



INDEPENDENT AUDITOR'S REPORT

Western Sydney Local Health District

To Members of the New South Wales Parliament

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

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- 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 District's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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



Renee Meimaroglou
Director, Financial Audit Division

14 September 2015
SYDNEY

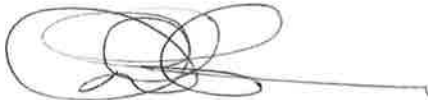
**Western Sydney Local Health District
Certification of the Financial Statements
for the period ended 30 June 2015**

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

- 1) The financial statements of the Western Sydney Local Health District for the period 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 Western Sydney Local Health District; and

- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Danny O'Connor
Chief Executive
9 September, 2015



Natalie McDonald
Executive Director Finance
9 September, 2015

Western Sydney Local Health District
Statement of Comprehensive Income for the period ended 30 June 2015

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual		
2015 \$000	2015 \$000	2014 \$000			2015 \$000	2015 \$000	2014 \$000		
			Expenses excluding losses						
			Operating Expenses						
----	----	----	Employee Related	3	1,018,158	994,500	965,621		
962,698	938,900	920,821	Personnel Services	4	----	----	----		
40,547	34,667	34,566	Visiting Medical Officers		40,547	34,667	34,566		
399,305	402,357	368,479	Other Operating Expenses	5	399,305	402,357	368,479		
56,939	64,001	59,253	Depreciation and Amortisation	2(i), 6	56,939	64,001	59,253		
12,935	12,457	18,627	Grants and Subsidies	7	12,935	12,457	18,627		
299	748	294	Finance Costs	8	299	748	294		
----	----	1,756	Payments to Affiliated Health Organisations	9	----	----	1,756		
1,472,723	1,453,130	1,403,796	Total Expenses excluding losses		1,528,183	1,508,730	1,448,596		
			Revenue						
1,174,760	1,161,849	1,128,249	NSW Ministry of Health Recurrent Allocations	2(d)	1,174,760	1,161,849	1,128,249		
105,791	105,771	89,741	NSW Ministry of Health Capital Allocations	2(d)	105,791	105,771	89,741		
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii),13	55,460	55,600	44,800		
177,463	170,474	163,213	Sale of Goods and Services	10	177,463	170,474	163,213		
2,488	5,511	2,738	Investment Revenue	11	2,488	5,511	2,738		
35,217	37,853	36,653	Grants and Contributions	12	35,217	37,853	36,653		
22,467	16,961	15,743	Other Revenue	14	22,467	16,961	15,743		
1,518,186	1,498,419	1,436,337	Total Revenue		1,573,646	1,554,019	1,481,137		
(1,911)	(1,605)	(1,436)	Gain / (Loss) on Disposal	15	(1,911)	(1,605)	(1,436)		
(7,799)	(9,454)	(1,699)	Other Gains / (Losses)	16	(7,799)	(9,454)	(1,699)		
35,753	34,230	29,406	Net Result	33	35,753	34,230	29,406		
			Other Comprehensive Income						
			Items that will not be reclassified to net result						
			Net Increase/(Decrease) in Property, Plant &						
62,558	----	(2,415)	Equipment Revaluation Surplus	22	62,558	----	(2,415)		
62,558	----	(2,415)	Total Other Comprehensive Income		62,558	----	(2,415)		
98,311	34,230	26,991	TOTAL COMPREHENSIVE INCOME		98,311	34,230	26,991		

The accompanying notes form part of these financial statements.

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

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
ASSETS						
Current Assets						
67,450	76,596	67,985	19	67,450	76,596	67,985
62,117	51,036	59,375	20	62,117	51,036	59,375
11,618	9,389	9,984	21	11,618	9,389	9,984
<u>141,185</u>	<u>137,021</u>	<u>137,344</u>		<u>141,185</u>	<u>137,021</u>	<u>137,344</u>
141,185	137,021	137,344		141,185	137,021	137,344
Total Current Assets						
Non-Current Assets						
3,818	(471)	3,129	20	3,818	(471)	3,129
Property, Plant & Equipment						
1,085,077	1,034,417	947,473	22	1,085,077	1,034,417	947,473
50,138	13,813	53,507	22	50,138	13,813	53,507
4,545	22,775	22,775	22	4,545	22,775	22,775
<u>1,139,760</u>	<u>1,071,005</u>	<u>1,023,755</u>		<u>1,139,760</u>	<u>1,071,005</u>	<u>1,023,755</u>
445	(418)	835	23	445	(418)	835
<u>1,144,023</u>	<u>1,070,116</u>	<u>1,027,719</u>		<u>1,144,023</u>	<u>1,070,116</u>	<u>1,027,719</u>
1,285,208	1,207,137	1,165,063		1,285,208	1,207,137	1,165,063
LIABILITIES						
Current Liabilities						
89,499	82,124	78,661	26	89,499	82,124	78,661
2,204	(964)	1,036	27	2,204	(964)	1,036
157,902	156,789	151,205	28	157,902	156,789	151,205
1,964	713	713	29	1,964	713	713
<u>251,569</u>	<u>238,662</u>	<u>231,615</u>		<u>251,569</u>	<u>238,662</u>	<u>231,615</u>
Total Current Liabilities						
Non-Current Liabilities						
5,130	4,047	4,047	27	5,130	4,047	4,047
1,752	1,752	955	28	1,752	1,752	955
<u>6,882</u>	<u>5,799</u>	<u>5,002</u>		<u>6,882</u>	<u>5,799</u>	<u>5,002</u>
258,451	244,461	236,617		258,451	244,461	236,617
<u>1,026,757</u>	<u>962,676</u>	<u>928,446</u>		<u>1,026,757</u>	<u>962,676</u>	<u>928,446</u>
Net Assets						
EQUITY						
88,844	30,599	30,598		88,844	30,599	30,598
937,913	932,077	897,848		937,913	932,077	897,848
Amounts Recognised in Equity Relating to Assets						
<u>1,026,757</u>	<u>962,676</u>	<u>928,446</u>		<u>1,026,757</u>	<u>962,676</u>	<u>928,446</u>
Total Equity						

The accompanying notes form part of these financial statements.

Western Sydney Local Health District
Statement of Changes in Equity for the period ended 30 June 2015

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2014		897,848	30,598	928,446
Total Equity at 1 July 2014		897,848	30,598	928,446
Net Result for the year		35,753		35,753
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	22	----	62,558	62,558
-Transfers on Disposal		4,312	(4,312)	----
Total Other Comprehensive Income		4,312	58,246	62,558
Total Comprehensive Income for the period		40,065	58,246	98,311
Balance at 30 June 2015		937,913	88,844	1,026,757
Balance at 1 July 2013		872,777	33,013	905,790
Total Equity at 1 July 2013		872,777	33,013	905,790
Net Result for the year		29,406		29,406
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	22	----	(2,415)	(2,415)
Total Other Comprehensive Income		----	(2,415)	(2,415)
Total Comprehensive Income for the year		29,406	(2,415)	26,991
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	38	(4,335)	----	(4,335)
Balance at 30 June 2014		897,848	30,598	928,446

The accompanying notes form part of these financial statements.

Western Sydney Local Health District
Statement of Cash Flows for the period ended 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2015	2015	2014	Notes	2015	2015	2014
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
—	—	—		(975,178)	(953,720)	(925,145)
(14,294)	(13,815)	(22,598)		(14,294)	(13,815)	(22,598)
(83)	—	(158)		(83)	—	(158)
(1,445,935)	(1,411,687)	(1,376,328)		(470,757)	(457,967)	(451,183)
(1,460,312)	(1,425,502)	(1,399,084)		(1,460,312)	(1,425,502)	(1,399,084)
Receipts						
1,174,760	1,161,849	1,128,249		1,174,760	1,161,849	1,128,249
105,790	105,770	89,741		105,790	105,770	89,741
18,276	18,276	14,882		18,276	18,276	14,882
181,010	149,982	161,566		181,010	149,982	161,566
2,488	5,511	2,738		2,488	5,511	2,738
37,637	40,350	39,572		37,637	40,350	39,572
48,668	66,660	59,711		48,668	66,660	59,711
1,568,629	1,548,398	1,496,459		1,568,629	1,548,398	1,496,459
108,317	122,896	97,375		108,317	122,896	97,375
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
609	—	644		609	—	644
(111,496)	(111,537)	(93,551)		(111,496)	(111,537)	(93,551)
(110,887)	(111,537)	(92,907)		(110,887)	(111,537)	(92,907)
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
4,018	4,018	(2)		4,018	4,018	(2)
(1,983)	(6,766)	(1,796)		(1,983)	(6,766)	(1,796)
2,035	(2,748)	(1,798)		2,035	(2,748)	(1,798)
NET CASH FLOWS FROM FINANCING ACTIVITIES						
NET INCREASE / (DECREASE) IN CASH						
(535)	8,611	2,670		(535)	8,611	2,670
67,985	67,985	69,229		67,985	67,985	69,229
—	—	(3,914)	38	—	—	(3,914)
67,450	76,596	67,985	19	67,450	76,596	67,985
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

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

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		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
Expenses excluding losses																						
Operating Expenses	45,470	21,244	1,570	966	166,955	138,084	89,532	96,562	475,110	483,776	117,411	111,046	61,617	65,662	21,944	14,484	38,549	33,797	1,018,158	965,621		
Employee Related	371	657	-----	-----	5,256	4,666	1,773	1,383	29,176	24,680	1,749	1,452	920	657	875	691	427	380	40,547	34,566		
Visiting Medical Officers	10,962	8,107	400	368	91,915	81,434	33,480	31,689	203,529	184,240	25,858	32,795	17,713	16,213	5,324	3,316	10,124	10,317	399,305	368,479		
Other Operating Expenses	1,898	2,607	45	59	11,010	9,421	4,969	4,918	29,105	30,635	4,442	4,740	2,784	3,496	1,129	1,185	1,557	2,192	56,939	59,253		
Depreciation and Amortisation	1,449	894	745	186	1,635	8,587	466	37	3,644	578	875	708	342	56	1,861	93	1,918	7,488	12,935	18,627		
Grants and Subsidies	12	7	-----	1	51	43	26	28	147	147	30	31	17	18	6	4	10	15	299	294		
Finance Costs	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Payments to Affiliated Health Organisations	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenses excluding losses	60,162	33,516	2,760	1,580	276,822	242,235	130,246	134,617	740,711	724,056	150,365	150,772	83,393	87,858	31,139	19,773	52,585	54,189	1,528,183	1,448,586		
Revenue																						
NSW Ministry of Health Recurrent Allocations **	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
NSW Ministry of Health Capital Allocations **	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Acceptance by the Crown Entity	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
of Employee Benefits and Other Liabilities	1,510	2,330	14	-----	6,178	4,928	3,578	4,077	33,706	19,397	5,253	6,317	3,284	3,002	501	717	1,436	4,032	55,460	44,800		
Sale of Goods and Services	819	326	4	-----	30,296	28,236	18,236	979	108,762	108,048	7,458	8,650	10,077	16,321	607	-----	1,204	653	177,463	163,213		
Investment Revenue	11	25	-----	-----	595	449	188	47	1,246	1,728	131	172	127	274	61	5	129	38	2,488	2,738		
Grants and Contributions	12,822	770	-----	37	3,092	4,472	397	257	2,825	5,166	558	1,210	839	12,132	6,118	5,205	8,566	7,404	35,217	36,653		
Other Revenue	1,287	724	-----	-----	1,255	2,078	1,864	708	13,574	8,581	911	1,527	1,501	1,322	832	110	1,241	693	22,467	15,743		
Total Revenue	16,449	4,175	20	37	41,416	40,163	24,263	6,068	160,113	142,920	14,311	17,876	15,828	33,051	9,119	6,037	12,576	12,920	1,573,646	1,481,137		
Gain / (Loss) on Disposal	(10)	(7)	-----	-----	(195)	(146)	(40)	(30)	(1,500)	(1,127)	(21)	(16)	(103)	(78)	-----	-----	(42)	(32)	(1,911)	(1,436)		
Other Gains / (Losses)	(250)	(54)	(23)	(5)	(1,341)	(292)	(218)	(48)	(4,798)	(1,046)	(70)	(15)	(998)	(217)	(101)	(22)	-----	-----	(7,799)	(1,699)		
Net Result	(43,973)	(29,402)	(2,763)	(1,548)	(236,942)	(202,510)	(106,241)	(128,627)	(586,896)	(583,309)	(136,145)	(132,927)	(68,666)	(55,102)	(23,121)	(13,758)	(40,051)	(41,401)	35,753	29,406		
Other Comprehensive Income																						
Increase/(Decrease) in Revaluation Surplus	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Other Comprehensive Income	(43,973)	(29,402)	(2,763)	(1,548)	(236,942)	(202,510)	(106,241)	(128,627)	(524,338)	(585,724)	(136,145)	(132,927)	(68,666)	(55,102)	(23,121)	(13,758)	(40,051)	(41,401)	98,311	26,991		
Total Comprehensive Income	(87,946)	(58,804)	(5,326)	(3,096)	(473,884)	(405,020)	(212,482)	(257,254)	(1,113,226)	(1,171,034)	(272,290)	(265,854)	(137,332)	(110,204)	(46,242)	(27,509)	(80,452)	(82,802)	134,064	118,187		

* 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 "Net Attributable" column.

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

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		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
ASSETS																							
Current Assets																							
Cash and Cash Equivalents	2,655	1,573	122	74	12,218	11,368	5,749	6,318	32,693	33,982	6,637	7,076	3,681	4,123	1,374	928	2,321	2,543	67,450	67,985			
Receivables	287	119	1		10,604	10,272	6,383	356	38,071	39,305	2,610	3,147	3,527	5,938	212		422	238	62,117	59,375			
Inventories	319	220	12	10	2,674	2,206	974	859	5,922	4,991	752	889	515	439	155	90	295	280	11,618	9,984			
Total Current Assets	3,261	1,912	135	84	25,496	23,846	13,106	7,533	76,686	76,278	9,999	11,112	7,723	10,500	1,741	1,018	3,038	3,061	141,185	137,344			
Non-Current Assets																							
Receivables	18	6			652	541	392	19	2,340	2,071	160	166	217	313	13		26	13	3,818	3,129			
Property, Plant and Equipment																							
- Land and Buildings	36,168	41,689	861	947	209,821	150,648	94,701	78,640	554,632	489,844	84,646	75,798	53,062	55,901	21,510	18,949	29,676	35,057	1,085,077	947,473			
- Plant and Equipment	1,671	2,354	40	54	9,695	8,508	4,376	4,441	25,628	27,662	3,911	4,281	2,452	3,157	994	1,070	1,371	1,980	50,138	53,507			
- Infrastructure Systems	151	1,002	4	23	879	3,621	397	1,890	2,323	11,774	355	1,822	222	1,344	90	456	124	843	4,545	22,775			
Intangible Assets	15	37		1	86	133	39	69	227	431	35	67	22	49	9	17	12	31	445	835			
Total Non-Current Assets	38,023	45,088	905	1,025	221,133	163,451	99,905	85,059	585,150	531,782	89,107	82,134	55,975	60,764	22,616	20,492	31,209	37,924	1,144,023	1,027,719			
TOTAL ASSETS	41,284	47,000	1,040	1,109	246,629	187,297	113,011	92,592	661,836	610,060	99,106	93,246	63,698	71,264	24,357	21,510	34,247	40,985	1,285,208	1,165,063			
LIABILITIES																							
Current Liabilities																							
Payables	2,457	1,731	90	79	20,602	17,384	7,504	6,765	45,618	39,329	5,796	7,001	3,970	3,461	1,193	708	2,269	2,203	89,499	78,661			
Borrowings	87	24	4	1	399	173	188	96	1,068	518	217	108	120	63	45	14	76	39	2,204	1,036			
Provisions	7,052	3,327	244	151	25,892	21,622	13,885	15,121	73,683	75,753	18,209	17,389	9,656	10,282	3,403	2,268	5,978	5,292	157,902	151,205			
Other	77	16	4	1	356	119	167	66	952	357	193	74	107	43	40	10	68	27	1,984	713			
Total Current Liabilities	9,673	5,098	342	232	47,249	39,298	21,744	22,048	121,321	115,957	24,415	24,572	13,753	13,849	4,681	3,000	8,391	7,561	251,569	231,615			
Non-Current Liabilities																							
Borrowings	202	94	9	4	929	677	437	376	2,486	2,024	505	421	280	245	105	55	177	151	5,130	4,047			
Provisions	78	21	3	1	287	137	154	96	818	478	202	110	106	65	38	14	66	33	1,752	955			
Total Non-Current Liabilities	280	115	12	5	1,216	814	591	472	3,304	2,502	707	531	386	310	143	69	243	184	6,882	5,002			
TOTAL LIABILITIES	9,953	5,213	354	237	48,465	40,112	22,335	22,520	124,625	118,459	25,122	25,103	14,139	14,159	4,824	3,069	8,634	7,745	258,451	236,617			
NET ASSETS	31,331	41,787	686	872	198,164	147,185	90,676	70,072	537,211	491,601	73,984	68,143	49,559	57,105	19,533	18,441	25,613	33,240	1,026,757	928,446			

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

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

1. The Reporting Entity

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

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

- * The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 17 and 25), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Western Sydney Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

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

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

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

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

Other circumstances why the going concern is appropriate include:

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

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the period 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.

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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

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%). The District has assessed the actuarial advice based on the District's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

ii) Long Service Leave and Superannuation

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

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 28.

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

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

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

iii) Consequential On-Costs

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

iv) Other Provisions

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

b) Insurance

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

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 District transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

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

Patient Fees

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

High Cost Drugs

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

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

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

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

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

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

General operating expenses/revenues of Lottie Stewart Hospital have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. District 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 District as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

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.

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

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

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

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

h) Capitalisation Thresholds

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

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

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

	2015	2014
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%
Furniture, Fittings and Furnishings	5.0%	5.0%

"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.

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

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 22 and Note 24 for further information regarding fair value.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets recognised by the District was completed in the 2014/2015 financial year and was based on an independent assessment.

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

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

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

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

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

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

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

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

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.

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

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.

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

n) Intangible Assets

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

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

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

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

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

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

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.

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.

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

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

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

t) 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.

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 District transfers the financial asset:

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

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

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

v) Payables

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

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

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

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.

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

x) Fair Value Hierarchy

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

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

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

Refer Note 39 and Note 24 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity Transfers

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

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

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

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 District'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 District receives monies in a trustee capacity for various trusts as set out in Note 31.

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

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

Western Sydney Local Health District
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for the period ended 30 June 2015

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

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

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

ad) 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, District management is of the opinion that there will be no material implications for the financial statements.

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

(ii) Issued but not yet effective

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

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

Western Sydney Local Health District
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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.

AASB 2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 January 2016. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

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

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

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

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	641,278	609,771
----	----	Overtime	31,832	32,926
----	----	Penalties	60,206	58,793
----	----	Superannuation - Defined Benefit Plans	11,637	12,290
----	----	Superannuation - Defined Contribution Plans	73,101	67,035
----	----	Long Service Leave	46,619	35,218
----	----	Annual Leave	87,860	83,200
----	----	Sick Leave and Other Leave	50,533	49,665
----	----	Redundancies	1,841	1,161
----	----	Workers' Compensation Insurance	12,851	15,562
----	----	Fringe Benefits Tax	400	----
-----	-----		1,018,158	965,621
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
641,278	609,771	Salaries and Wages	----	----
31,832	32,926	Overtime	----	----
60,206	58,793	Penalties	----	----
73,101	67,035	Superannuation - Defined Contribution Plans	----	----
2,796	2,708	Long Service Leave	----	----
87,860	83,200	Annual Leave	----	----
50,533	49,665	Sick Leave and Other Leave	----	----
1,841	1,161	Redundancies	----	----
12,851	15,562	Workers' Compensation Insurance	----	----
400	----	Fringe Benefits Tax	----	----
-----	-----		-----	-----
962,698	920,821		-----	-----
5. Other Operating Expenses				
751	400	Advertising	751	400
82	193	Auditor's Remuneration - Audit of Financial Statements	82	193
8,581	7,696	Blood and Blood Products	8,581	7,696
81	105	Consultancies - Capital Works	81	105
2,077	2,210	Consultancies - Other	2,077	2,210
29	5	Contractors	29	5
16,397	16,914	Domestic Supplies and Services	16,397	16,914
60,773	56,849	Drug Supplies	60,773	56,849
23,749	22,967	Food Supplies	23,749	22,967
10,326	12,069	Fuel, Light and Power	10,326	12,069
4,449	3,582	Hospital Ambulance Transport Costs	4,449	3,582
26,432	22,348	Information Management Expenses	26,432	22,348
2,369	2,320	Insurance	2,369	2,320
38,253	24,560	Maintenance (See (b) below)	38,253	24,560
77,065	72,323	Medical and Surgical Supplies	77,065	72,323
1,475	1,674	Motor Vehicle Expenses	1,475	1,674
3,595	3,603	Postal and Telephone Costs	3,595	3,603
4,487	4,635	Printing and Stationery	4,487	4,635
2,443	2,434	Rates and Charges	2,443	2,434
2,408	2,518	Rental	2,408	2,518
----	183	Hosted Services Purchased from Other NSW Health Entities	----	183
65,893	64,045	Special Service Departments	65,893	64,045
7,351	6,519	Staff Related Costs	7,351	6,519
6,970	6,333	Travel Related Costs	6,970	6,333
33,269	31,994	Other (See (a) below)	33,269	31,994
-----	-----		-----	-----
399,305	368,479		399,305	368,479

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

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		(a) Other Includes:		
3,101	1,924	Contract for Patient Services	3,101	1,924
8,053	8,468	Corporate Support Services	8,053	8,468
622	489	Courier and Freight	622	489
12	----	Isolated Patient Travel and Accommodation Assistance Scheme	12	----
466	270	Legal Services	466	270
2,427	1,062	Membership/Professional Fees	2,427	1,062
2,539	2,274	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,539	2,274
3,937	3,344	Other Operating Lease Expense - Minimum Lease Payments	3,937	3,344
49	25	Quality Assurance/Accreditation	49	25
472	325	Security Services	472	325
(45)	----	Services Purchased from Health Reform Transition Organisations	(45)	----
11,636	13,813	Other Miscellaneous	11,636	13,813
<u>33,269</u>	<u>31,994</u>		<u>33,269</u>	<u>31,994</u>
		(b) Reconciliation of Total Maintenance		
10,323	9,109	Maintenance Contracts	10,323	9,109
15,509	6,405	New/Replacement Equipment under \$10,000	15,509	6,405
13,553	10,104	Repairs Maintenance/Non Contract	13,553	10,104
(1,132)	(1,058)	Other	(1,132)	(1,058)
38,253	24,560	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	38,253	24,560
4,339	4,568	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	4,339	4,568
<u>42,592</u>	<u>29,128</u>	Total Maintenance Expenses	<u>42,592</u>	<u>29,128</u>

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
41,529	40,817	Depreciation - Buildings	41,529	40,817
13,111	14,915	Depreciation - Plant and Equipment	13,111	14,915
1,726	2,230	Depreciation - Infrastructure Systems	1,726	2,230
573	1,291	Amortisation - Intangible Assets	573	1,291
56,939	59,253		56,939	59,253
7. Grants and Subsidies				
7,594	6,625	Non-Government Organisations	7,594	6,625
222	8	Grants to Research Organisations	222	8
75	14	Grant Payments to Other NSW Health Entities	75	14
5,044	11,980	Other Grants	5,044	11,980
12,935	18,627		12,935	18,627
8. Finance Costs				
83	158	Interest on Loans	83	158
216	136	Other Interest Charges	216	136
299	294		299	294
9. Payments to Affiliated Health Organisations				
----	1,756	(a) Recurrent Sourced	----	1,756
		Lottie Stewart Hospital		
----	1,756		----	1,756

Lottie Stewart Hospital ceased operating as a public health facility in August 2013.

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

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
767	585	Pharmacy Sales	767	585
7,828	5,392	Sale of Prosthesis	7,828	5,392
171	204	Other	171	204
(b) Rendering of Services comprise the following:-				
		Patient Fees		
54,139	51,831	- Inpatient Fees	54,139	51,831
1,280	1,470	- Nursing Home Fees	1,280	1,470
1,285	676	- Non Inpatient Fees	1,285	676
12,252	12,254	Department of Veterans' Affairs	12,252	12,254
373	371	Staff-Meals and Accommodation	373	371
24,052	25,091	Infrastructure Fees - Monthly Facility Charge	24,052	25,091
11,916	6,271	- Annual Charge	11,916	6,271
192	232	Cafeteria/Kiosk	192	232
6,145	4,720	Car Parking	6,145	4,720
1,954	1,765	Child Care Fees	1,954	1,765
693	1,210	Clinical Services (excluding Clinical Drug Trials)	693	1,210
7,303	7,452	Commercial Activities	7,303	7,452
254	240	Fees for Medical Records	254	240
1	----	Information Retrieval	1	----
24,632	23,132	High Cost Drugs	24,632	23,132
16,016	14,220	Motor Accident Authority Third Party	16,016	14,220
74	----	Patient Transport Fees	74	----
102	90	Private Use of Motor Vehicles	102	90
306	461	Salary Packaging Fee	306	461
23	131	Services Provided to Non NSW Health Organisations	23	131
5,705	5,415	Other	5,705	5,415
177,463	163,213		177,463	163,213
11. Investment Revenue				
2,488	2,642	Interest	2,488	2,642
----	96	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	----	96
2,488	2,738		2,488	2,738

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

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
12. Grants and Contributions				
6,416	5,198	Clinical Drug Trials	6,416	5,198
14,308	14,158	Commonwealth Government Grants	14,308	14,158
1,342	4,797	Industry Contributions/Donations	1,342	4,797
7,176	7,768	Cancer Institute Grants	7,176	7,768
299	10	NSW Government Grants	299	10
1,621	----	Grants from Other NSW Health Entities	1,621	----
2,699	2,951	Research Grants	2,699	2,951
1,356	1,771	Other Grants	1,356	1,771
35,217	36,653		35,217	36,653
13. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	11,637	12,290
----	----	Long Service Leave	43,823	32,510
----	----		55,460	44,800
14. Other Revenue				
Other Revenue comprises the following:-				
4	27	Bad Debts Recovered	4	27
384	487	Commissions	384	487
979	734	Conference and Training Fees	979	734
686	790	Discounts	686	790
349	115	Insurance Refunds	349	115
6,836	6,278	Lease and Rental Income	6,836	6,278
875	----	Property not Previously Recognised	875	----
94	134	Sale of Merchandise, Old Wares and Books	94	134
3,443	230	Treasury Managed Fund Hindsight Adjustment	3,443	230
8,817	6,948	Other	8,817	6,948
22,467	15,743		22,467	15,743

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

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
15. Gain / (Loss) on Disposal				
16,495	33,275	Property, Plant and Equipment	16,495	33,275
14,033	31,195	Less: Accumulated Depreciation	14,033	31,195
2,462	2,080	Written Down Value	2,462	2,080
609	644	Less: Proceeds from Disposal	609	644
(1,853)	(1,436)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(1,853)	(1,436)
58	----	Intangible Assets	58	----
(58)	----	Gain/(Loss) on Disposal of Intangible Assets	(58)	----
(1,911)	(1,436)	Total Gain/(Loss) on Disposal	(1,911)	(1,436)
16. Other Gains / (Losses)				
(7,799)	(1,699)	Impairment of Receivables	(7,799)	(1,699)
(7,799)	(1,699)		(7,799)	(1,699)

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

17. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date	396	6,952	974	8,322
Contributions recognised in previous years which were not expended in the current reporting period	6,597	56,884	3,345	66,826
Total amount of unexpended contributions as at reporting date	6,993	63,836	4,319	75,148

Comment on restricted assets appears in Note 25

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

18. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

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

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

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

Western Sydney Local Health District
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Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

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

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
19. Cash and Cash Equivalents				
67,450	22,831	Cash at Bank and On Hand	67,450	22,831
-----	45,154	Short Term Deposits	-----	45,154
67,450	67,985		67,450	67,985
For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.				
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
67,450	67,985	Cash and Cash Equivalents (per Statement of Financial Position)	67,450	67,985
67,450	67,985	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	67,450	67,985

Refer to Note 39 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		20. Receivables		
		Current		
23,763	22,019	Sale of Goods and Services	23,763	22,019
7,918	10,207	Intra Health Receivables	7,918	10,207
5,516	3,678	Goods and Services Tax	5,516	3,678
<u>26,681</u>	<u>20,777</u>	Other Debtors	<u>26,681</u>	<u>20,777</u>
63,878	56,681	Sub Total	63,878	56,681
<u>(5,066)</u>	<u>(4,170)</u>	Less Allowance for Impairment	<u>(5,066)</u>	<u>(4,170)</u>
58,812	52,511	Sub Total	58,812	52,511
3,305	6,864	Prepayments	3,305	6,864
<u>62,117</u>	<u>59,375</u>		<u>62,117</u>	<u>59,375</u>
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(3,656)	(3,476)	Balance at Commencement of Reporting Period	(3,656)	(3,476)
1,715	1,447	Amounts written off during the period	1,715	1,447
<u>(2,576)</u>	<u>(1,627)</u>	(Increase)/decrease in Allowance Recognised in the Net Result	<u>(2,576)</u>	<u>(1,627)</u>
(4,517)	(3,656)	Balance at 30 June	(4,517)	(3,656)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(514)	(4,876)	Balance at Commencement of Reporting Period	(514)	(4,876)
5,189	4,434	Amounts written off during the period	5,189	4,434
<u>(5,223)</u>	<u>(72)</u>	the Net Result	<u>(5,223)</u>	<u>(72)</u>
(548)	(514)	Balance at 30 June	(548)	(514)
<u>(5,065)</u>	<u>(4,170)</u>		<u>(5,065)</u>	<u>(4,170)</u>
		Non-Current		
3,818	3,129	Prepayments	3,818	3,129
<u>3,818</u>	<u>3,129</u>		<u>3,818</u>	<u>3,129</u>
		The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
2,201	3,197	Patient Fees - Compensable	2,201	3,197
7,677	6,255	Patient Fees - Ineligible	7,677	6,255
<u>6,786</u>	<u>7,613</u>	Patient Fees - Inpatient & Other	<u>6,786</u>	<u>7,613</u>
<u>16,664</u>	<u>17,065</u>		<u>16,664</u>	<u>17,065</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 39.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
21. Inventories				
7,995	7,257	Drugs	7,995	7,257
3,271	2,533	Medical and Surgical Supplies	3,271	2,533
56	----	Engineering Supplies	56	----
296	194	Other Including Goods in Transit	296	194
<u>11,618</u>	<u>9,984</u>		<u>11,618</u>	<u>9,984</u>

Western 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
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
2,246,358	2,046,042	Gross Carrying Amount	2,246,358	2,046,042
1,161,281	1,098,569	Less: Accumulated Depreciation and Impairment	1,161,281	1,098,569
<u>1,085,077</u>	<u>947,473</u>	Net Carrying Amount	<u>1,085,077</u>	<u>947,473</u>
Plant and Equipment - Fair Value*				
161,232	163,956	Gross Carrying Amount	161,232	163,956
111,094	110,449	Less: Accumulated Depreciation and Impairment	111,094	110,449
<u>50,138</u>	<u>53,507</u>	Net Carrying Amount	<u>50,138</u>	<u>53,507</u>
Infrastructure Systems - Fair Value				
47,596	68,450	Gross Carrying Amount	47,596	68,450
43,051	45,675	Less: Accumulated Depreciation and Impairment	43,051	45,675
<u>4,545</u>	<u>22,775</u>	Net Carrying Amount	<u>4,545</u>	<u>22,775</u>
<u>1,139,760</u>	<u>1,023,755</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,139,760</u>	<u>1,023,755</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.

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22. 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
2015					
Net Carrying Amount at Start of Year	251,577	695,896	53,507	22,775	1,023,755
Additions	695	100,664	11,198	11	112,568
Reclassifications to Intangibles	----	----	(294)	----	(294)
Disposals	----	(1,614)	(847)	----	(2,461)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	53,375	8,840	----	343	62,558
Depreciation Expense	----	(41,529)	(13,111)	(1,726)	(56,366)
Reclassifications	----	17,174	(316)	(16,858)	----
Net Carrying Amount at End of Year	305,647	779,431	50,137	4,545	1,139,760

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2014					
Net Carrying Amount at Start of Year	252,382	643,826	72,280	24,884	993,372
Additions	1,600	85,962	5,850	8	93,420
Reclassifications to Intangibles	----	----	(895)	----	(895)
Disposals	(578)	----	(1,502)	----	(2,080)
Administrative Restructures - Transfers In/(Out)	----	----	315	----	315
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	(1,827)	(588)	----	----	(2,415)
Depreciation Expense	----	(40,817)	(14,915)	(2,230)	(57,962)
Reclassifications	----	7,513	(7,626)	113	----
Net Carrying Amount at End of Year	251,577	695,896	53,507	22,775	1,023,755

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 24.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Indices provided by Liquid Pacific Holdings Pty Ltd were not applied as immaterial.

Western Sydney Local Health District
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2015	2014		2015	2014
\$000	\$000		\$000	\$000
		23. Intangible Assets		
		Intangibles		
3,757	29,306	Cost (Gross Carrying Amount)	3,757	29,306
3,312	28,471	Less Accumulated Amortisation and Impairment	3,312	28,471
<u>445</u>	<u>835</u>	Net Carrying Amount	<u>445</u>	<u>835</u>
<u>445</u>	<u>835</u>	Total Intangible Assets at Net Carrying Amount	<u>445</u>	<u>835</u>

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23. Intangibles - Reconciliation

	Intangibles \$000
2015	
Net Carrying Amount at Start of Year	835
Additions (From Internal Development or Acquired Separately)	(52)
Reclassifications from Plant & Equipment	294
Disposals	(58)
Amortisation (Recognised in Depreciation and Amortisation)	(573)
Net Carrying Amount at End of Year	446
2014	
Net Carrying Amount at Start of Year	1,130
Additions (From Internal Development or Acquired Separately)	131
Reclassifications from Plant & Equipment	895
Amortisation (Recognised in Depreciation and Amortisation)	(1,291)
Write-Off of Obsolete Software	(30)
Net Carrying Amount at End of Year	835

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24. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the Statement of Financial Position 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
Property, Plant and Equipment (Note 22)				
- Land and Buildings	----	298,560	786,517	1,085,077
- Infrastructure Systems	----	----	4,545	4,545
	----	<u>298,560</u>	<u>791,062</u>	<u>1,089,622</u>

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

2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 22)				
- Land and Buildings	----	217,396	730,077	947,473
- Infrastructure Systems	----	----	22,775	22,775
	----	<u>217,396</u>	<u>752,852</u>	<u>970,248</u>

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

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers every three years. The last revaluation was performed by Liquid Pacific Holdings Pty Ltd for the 2014/2015 financial year. Liquid Pacific Holdings Pty Ltd is an independent entity and is not an employee of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 22 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.

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

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

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".

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.

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"> ▪ Rate per square metre ▪ Discount rate ▪ Provision for remediation 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Rate per square metre increases/(decreases) ▪ Discount rate decreases/(increases) ▪ Provision for remediation decreases/(increases)
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"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)
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"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)
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"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)

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

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24. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2015	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2014	730,077	22,775	752,852
Additions	35,999	11	36,010
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	40,710	343	41,053
Transfers from Level 2	12,660	----	12,660
Transfers to Level 2	(14,382)	----	(14,382)
Depreciation	(35,405)	(1,726)	(37,131)
Other - Westmead Carpark	16,858	(16,858)	----
Fair value as at 30 June 2015	<u>786,517</u>	<u>4,545</u>	<u>791,062</u>

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

2014	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2013	771,027	24,884	795,911
Additions	----	8	8
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	(2,415)	----	(2,415)
Transfers from Level 2	----	113	113
Disposals	(578)	----	(578)
Depreciation	(37,957)	(2,230)	(40,187)
Fair value as at 30 June 2014	<u>730,077</u>	<u>22,775</u>	<u>752,852</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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2015
\$000

2014
\$000

2015
\$000

2014
\$000

25. Restricted Assets

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

Category

35,260	36,223	Specific Purposes	35,260	36,223
6,197	5,398	Research Grants	6,197	5,398
31,679	25,382	Private Practice Funds	31,679	25,382
2,012	1,962	Other	2,012	1,962
75,148	68,965		75,148	68,965

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		26. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	25,719	21,161
----	----	Taxation and Payroll Deductions	1,446	6,101
27,165	27,262	Accrued Liability - Purchase of Personnel Services	----	----
33,715	25,803	Creditors	33,715	25,803
----	8	Interest	----	8
		Other Creditors		
9,661	12,903	- Intra Health Liability	9,661	12,903
18,958	12,685	- Other	18,958	12,685
89,499	78,661		89,499	78,661

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

		27. Borrowings		
		Current		
2,204	1,036	Other Loans and Deposits	2,204	1,036
2,204	1,036		2,204	1,036
		Non-Current		
5,130	4,047	Other Loans and Deposits	5,130	4,047
5,130	4,047		5,130	4,047

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

Final Repayment is scheduled for June 2020

Other loans still to be extinguished represent monies to be repaid to NSW Ministry of Health.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
28. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	95,912	92,419
----	----	Annual Leave - Long Term Benefit	41,838	40,634
----	----	Long Service Leave Consequential On-Costs	20,152	18,152
157,902	151,205	Provision for Personnel Services Liability	----	----
<u>157,902</u>	<u>151,205</u>	Total Current Provisions	<u>157,902</u>	<u>151,205</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	1,752	955
1,752	955	Provision for Personnel Services Liability	----	----
<u>1,752</u>	<u>955</u>	Total Non-Current Provisions	<u>1,752</u>	<u>955</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	157,902	151,205
----	----	Provisions - Non-Current	1,752	955
----	----	Accrued Salaries, Wages and On-Costs (Note 26)	27,165	27,262
186,819	179,422	Liability - Purchase of Personnel Services	----	----
<u>186,819</u>	<u>179,422</u>		<u>186,819</u>	<u>179,422</u>
29. Other Liabilities				
Current				
1,964	713	Income in Advance	1,964	713
<u>1,964</u>	<u>713</u>		<u>1,964</u>	<u>713</u>

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		30. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems and intangible assets, contracted for at balance date and not provided for:		
37,081	75,574	Not later than one year	37,081	75,574
----	36,032	Later than one year and not later than five years	----	36,032
----	233	Later than five years	----	233
<u>37,081</u>	<u>111,839</u>	Total Capital Expenditure Commitments (Including GST)	<u>37,081</u>	<u>111,839</u>
		Of the commitments reported at 30 June 2015 it is expected that \$Nil will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
6,250	5,437	Not later than one year	6,250	5,437
9,708	18,370	Later than one year and not later than five years	9,708	18,370
85	13,284	Later than five years	85	13,284
<u>16,043</u>	<u>37,091</u>	Total Operating Lease Commitments (Including GST)	<u>16,043</u>	<u>37,091</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Contingent Asset Related to Commitments for Expenditure		
		The total of 'Commitments for Expenditure' above, i.e. \$53.12 million million as at 30 June 2015 includes input tax credits of \$4.83 million that are expected to be recoverable from the Australian Taxation Office (2014 \$13.54 million).		

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31. Trust Funds

The District holds trust funds of \$22.8 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Refundable Deposits		Private Practice Trust Funds		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Balance at the beginning of the financial period	344	342	14,879	21,342	15,223	21,684
Income	-----	3	62,433	95,794	62,433	95,797
Expenses	(74)	(1)	(54,800)	(102,257)	(54,874)	(102,256)
Balance at the end of the financial period	270	344	22,512	14,879	22,782	15,223

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32. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2009/10 fund year and an interim adjustment for the 2011/12 fund year were not calculated until 2014/15.

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

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
33. Reconciliation of Cash Flows from Operating Activities to Net Result				
108,317 (56,939) (7,799) (1,251) (7,492) 12,672 (10,865) (1,911) 1,021	97,375 (59,253) (1,699) 803 (9,741) 5,587 (2,230) (1,436) ----	Net Cash Flows from Operating Activities Depreciation Allowance for Impairment (Increase)/ Decrease Income in Advance (Increase)/ Decrease in Provisions Increase / (Decrease) in Prepayments and Other Assets (Increase)/ Decrease in Payables from Operating Activities Net Gain/ (Loss) on Sale of Property, Plant and Equipment Assets donated or brought to account for the first time	108,317 (56,939) (7,799) (1,251) (7,492) 12,672 (10,865) (1,911) 1,021	97,375 (59,253) (1,699) 803 (9,741) 5,587 (2,230) (1,436) ----
35,753	29,406	Net Result	35,753	29,406

34. Non-Cash Financing and Investing Activities				
1,021	----	Assets Received by Donation	1,021	----
1,021	----		1,021	----

35. 2014/15 Voluntary Services

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

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

36. Unclaimed Monies

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

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

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

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37. Adjusted Budget Review - Parent and Consolidated

Assets and Liabilities

Non-Current Assets exceed budget by \$74m of which the Fixed Asset revaluation accounts for \$63m. Current Liabilities exceeded budget by \$13m as the budget assumed a similar accelerated creditors payment in 30 June 2015 as occurred in 30 June 2014. This did not materialise.

Cash Flows

Cash flow from operations exceeded budget due to positive variances in Recurring Allocation from MOH \$13m and increased sales of Goods & Services \$33m but this was offset by headcount costs exceeding budget by \$22m.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 30 June 2014 are as follows:

	\$000
Initial Allocation	1,126,230
Special Projects	
National Partnerships on Treating More Public Dental Patients	5,019
NSW Organ and Tissue Donation Service Funding	408
Supplementation Funding for Cochlear Implants	420
Windows 8 Desktop Funding	3,100
Supplementation for Adult Drug Court 2014_15 and 2015_16	420
National Perinatal Depression Initiative (NPDI) 2014/15	620
Budget Supplementation - Nurse_Midwife Strategy Reserve	1,043
Acute Admitted Elective Surgery & Emergency	2,000
National Speciality Centres-Pancreas Transplants and Islet Cell Transplantations	5,533
Service Agreement Variation	498
Voluntary Redundancy Reimbursement	1,178
Additional Elective Surgery Activity	4,000
ECAV Projects	370
Other Small Projects	3,510
Other - Depreciation	7,500
	1,161,849
Balance as per Statement of Comprehensive Income	1,161,849

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

Equity transfers effected in the 2013/14 year were:

Transfer of net assets totalling \$3.914M to NSW Health Pathology; Transfer of net assets totalling \$0.421M to Nepean Blue Mountains Local Health District.

Equity transfers effected in the 2014/15 year were:

Nil equity transfers were effected in 2014/15.

	2015	2014
	\$000	\$000
Equity transfers effected comprised:		
NSW Health Pathology	-----	3,914
Nepean Blue Mountains Local Health District	-----	421
	-----	4,335

Assets and Liabilities transferred are as follows:

	2015	2014
	\$000	\$000
Assets		
Cash & Cash Equivalents	-----	3,914
Land & Buildings	-----	(314)
Intangible Assets	-----	30
Liabilities		
Creditors & Accruals	-----	705
Increase/(Decrease) in Net Assets From Equity Transfers	-----	4,335

Western Sydney Local Health District
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39. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2015 \$000	Carrying Amount 2014 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	67,450	67,985
Receivables (note 20)*	Loans and receivables (at amortised cost)	53,296	48,833
Total Financial Assets		120,746	116,818
Financial Liabilities			
Borrowings (note 27)	Financial liabilities	7,334	5,083
Payables (note 26)**	measured at	88,053	72,560
Total Financial Liabilities		95,387	77,643

Notes

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

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

(b) Credit Risk

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

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

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

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.1% in 2014/15 compared to 3.38% in the previous year.

Receivables - trade debtors

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015:\$7.60m; 2014: \$4.88m) and not more than 3 months past due (2015: \$2.97m; 2014:\$3.08m) are not considered impaired. Together these represent 62% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

2015	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	10,569	10,569	-----
3 months - 6 months overdue	2,139	482	1,657
> 6 months overdue	4,425	1,016	3,409
2014			
<3 months overdue	7,959	7,959	-----
3 months - 6 months overdue	2,020	2,020	-----
> 6 months overdue	5,611	1,441	4,170

Notes

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

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

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(c) Liquidity Risk

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

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

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

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

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

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2015								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		25,719	-----	-----	25,719	25,719	-----	-----
- Creditors		62,334	-----	-----	62,334	62,334	-----	-----
Borrowings:								
- Loans and Deposits	3.84%	7,334	7,334	-----	-----	2,204	5,130	-----
		<u>95,387</u>	<u>7,334</u>	-----	<u>88,053</u>	<u>90,257</u>	<u>5,130</u>	-----
2014								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		21,161	-----	-----	21,161	21,161	-----	-----
- Creditors		51,399	-----	-----	51,399	51,399	-----	-----
Borrowings:								
- Loans and Deposits	4.70%	5,083	5,083	-----	-----	1,036	3,721	326
		<u>77,643</u>	<u>5,083</u>	-----	<u>72,560</u>	<u>73,596</u>	<u>3,721</u>	<u>326</u>

Notes:

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

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(d) Market Risk

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

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

Interest rate risk

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

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

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

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

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

	Carrying Amount \$000	-1% Net Result	Equity	Profit	+1% Equity
2015					
Financial Assets					
Cash and Cash Equivalents	67,450	(675)	(675)	675	675
Receivables	53,296	----	----	----	----
Financial Liabilities					
Payables	88,053	----	----	----	----
Borrowings	7,334	73	73	(73)	(73)
2014					
Financial Assets					
Cash and Cash Equivalents	67,985	(680)	(680)	680	680
Receivables	48,833	----	----	----	----
Financial Liabilities					
Payables	72,560	----	----	----	----
Borrowings	5,083	51	51	(51)	(51)

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost.

40. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS