

**n) Intangible Assets**

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

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

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

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

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

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

**o) Maintenance**

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

**p) Leased Assets**

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

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

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

**q) Inventories**

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

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

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**r) Loans and Receivables**

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

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

**s) Investments**

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

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

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

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

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

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

The movement in the fair value of the 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 SLHD has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'.

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

\* Available-for-sale investments - Any 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 SLHD commits to purchase or sell the asset.

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

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**t) Impairment of financial assets**

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

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

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

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

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

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

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

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

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

**v) Payables**

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

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

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

**w) Borrowings**

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

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

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**x) Fair Value Hierarchy**

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

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

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

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

**y) Equity Transfers**

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

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

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

**z) Equity and Reserves**

**(i) Accumulated Funds**

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

**(ii) Revaluation Surplus**

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

**(iii) Separate Reserves**

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

**aa) Trust Funds**

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

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

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**ab) 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). Unlike the requirement in AASB1055 'Budgetary Reporting' to present original budget information, the SLHD's financial statements present adjusted budget information. The SLHD's budgets is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable to SLHD. The adjusted budgeted amounts are drawn from the initial Service Agreements between SLHD 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 subjected to audit and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

**ac) Emerging Asset**

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

**ad) Service Group Statements Allocation Methodology**

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 18.

Income and expenses are allocated 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 Ministry requires the SLHD identifies those components that can be specifically identified and reported by service groups.

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

**ae) 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.

Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, SLHD 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 SLHD as individual budgets are not presented in parliament. Refer note 2(ab) on how SLHD derives its adjusted budgetary information.

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

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

AASB 9, Financial Instruments, has application from 1 January 2018. 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).

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 2015-01, 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]. This has application from 1 January 2016.

AASB 2015-02, 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.

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AASB2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. 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.

AASB2015-5, Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception [AASB10,12 & 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.

AASB2015-6, Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB10, 124 & 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.



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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	596,040	580,762
----	----	Overtime	33,320	31,192
----	----	Penalties	53,637	51,420
----	----	Superannuation - Defined Benefit Plans	9,996	10,437
----	----	Superannuation - Defined Contribution Plans	70,626	67,078
----	----	Long Service Leave	46,260	32,261
----	----	Annual Leave	80,956	75,515
----	----	Sick Leave and Other Leave	48,230	46,831
----	----	Redundancies	222	----
----	----	Workers' Compensation Insurance	7,744	11,746
----	----	Payroll Tax and Fringe Benefits Tax	93	----
-----	-----		<b>947,124</b>	<b>907,242</b>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
592,243	577,060	Salaries and Wages	----	----
33,316	31,190	Overtime	----	----
53,632	51,414	Penalties	----	----
70,247	66,732	Superannuation - Defined Contribution Plans	----	----
3,071	2,228	Long Service Leave	----	----
80,551	75,172	Annual Leave	----	----
48,043	46,700	Sick Leave and Other Leave	----	----
222	----	Redundancies	----	----
7,744	11,746	Workers' Compensation Insurance	----	----
93	----	Payroll Tax and Fringe Benefits Tax	----	----
<b>889,162</b>	<b>862,242</b>		-----	-----
<b>5. Other Operating Expenses</b>				
222	196	Advertising	225	197
270	239	Auditor's Remuneration - External Audit	278	264
19,652	21,978	Blood and Blood Products	19,652	21,978
----	61	Consultancies - Capital Works	----	61
719	1,040	Consultancies - Other	719	1,040
2,362	3,649	Contractors	2,527	3,849
17,488	16,968	Domestic Supplies and Services	17,503	16,977
72,728	69,034	Drug Supplies	72,757	69,062
24,905	24,100	Food Supplies	24,925	24,130
12,732	15,620	Fuel, Light and Power	12,734	15,621
3,272	3,012	Hospital Ambulance Transport Costs	3,272	3,012
15,113	13,655	Information Management Expenses	15,129	13,664
1,799	1,917	Insurance	1,803	1,920
35,313	34,400	Maintenance (See (b) below)	35,496	34,617
94,139	87,636	Medical and Surgical Supplies	94,178	87,653
1,979	1,714	Motor Vehicle Expenses	1,986	1,721
2,784	2,560	Postal and Telephone Costs	2,793	2,566
4,331	4,853	Printing and Stationery	4,376	4,911
2,213	2,527	Rates and Charges	2,225	2,555
2,648	2,903	Rental	2,648	2,903
60,642	64,082	Special Service Departments	62,018	65,272
10,759	10,192	Staff Related Costs	11,281	10,911
4,519	4,591	Travel Related Costs	4,656	4,743
79,456	39,235	Other Expenses (See (a) below)	79,982	39,531
<b>470,045</b>	<b>426,162</b>		<b>473,163</b>	<b>429,158</b>

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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		<b>(a) Other Includes:</b>		
18	----	Aircraft Expenses (Ambulance)	18	----
25,327	19,545	Contract for Patient Services	25,327	19,546
8,462	5,269	Corporate Support Services	8,462	5,269
571	808	Courier and Freight	637	874
9,250	8,576	Legal Services	9,253	8,599
499	607	Membership/Professional Fees	523	625
2,245	2,146	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,249	2,152
----	10	Public Private Partnership Contracted Services	----	10
2,625	3,368	Other Operating Lease Expense - Minimum Lease Payments	2,625	3,368
112	54	Quality Assurance/Accreditation	112	54
664	380	Security Services	664	380
29,683	(1,528)	Other	30,112	(1,346)
<u>79,456</u>	<u>39,235</u>		<u>79,982</u>	<u>39,531</u>
		<b>(b) Reconciliation of Total Maintenance</b>		
21,073	21,960	Maintenance Contracts	21,173	22,071
9,752	9,195	New/Replacement Equipment under \$10,000	9,830	9,297
4,996	3,942	Repairs Maintenance/Non Contract	5,001	3,946
(508)	(697)	Other	(508)	(697)
<u>35,313</u>	<u>34,400</u>	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	<u>35,496</u>	<u>34,617</u>
7,363	6,660	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	7,364	6,660
<u>42,676</u>	<u>41,060</u>	Total Maintenance Expenses	<u>42,860</u>	<u>41,277</u>

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2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>6. Depreciation and Amortisation</b>		
28,796	27,711	Depreciation - Buildings	29,245	28,154
11,933	13,108	Depreciation - Plant and Equipment	12,266	13,496
12	12	Depreciation - Infrastructure Systems	12	12
23	15	Amortisation - Intangible Assets	23	15
<u>40,764</u>	<u>40,846</u>		<u>41,546</u>	<u>41,677</u>
		<b>7. Grants and Subsidies</b>		
16,746	16,478	Non-Government Organisations	16,746	16,478
170	11	Grants to Research Organisations	170	11
336	471	Grant Payments to Other NSW Health Entities	336	471
248	26	Other Grants	334	212
<u>17,500</u>	<u>16,986</u>		<u>17,586</u>	<u>17,172</u>
		<b>8. Finance Costs</b>		
17	110	Interest on Loans	17	110
15	4	Other Interest Charges	15	4
<u>32</u>	<u>114</u>		<u>32</u>	<u>114</u>
		<b>9. Payments to Affiliated Health Organisations</b>		
7,538	7,137	Recurrent Sourced	7,538	7,137
580	558	Tresillian Family Care Centres at Belmore, Willoughby, and Wollstonecraft	580	558
<u>8,118</u>	<u>7,695</u>	Central Sydney Scarba Service	<u>8,118</u>	<u>7,695</u>

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>10. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
8,837	7,953	Sale of Prostheses	8,837	7,953
41	4	Other	41	4
1,061	1,005	Pharmacy Sales	1,061	1,005
(b) Rendering of Services comprise the following:-				
		<b>Patient Fees</b>		
75,826	70,717	- Inpatient Fees	75,826	70,717
133	113	- Nursing Home Fees	133	113
2,499	1,900	- Non Inpatient Fees	2,499	1,900
14,172	15,383	Department of Veterans' Affairs	14,172	15,383
585	809	Staff-Meals and Accommodation	585	809
15,434	13,171	Infrastructure Fees - Monthly Facility Charge	15,434	13,171
9,583	10,074	- Annual Charge	9,583	10,074
2,760	2,749	Cafeteria/Kiosk	2,760	2,749
5,104	4,408	Car Parking	5,104	4,408
2,533	2,270	Child Care Fees	2,533	2,270
4,440	17,436	Clinical Services (excluding Clinical Drug Trials)*	4,440	17,436
251	232	Commercial Activities	251	232
-----	2	Enteral Nutrition Income	-----	2
109	123	Fees for Medical Records	109	123
71	50	Information Retrieval	71	50
27,931	27,696	High Cost Drugs	27,931	27,696
8,292	3,289	Motor Accident Authority Third Party	8,292	3,289
25	-----	Patient Transport Fees	25	-----
145	116	Private Use of Motor Vehicles	145	116
751	1,249	Salary Packaging Fee	751	1,256
12,853	5,092	Hosted services provided to Other LHDs	12,853	5,092
4,757	3,679	Services Provided to Non NSW Health Organisations	4,757	3,679
97	146	Other	97	146
<b>198,290</b>	<b>189,666</b>		<b>198,290</b>	<b>189,673</b>

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

**11. Investment Revenue**

5,912	6,383	Interest	6,566	7,064
116	94	Royalties	116	94
<b>6,028</b>	<b>6,477</b>		<b>6,682</b>	<b>7,158</b>

Sydney 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
<b>12. Grants and Contributions</b>				
5,139	4,690	Clinical Drug Trials	5,139	4,720
13,036	12,847	Commonwealth Government Grants	13,036	12,847
4,478	8,533	Industry Contributions/Donations	4,701	8,876
3,685	5,812	Cancer Institute Grants	3,834	6,709
2,776	3,925	NSW Government Grants	3,849	4,625
3,998	94	Grants from Other NSW Health Entities	3,998	94
2,180	2,729	Research Grants	8,294	7,541
----	91	University Commission Grants	----	91
4,349	3,280	Other Grants	4,349	3,280
<b>39,641</b>	<b>42,001</b>		<b>47,200</b>	<b>48,783</b>
<b>13. Acceptance by the Crown Entity of Employee Benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	9,997	10,436
----	----	Long Service Leave	43,190	30,033
----	----		<b>53,187</b>	<b>40,469</b>
<b>14. Other Revenue</b>				
Other Revenue comprises the following:-				
231	103	Commissions	231	103
1,184	927	Conference and Training Fees	1,184	927
120	4	Insurance Refunds	120	4
3,996	3,382	Lease and Rental Income	3,996	3,385
----	31	Property not Previously Recognised	----	166
14	----	Sale of Merchandise, Old Wares and Books	14	----
296	393	Sponsorship Income	296	393
5,668	----	Treasury Managed Fund Hindsight Adjustment	5,668	----
6	----	Unclaimed Deposits	6	----
893	2,007	Other	2,261	4,239
<b>12,408</b>	<b>6,847</b>		<b>13,776</b>	<b>9,217</b>

Sydney Local Health District  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>15. Gain / (Loss) on Disposal</b>		
10,038	50,571	Property, Plant and Equipment	10,186	50,648
8,830	33,513	Less: Accumulated Depreciation	8,960	33,570
<u>1,208</u>	<u>17,058</u>	<b>Written Down Value</b>	<u>1,226</u>	<u>17,078</u>
91	3,189	Less: Proceeds from Disposal*	91	3,189
<u>(1,117)</u>	<u>(13,869)</u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u>(1,135)</u>	<u>(13,889)</u>
<u>(1,117)</u>	<u>(13,869)</u>	<b>Total Gain/(Loss) on Disposal</b>	<u>(1,135)</u>	<u>(13,889)</u>
		* ( Proceeds from Sale of 229 Bridge Road, Glebe \$2.7 M in 2013/14; Proceeds from Sale of Queen Mary Building \$27M in 2012/13 was received in 2013/14.)		
		<b>16. Other Gains / (Losses)</b>		
(5,854)	(2,305)	Impairment of Receivables	(5,854)	(2,307)
<u>(5,854)</u>	<u>(2,305)</u>		<u>(5,854)</u>	<u>(2,307)</u>

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**PARENT**

**17. Conditions on Contributions**

	<b>Purchase of Assets</b>	<b>Health Promotion, Education and Research</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at reporting date	16,903	7,470	10,794	35,167
Contributions recognised in previous years which were not expended in the current reporting period	66,452	33,218	42,790	142,460
<b>Total amount of unexpended contributions as at reporting date</b>	<b>83,355</b>	<b>40,688</b>	<b>53,584</b>	<b>177,627</b>

Comment on restricted assets appears in Note 27

Sydney Local Health District  
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**CONSOLIDATION**

**17. Conditions on Contributions**

	<b>Purchase of Assets</b>	<b>Health Promotion, Education and Research</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</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	19,703	14,298	10,794	44,795
Contributions recognised in previous years which were not expended in the current reporting period	87,581	33,605	42,790	163,976
<b>Total amount of unexpended contributions as at reporting date</b>	<b>107,284</b>	<b>47,903</b>	<b>53,584</b>	<b>208,771</b>

Comment on restricted assets appears in Note 27



## 18. Service Groups of the SLHD

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

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

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

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

### Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. 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.

**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.

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>19. Cash and Cash Equivalents</b>		
77,062	89,647	Cash at Bank and On Hand	78,545	91,055
<u>99,231</u>	<u>98,572</u>	Short Term Deposits	<u>118,125</u>	<u>116,245</u>
<b><u>176,293</u></b>	<b><u>188,219</u></b>		<b><u>196,670</u></b>	<b><u>207,300</u></b>
<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>				
<u>176,293</u>	<u>188,219</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>196,670</u>	<u>207,300</u>
<b><u>176,293</u></b>	<b><u>188,219</u></b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b><u>196,670</u></b>	<b><u>207,300</u></b>

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

Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>20. Receivables</b>		
		<b>Current</b>		
37,890	31,059	Sale of Goods and Services	38,783	32,336
10,361	11,232	Intra Health Receivables	9,908	10,755
2,746	3,052	Goods and Services Tax	2,656	2,769
2,243	1,741	Other Debtors	2,307	1,825
53,240	47,084	<b>Sub Total</b>	53,654	47,685
(7,315)	(3,905)	Less Allowance for Impairment	(7,315)	(3,905)
45,925	43,179	<b>Sub Total</b>	46,339	43,780
1,958	425	Prepayments	2,084	425
<b>47,883</b>	<b>43,604</b>		<b>48,423</b>	<b>44,205</b>
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(2,801)	(2,965)	Balance at Commencement of Reporting Period	(2,801)	(2,965)
2,331	1,552	Amounts written off during the year	2,331	1,552
(5,479)	(1,388)	(Increase)/decrease in Allowance Recognised in	(5,479)	(1,388)
(5,949)	(2,801)	Net Result for the Year	(5,949)	(2,801)
		Balance at 30 June		
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(1,104)	(773)	Balance at Commencement of Reporting Period	(1,104)	(773)
113	587	Amounts written off during the year	113	588
(375)	(918)	(Increase)/decrease in Allowance Recognised in	(375)	(919)
(1,366)	(1,104)	Net Result for the Year	(1,366)	(1,104)
		Balance at 30 June		
<b>(7,315)</b>	<b>(3,905)</b>		<b>(7,315)</b>	<b>(3,905)</b>
		The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
5,670	4,964	Patient Fees - Compensable	5,670	4,964
14,564	10,579	Patient Fees - Ineligible	14,564	10,579
11,013	9,921	Patient Fees - Inpatient & Other	11,013	9,921
<b>31,247</b>	<b>25,464</b>		<b>31,247</b>	<b>25,464</b>

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

Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>21. Inventories</b>				
4,808	5,058	Drugs	4,808	5,058
810	821	Medical and Surgical Supplies	810	821
-----	30	Engineering Supplies	-----	30
<b>5,618</b>	<b>5,909</b>		<b>5,618</b>	<b>5,909</b>
<b>5,618</b>	<b>5,909</b>		<b>5,618</b>	<b>5,909</b>
<b>22. Financial Assets at Fair Value</b>				
<b>Current</b>				
-----	-----	Treasury Corporation - Hour-Glass Investment Facilities	402	374
-----	-----		<b>402</b>	<b>374</b>
<b>-----</b>	<b>-----</b>		<b>402</b>	<b>374</b>

Sydney Local Health District  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>23. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
1,615,652	1,579,593	Gross Carrying Amount	1,628,881	1,592,691
692,093	656,497	Less: Accumulated Depreciation and Impairment	696,712	660,622
<u><b>923,559</b></u>	<u><b>923,096</b></u>	Net Carrying Amount	<u><b>932,169</b></u>	<u><b>932,069</b></u>
<b>Plant and Equipment - Fair Value*</b>				
188,280	178,412	Gross Carrying Amount	193,026	182,930
125,346	122,244	Less: Accumulated Depreciation and Impairment	128,099	124,793
<u><b>62,934</b></u>	<u><b>56,168</b></u>	Net Carrying Amount	<u><b>64,927</b></u>	<u><b>58,137</b></u>
<b>Infrastructure Systems - Fair Value</b>				
466	462	Gross Carrying Amount	466	462
24	12	Less: Accumulated Depreciation and Impairment	24	12
<u><b>442</b></u>	<u><b>450</b></u>	Net Carrying Amount	<u><b>442</b></u>	<u><b>450</b></u>
<u><b>986,935</b></u>	<u><b>979,714</b></u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u><b>997,538</b></u>	<u><b>990,656</b></u>

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

**PARENT**

**23. Property, Plant and Equipment - Reconciliation**

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

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
<b>2015</b>					
Net Carrying Amount at Start of Year	301,338	621,758	56,168	450	979,714
Additions	----	14,902	17,341	----	32,243
Disposals	----	(763)	(444)	----	(1,207)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----
Transfers to NSW Health Entities through Statement of Comprehensive Income	----	----	973	----	973
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	10,306	5,643	----	4	15,953
Depreciation Expense	----	(28,796)	(11,933)	(12)	(40,741)
Reclassifications	----	(829)	829	----	----
<b>Net Carrying Amount at End of Year</b>	<b>311,644</b>	<b>611,915</b>	<b>62,934</b>	<b>442</b>	<b>986,935</b>

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

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

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SLHD [see note 2(g)].
- (ii) To ensure the land, buildings and infrastructure systems materially reflects the carrying value since the last revaluation assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j).

The following table details the indices applied to Non Current Assets as determined in consultation with the valuer (Liquid Pacific) :

Year	Land	Buildings	Infrastructure Systems
2013/14	4%	3%	0%
2014/15	4%	2%	1%

**CONSOLIDATION**

**23. Property, Plant and Equipment - Reconciliation**

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

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
<b>2015</b>					
Net Carrying Amount at Start of Year	301,338	630,731	58,137	450	990,656
Additions	----	14,901	17,718	----	32,619
Disposals	----	(764)	(463)	----	(1,227)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----
Transfers to NSW Health Entities through Statement of Comprehensive Income	----	----	972	----	972
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	10,306	5,731	----	4	16,041
Depreciation Expense	----	(29,245)	(12,266)	(12)	(41,523)
Reclassifications	----	(829)	829	----	----
Net Carrying Amount at End of Year	<b>311,644</b>	<b>620,525</b>	<b>64,927</b>	<b>442</b>	<b>997,538</b>

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

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

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SLHD [see note 2(g)].
- (ii) To ensure the land, buildings and infrastructure systems materially reflects the carrying value since the last revaluation assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j).

The following table details the indices applied to Non Current Assets as determined in consultation with the valuer (Liquid Pacific) :

Year	Land	Buildings	Infrastructure Systems
2013/14	4%	3%	0%
2014/15	4%	2%	1%



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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>24. Intangible Assets</b>		
		<b>Intangibles</b>		
673	91	Cost (Gross Carrying Amount)	673	91
38	15	Less Accumulated Amortisation and Impairment	38	15
<u>635</u>	<u>76</u>	<b>Net Carrying Amount</b>	<u>635</u>	<u>76</u>
		<b>Total Intangible Assets at Net Carrying Amount</b>		
<u>635</u>	<u>76</u>		<u>635</u>	<u>76</u>

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**PARENT**

**24. Intangibles - Reconciliation**

	Intangibles \$000	Total \$000
<b>2015</b>		
Net Carrying Amount at Start of Year	76	76
Additions from Internal Development or Acquired Separately	582	582
Amortisation (Recognised in Depreciation and Amortisation)	(23)	(23)
<b>Net Carrying Amount at End of Year</b>	<b>635</b>	<b>635</b>

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

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**CONSOLIDATION**

**24. Intangibles - Reconciliation**

	Intangibles \$000	Total \$000
<b>2015</b>		
Net Carrying Amount at Start of Year	76	76
Additions (From Internal Development or Acquired Separately)	582	582
Amortisation (Recognised in Depreciation and Amortisation)	(23)	(23)
<b>Net Carrying Amount at End of Year</b>	<b>635</b>	<b>635</b>

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

Sydney Local Health District  
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		<b>25. Other Assets</b>		
		<b>Non-Current</b>		
		Emerging Rights to Assets (refer Note 2(ac))		
<u>1,497</u>	<u>1,443</u>		<u>1,497</u>	<u>1,443</u>
<b><u>1,497</u></b>	<b><u>1,443</u></b>		<b><u>1,497</u></b>	<b><u>1,443</u></b>

Sydney Local Health District  
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**26. Fair Value Measurement of Non-Financial Assets**

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2015.

**(a) Fair Value Hierarchy**

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>PARENT</b>				
Property, Plant and Equipment (Note 23)*				
- Land and Buildings	-----	399,357	520,980	920,337
- Infrastructure Systems	-----	-----	442	442
	-----	<u>399,357</u>	<u>521,422</u>	<u>920,779</u>
<b>CONSOLIDATION</b>				
Property, Plant and Equipment (Note 23)*				
- Land and Buildings	-----	399,357	529,590	928,947
- Infrastructure Systems	-----	-----	442	442
	-----	<u>399,357</u>	<u>530,032</u>	<u>929,389</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
<b>PARENT</b>				
Property, Plant and Equipment (Note 23)*				
- Land and Buildings	-----	380,195	542,901	923,096
- Infrastructure Systems	-----	-----	450	450
	-----	<u>380,195</u>	<u>543,351</u>	<u>923,546</u>
<b>CONSOLIDATION</b>				
Property, Plant and Equipment (Note 23)*				
- Land and Buildings	-----	380,196	551,873	932,069
- Infrastructure Systems	-----	-----	450	450
	-----	<u>380,196</u>	<u>552,323</u>	<u>932,519</u>

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

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

## 26. Fair Value Measurement of Non-Financial Assets

### (b) Valuation Techniques, Inputs and Processes

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

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, Note 23 reconciliation.

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

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

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

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

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

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

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

Level 3 significant valuation inputs and relationship to fair value:

The valuation of buildings was computed by suitably qualified independent valuers using a methodology known as the depreciated replacement cost valuation technique. 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.

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

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.

Sydney Local Health District  
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**PARENT & CONSOLIDATION**

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

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

2015	Land and Buildings \$000	Infrastructure Systems \$000	Level 3 Recurring Total \$000
<b>PARENT</b>			
Fair value as at 1 July 2014	542,901	450	543,351
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus'	5,291	4	5,295
Transfers from Level 2	----	----	----
Transfers to Level 2	----	----	----
Disposals	----	----	----
Depreciation	(27,212)	(12)	(27,224)
Fair value as at 30 June 2015	<u><u>520,980</u></u>	<u><u>442</u></u>	<u><u>521,422</u></u>
<b>CONSOLIDATION</b>			
Fair value as at 1 July 2014	551,873	450	552,323
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus'	5,379	4	5,383
Transfers from Level 2	----	----	----
Transfers to Level 2	----	----	----
Disposals	----	----	----
Depreciation	(27,662)	(12)	(27,674)
Fair value as at 30 June 2015	<u><u>529,590</u></u>	<u><u>442</u></u>	<u><u>530,032</u></u>

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



Sydney Local Health District  
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**PARENT & CONSOLIDATION**

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

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

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

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

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**PARENT**

**CONSOLIDATION**

**2015  
\$000**

**2014  
\$000**

**2015  
\$000**

**2014  
\$000**

**27. Restricted Assets**

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

**Category**

83,355	90,619	Specific Purposes	107,284	112,907
40,688	39,776	Research Grants	47,903	47,743
53,584	54,213	Private Practice Funds	53,584	54,213
<u>177,627</u>	<u>184,608</u>		<u>208,771</u>	<u>214,863</u>

Sydney Local Health District  
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		<b>28. Payables</b>		
		<b>Current</b>		
-----	-----	Accrued Salaries, Wages and On-Costs	24,881	21,913
-----	-----	Taxation and Payroll Deductions	1,256	5,297
26,139	27,225	Accrued Liability - Purchase of Personnel Services	-----	-----
33,514	36,111	Creditors	33,513	36,111
24	24	Interest	24	24
		Other Creditors		
13,278	9,602	- Intra Health Liability	13,278	9,602
7,031	6,757	- Other	7,031	6,856
<b>79,986</b>	<b>79,719</b>		<b>79,983</b>	<b>79,803</b>

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

		<b>29. Borrowings</b>		
		<b>Current</b>		
217	207	Other Loans and Deposits	217	207
<b>217</b>	<b>207</b>		<b>217</b>	<b>207</b>
		<b>Non-Current</b>		
-----	217	Other Loans and Deposits	-----	217
-----	<b>217</b>		-----	<b>217</b>

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

Final repayment is scheduled for 30 June 2016.

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

Sydney Local Health District  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
<b>30. Provisions</b>				
<b>Current</b>				
----	----	Annual Leave - Short Term Benefit	93,938	80,693
----	----	Annual Leave - Long Term Benefit	55,825	67,862
----	----	Long Service Leave Consequential On-Costs	20,045	17,780
21,750	----	Other	21,750	----
169,082	165,680	Provision for Personnel Services Liability	----	----
<b>190,832</b>	<b>165,680</b>	<b>Total Current Provisions</b>	<b>191,558</b>	<b>166,335</b>
<b>Non-Current</b>				
1,743	936	Long Service Leave Consequential On-Costs	1,743	936
<b>1,743</b>	<b>936</b>	<b>Total Non-Current Provisions</b>	<b>1,743</b>	<b>936</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	169,808	166,335
----	----	Provisions - Non-Current	1,743	936
----	----	Accrued Salaries, Wages and On-Costs (Note 28)	26,137	27,210
218,714	193,841	Liability - Purchase of Personnel Services	----	----
<b>218,714</b>	<b>193,841</b>		<b>197,688</b>	<b>194,481</b>
<b>31. Other Liabilities</b>				
<b>Current</b>				
36	140	Income in Advance	86	140
----	10	Other	----	10
<b>36</b>	<b>150</b>		<b>86</b>	<b>150</b>

Sydney Local Health District  
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		<b>32. Commitments for Expenditure</b>		
		(a) <b>Capital Commitments</b>		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	1,539	11,099
1,539	11,099	Later than one year and not later than five years	-----	50
<u>1,539</u>	<u>11,149</u>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<u>1,539</u>	<u>11,149</u>
		Of the commitments reported at 30 June 2015 it is expected that \$0.800 million 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	7,292	4,604
7,292	4,604	Later than one year and not later than five years	18,874	9,760
18,874	9,760	Later than five years	2,592	1,847
2,592	1,847			
<u>28,758</u>	<u>16,211</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>28,758</u>	<u>16,211</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. \$30.297 million as at 30 June 2015 includes input tax credits of \$2.754 million that are expected to be recoverable from the Australian Taxation Office (2014 \$2.487 million).		

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**PARENT**

**33. Trust Funds**

The SLHD holds trust fund moneys of \$17.0 million which are related to the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Balance at the beginning of the financial year	158	150	4,497	5,403	10,615	29,386	15,270	34,939
Income	215	188	465	1,126	42,890	17,253	43,570	18,567
Expenditure	(237)	(180)	(1,647)	(2,032)	(39,973)	(36,024)	(41,857)	(38,236)
Balance at the end of the financial year	136	158	3,315	4,497	13,532	10,615	16,983	15,270

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**CONSOLIDATION**

**33. Trust Funds**

The SLHD holds trust fund moneys of \$17.0 million which are related to the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at the beginning of the financial year	158	150	4,497	5,403	10,615	29,386	15,270	34,939
Income	215	188	465	1,126	42,890	17,253	43,570	18,567
Expenditure	(237)	(180)	(1,647)	(2,032)	(39,973)	(36,024)	(41,857)	(38,236)
Balance at the end of the financial year	136	158	3,315	4,497	13,532	10,615	16,983	15,270

**PARENT AND CONSOLIDATED**

**34. Contingent Liabilities and Assets**

**a) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 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 SLHD will be paid in 2015/16. It is not possible for the SLHD to reliably quantify the benefit to be received or amount payable.

**b) Other**

**Damages**

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



Sydney Local Health District  
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
<b>35. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
21,721	46,238	Net Cash Flows from Operating Activities	23,424	48,516
(40,764)	(40,846)	Depreciation	(41,546)	(41,677)
(5,854)	(2,305)	Allowance for Impairment	(5,854)	(2,307)
104	285	(Increase)/ Decrease Income in Advance	54	289
(25,958)	(4,613)	(Increase)/ Decrease in Provisions	(26,032)	(4,736)
9,980	3,289	Increase / (Decrease) in Prepayments and Other Assets	9,764	3,066
(74)	1,503	(Increase)/ Decrease in Payables from Operating Activities	165	1,560
(1,117)	(13,869)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(1,135)	(13,890)
----	31	Assets Donated or Brought to Account for the first time	----	166
<hr/>				
<b>(41,962)</b>	<b>(10,287)</b>	<b>Net Result</b>	<b>(41,160)</b>	<b>(9,013)</b>

**36. 2014/15 Voluntary Services**

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

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

**37. Unclaimed Moneys**

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

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

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

### 38. Adjusted Budget Review - Parent and Consolidated

#### Net Result

In accordance with the Ministry of Health's Performance Framework SLHD was rated at Performance Level 0 for the entire twelve months to 30 June 2015. This performance was a continuation of the monthly rating achieved for the previous two financial years.

As at 30 June 2015 the District's Consolidated Net Result is \$13.097M favourable to budget. The Parent result was \$12.295M favourable to budget.

#### Assets and Liabilities

As at 30 June 2015 SLHD had Current Assets of \$251.113M and Current Liabilities of \$271.844M. Non Current Assets totalled \$999.670M and Non Current Liabilities were \$1.743M. During 2014/15 the value of SLHD's land and buildings were reviewed by an independent valuer. Based on this advice the value of the assets has been adjusted by indices (see note 23) prior to a full revaluation in FY2016. This financial year the District continued recording an emerging asset for a building situated on the District's land that is owned and operated by Lifehouse Australia. Overall SLHD has a sound asset base with Net Assets of \$977.196M.

#### Cash Flows

SLHD's net decrease in Cash and Cash Equivalents for the 2014/15 financial year was \$10.630M. This comprised a net increase in cash flows from Operating activities of \$23.424M, a net decrease in cash flows from Investing activities of \$33.830M and a net decrease in cash flows from Financial activities of \$0.224M. The decrease in cash flows from Investing activities reflected a range of capital works and assets purchases including the Missenden Mental Health Unit (\$9.9M), RPAH SPECT CT-Scanner (\$1.132M), CRGH 3T MRI (\$2.715M) and CRGH Interventional HVT (\$0.957M). There was also expenditure on Repairs and Maintenance greater than \$10,000 (\$11.720M), lift upgrades (\$1.034M) and various works relating to redevelopment costs and expansion of the wireless network.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 17 June 2014 are as follows:

	\$000
Initial Allocation	1,091,575
Growth Allocation	24,541
Employee Related Escalation (including Award Increases)	31,386
National Partnerships on Treating More Public Dental Patients	5,821
Haematology Budget Transfer from SLHD to SWSLHD	(65)
ATSI AIDS Budget Transfer from SLHD to SWSLHD	(62)
Oral Health Budget Transfer from SLHD to SWSLHD	(11,011)
NSW Organ and Tissue Donation Service Funding	408
National Perinatal Depression Initiative (NPD) 2014/15	144
Service Agreement Variation - Transfer of Yfoundation NGO Funding	(169)
2014/15 TMF Budget Adjustments	(272)
Transfer of NSW Health Registered Training Organisation NSWHRTO	(135)
Budget Supplementation - Nurse Midwife Strategy Reserve	1,648
Whole of Hospital budget Supplementation	180
Upscaling and evaluation of the NSW Yhunger Program	(164)
Aboriginal Nurse Midwife Strategy	133
Superannuation Defined Benefit Scheme 2014/15	2,052
Voluntary Redundancy Reimbursement	357
Cystic Fibrosis Service Enhancement	130
Organ Donor Medical Suitability assessment Research	50
Planning and Innovation Fund (Living Well Living Longer)	318
Planning and Innovation Fund (Healthy Homes and Neighbourhoods Integrated Care Initiative)	334
Split of Cancer Genetics IDA	168
Improving Workplace Culture	282
Clinical Coding Programs	177
Renal Supportive Care Model	85
Split of Out of Home Care Budget to SLHD	87
Medical Speciality Training Position	50
NSW Aged Care Assessment Program funding allocation	110
Concord Hospital Superannuation	3,890
Budget Supplementation - Pelvic Extenterations	1,500
PAYG Tax Budget Adjustment 2014-15	4,600
2014/15 Coronial Costs in excess of \$100000	185
2014/15 Nursing Enhancements	94
Other	385
Subtotal	<u>1,158,812</u>
NSW Ministry of Health cash assistance allocation	4,827
Balance as per Statement of Comprehensive Income	<u><u>1,163,639</u></u>

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**39. Increase/(Decrease) in Net Assets from Equity Transfers**

Equity transfers effected in the 2013/14 year were:

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

Equity transfers effected in the 2014/15 year were:

Nil.

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Equity transfers effected comprised:		
NSW Health Pathology	-----	523
HETI	-----	(410)
SWSLHD	-----	(2,199)
	-----	<u>(2,086)</u>
Assets and Liabilities transferred are as follows:	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>		
Cash & Cash Equivalents	-----	(922)
Plant & Equipment	-----	(1,164)
<b>Increase/(Decrease) in Net Assets From Equity Transfers</b>	-----	<u><u>(2,086)</u></u>

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#### 40. Financial Instruments

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

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

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

##### (a) Financial Instrument Categories

###### PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2015 \$000	2014 \$000
Cash and Cash Equivalents (note 19)	N/A	176,293	188,219
Receivables (note 20)*	Loans and receivables (at amortised cost)	43,179	40,127
Financial Assets at Fair Value (note 22)	At fair value through profit or loss (designated as such upon initial recognition)	-----	-----
<b>Total Financial Assets</b>		<u>219,472</u>	<u>228,346</u>
<b>Financial Liabilities</b>			
Borrowings (note 29)	Financial liabilities	217	424
Payables (note 28)**	measured at	79,986	79,719
Other (note 31)	amortised cost	-----	10
<b>Total Financial Liabilities</b>		<u>80,203</u>	<u>80,153</u>

###### Notes

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

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

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<b>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 19)	N/A	196,670	207,300
Receivables (note 20)*	Loans and receivables (at amortised cost)	43,683	41,011
Financial Assets at Fair Value (note 22)	At fair value through profit or loss (designated as such upon initial recognition)	402	374
<b>Total Financial Assets</b>		<u><u>240,755</u></u>	<u><u>248,685</u></u>
<b>Financial Liabilities</b>			
Borrowings (note 29)	Financial liabilities	217	424
Payables (note 28)**	measured at	78,727	74,506
Other (note 31)	amortised cost	----	10
<b>Total Financial Liabilities</b>		<u><u>78,944</u></u>	<u><u>74,940</u></u>

**Notes**

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

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

**(b) Credit Risk**

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

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

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

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**Cash**

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.85% to 3.35% in 2014/15 compared to 3.35% to 3.60% in the previous year.

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

**Receivables - trade debtors**

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

The SLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015:\$28.447M; 2014:\$29.611M) and not more than 3 months past due (2015:\$6.267M; 2014:\$4.203M) are not considered impaired and together these represent 68% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the SLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

**PARENT**

<b>2015</b>	<b>Total</b> <sup>1,2</sup>	<b>Past due but not impaired</b> <sup>1,2</sup>	<b>Considered impaired</b> <sup>1,2</sup>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<3 months overdue	6,267	6,267	----
3 months - 6 months overdue	7,956	7,956	----
> 6 months overdue	8,328	1,013	7,315
<b>2014</b>			
<3 months overdue	4,203	4,203	----
3 months - 6 months overdue	5,093	5,093	----
> 6 months overdue	6,519	2,614	3,905

**CONSOLIDATION**

<b>2015</b>	<b>Total</b> <sup>1,2</sup>	<b>Past due but not impaired</b> <sup>1,2</sup>	<b>Considered impaired</b> <sup>1,2</sup>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<3 months overdue	6,267	6,267	----
3 months - 6 months overdue	7,956	7,956	----
> 6 months overdue	8,328	1,013	7,315
<b>2014</b>			
<3 months overdue	4,203	4,203	----
3 months - 6 months overdue	5,093	5,093	----
> 6 months overdue	6,524	2,619	3,905

**Notes**

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

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

**(c) Liquidity Risk**

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

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

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

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

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

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

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

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

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*Maturity Analysis and interest rate exposure of financial liabilities*

**PARENT**

	Interest Rate Exposure					Maturity Dates	
	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>2015</b>							
Payables:							
- Creditors		79,986	----	----	79,986	79,986	----
Borrowings:							
- Other Loans and Deposits	0.00%	224	----	----	224	224	----
		<u>80,210</u>	<u>----</u>	<u>----</u>	<u>80,210</u>	<u>80,210</u>	<u>----</u>
<b>2014</b>							
Payables:							
- Creditors		79,719	----	----	79,719	79,719	----
Borrowings:							
- Other Loans and Deposits	0.00%	448	----	----	448	224	224
		<u>80,167</u>	<u>----</u>	<u>----</u>	<u>80,167</u>	<u>79,943</u>	<u>224</u>

**CONSOLIDATION**

	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
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>2015</b>							
Payables:							
- Accrued Salaries Wages, On-Costs		24,881	----	----	24,881	24,881	----
- Creditors		53,846	----	----	53,846	53,846	----
Borrowings:							
- Other Loans and Deposits	0.00%	224	----	----	224	224	----
		<u>78,951</u>	<u>----</u>	<u>----</u>	<u>78,951</u>	<u>78,951</u>	<u>----</u>
<b>2014</b>							
Payables:							
- Accrued Salaries Wages, On-Costs		21,913	----	----	21,913	21,913	----
- Creditors		52,593	----	----	52,593	52,593	----
Borrowings:							
- Other Loans and Deposits	0.00%	448	----	----	448	224	224
		<u>74,954</u>	<u>----</u>	<u>----</u>	<u>74,954</u>	<u>74,730</u>	<u>224</u>

Notes:

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

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



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**d) Market Risk**

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

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

*Interest rate risk*

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

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

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 SLHD does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

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

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

PARENT	Carrying Amount \$'000	-1%		+1%	
		Profit	Equity	Profit	Equity
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	176,293	(1,763)	(1,763)	1,763	1,763
Receivables	43,179	----	----	----	----
<b>Financial Liabilities</b>					
Payables	79,986	----	----	----	----
Borrowings	217	2	2	(2)	(2)
Other	----	----	----	----	----
<b>2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	188,219	(1,882)	(1,882)	1,882	1,882
Receivables	40,127	----	----	----	----
<b>Financial Liabilities</b>					
Payables	79,719	----	----	----	----
Borrowings	424	4	4	(4)	(4)
Other	10	----	----	----	----

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CONSOLIDATED	Carrying Amount \$'000	-1% Profit	Equity	Profit	+1% Equity
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	196,670	(1,967)	(1,967)	1,967	1,967
Receivables	43,683	----	----	----	----
Financial Assets at Fair Value	402	(4)	(4)	4	4
<b>Financial Liabilities</b>					
Payables	78,727	----	----	----	----
Borrowings	217	2	2	(2)	(2)
Other	----	----	----	----	----
<b>2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	207,300	(2,073)	(2,073)	2,073	2,073
Receivables	41,011	----	----	----	----
Financial Assets at Fair Value	374	(4)	(4)	4	4
<b>Financial Liabilities</b>					
Payables	74,506	----	----	----	----
Borrowings	424	4	4	(4)	(4)
Other	10	----	----	----	----

*Other price risk - TCorp Hour-Glass facilities*

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

Facility	Investment Sectors	Investment Horizon	2015 \$'000	2014 \$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	22,875	49,485
Medium term growth facility	Cash, money market instruments, Australian bonds, listed property and Australian, International and Emerging market shares, and Multi-asset.	3 years to 7 years	402	374

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

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

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

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

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

	Change in unit price	Impact on profit/loss	
		2015 \$'000	2014 \$'000
Hour-Glass Investment - Cash facility	1 %	229	495
Hour-Glass Investment - Medium-term growth facility	6 %	24	22

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**(e) Fair Value Measurement**

**(i) Fair value compared to carrying amount**

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
TCorp Hour-Glass Invt.Facility	----	23,277	----	23,277
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Invt.Facility	----	49,859	----	49,859

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

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

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

**Note 41 Events after the Reporting Period**

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

END OF AUDITED FINANCIAL STATEMENTS