

INDEPENDENT AUDITOR'S REPORT

Albury Base Hospital

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Albury Base Hospital (the Entity), 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 the service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Entity as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of *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.

The Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, 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 Entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any 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 other 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 role by the possibility of losing clients or income.



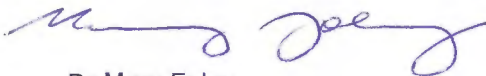
Sally Bond
Director, Financial Audit Services

30 September 2015
SYDNEY

Albury Base Hospital
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2015

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Albury Base Hospital for the year ended 30 June 2015 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations);
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2015* and the Treasurer's Directions; and
 - 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 Albury Base Hospital; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Mary Foley
Secretary, NSW Health
28 September 2015



John Roach PSM
Chief Financial Officer

Albury Base Hospital
Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	Actual	Actual
		2015	2014
		\$000	\$000
Expenses excluding losses			
Operating Expenses			
Depreciation and Amortisation	2(d), 3	2,097	2,233
Total Expenses excluding losses		<u>2,097</u>	<u>2,233</u>
Revenue			
Transfers to the Ministry of Health Inflow/ (Outflow)		(61)	---
Total Revenue		<u>(61)</u>	<u>---</u>
Gain / (Loss) on Disposal	4	(1,739)	---
Net Result	9	<u>(3,897)</u>	<u>(2,233)</u>
TOTAL COMPREHENSIVE INCOME		<u>(3,897)</u>	<u>(2,233)</u>

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Financial Position as at 30 June 2015

		Actual	Actual
	Notes	2015	2014
		\$000	\$000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment			
- Land and Buildings	6	60,379	59,843
- Plant and Equipment	6	---	1,732
- Infrastructure Systems	6	492	540
Total Property, Plant and Equipment		60,871	62,115
Total Non-Current Assets		60,871	62,115
Total Assets		60,871	62,115
LIABILITIES			
Total Liabilities		---	---
Net Assets		60,871	62,115
EQUITY			
Accumulated Funds		60,871	62,115
Total Equity		60,871	62,115

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Changes in Equity for the year ended 30 June 2015

	Accumulated Funds	Total
	\$000	\$000
Balance at 1 July 2014	62,115	62,115
Total Equity at 1 July 2014	<u>62,115</u>	<u>62,115</u>
Net Result for the year	<u>(3,897)</u>	<u>(3,897)</u>
Other Comprehensive Income:		
Total Comprehensive Income for the year	<u>(3,897)</u>	<u>(3,897)</u>
Increase/(Decrease) in Net Assets From Equity Transfers	10 2,653	2,653
Balance at 30 June 2015	<u><u>60,871</u></u>	<u><u>60,871</u></u>
Balance at 1 July 2013	64,348	64,348
Total Equity at 1 July 2013	<u>64,348</u>	<u>64,348</u>
Net Result for the year	<u>(2,233)</u>	<u>(2,233)</u>
Other Comprehensive Income:		
Total Comprehensive Income for the year	<u>(2,233)</u>	<u>(2,233)</u>
Balance at 30 June 2014	<u><u>62,115</u></u>	<u><u>62,115</u></u>

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Cash Flows for the year ended 30 June 2015

	Actual	Actual
	2015	2014
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Cash Flows from Operating Activities	----	----
	_____	_____
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Flows from Investing Activities	----	----
	_____	_____
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Flows from Financing Activities	----	----
	_____	_____
NET INCREASE / (DECREASE) IN CASH	----	----
Opening Cash and Cash Equivalents	----	----
CLOSING CASH AND CASH EQUIVALENTS	----	----
	=====	=====

The accompanying notes form part of these financial statements.

Albany Base Hospital
Service Group Statements
for the year ended 30 June 2015

ALBANY BASE HOSPITAL EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Expenses excluding losses																							
Operating Expenses																							
Depreciation and Amortisation	62		587	661	206	232	1,146	1,291			53											2,097	2,233
Total Expenses excluding losses	62		587	661	206	232	1,146	1,291			53											2,097	2,233
Transfers to the NSW Ministry of Health					(61)																		(61)
Total Revenue																							(38)
Gain / (Loss) on Disposal	(62)	0	(1,102)	(661)	(448)	(232)	(2,151)	(1,291)			(53)											0	(1,739)
Net Result	(62)	0	(1,102)	(661)	(448)	(232)	(2,151)	(1,291)			(53)											0	(3,897)
Total Comprehensive Income	(62)	0	(1,102)	(661)	(448)	(232)	(2,151)	(1,291)			(53)											0	(3,897)

Service Group Statements focus on the key measures of service delivery performance, refer note 2).

* The name and purpose of each service group is summarised in Note 5

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

Albany Base Hospital
Service Group Statements
for the year ended 30 June 2015

ALBANY BASE HOSPITAL ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
ASSETS																							
Non-Current Assets																							
Property, Plant and Equipment																							
- Land and Buildings	1,928		17,087	17,714	6,003	6,224	33,366	34,588			725											60,379	
- Plant and Equipment			513	180	180	180	1,001	1,001														38	
- Infrastructure Systems			146	160	51	56	284	312														11	
Total Non-Current Assets	1,928		17,233	18,387	6,054	6,460	33,650	35,901			725											1,281	
TOTAL ASSETS	1,928		17,233	18,387	6,054	6,460	33,650	35,901			725											1,281	
LIABILITIES																							
TOTAL LIABILITIES																							
NET ASSETS	1,928		17,233	18,387	6,054	6,460	33,650	35,901			725											1,281	
																							1,367
																							60,871
																							62,115

* The name and purpose of each service group is summarised in Note 5

Assets and liabilities that are specific to service groups are allocated accordingly, e.g. Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(i), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

1. The Reporting Entity

The Albury Base Hospital (ABH) 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 Treasurer's Directions. The financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities.

The ABH is a reporting entity that comprises the property, plant and equipment and related transactions of the facility. The provision of services at the hospital is covered by a contract arrangement with Albury Wodonga Health, a Victorian Government entity. The reporting entity is consolidated as part of the Ministry of Health and NSW Total State Sector Accounts.

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Secretary, NSW Health on 28 September 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The ABH'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 Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010, and the Treasurers' Directions.

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

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

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

b) Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. 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 administered by the ABH are deemed to be controlled by the ABH and are reflected as such in the financial statements.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

c) Capitalisation Thresholds

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

d) 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 ABH. 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%
- Costing more than or equal to \$200,000		12.5%
Infrastructure Systems	2.5%	2.5%

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

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

e) Revaluation of Non-Current Assets

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 6 and Note 7 for further information regarding fair value.

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

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.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

f) 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.

g) 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 ABH transfers the financial asset:

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

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

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

h) Payables

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

i) Fair Value Hierarchy

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

Refer Note 6 and Note 7 for further disclosures regarding fair value measurements of financial and non-financial assets.

j) Equity Transfers

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

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

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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

k) 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 ABH's policy on the revaluation of property, plant and equipment as discussed in Note 2(e).

l) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer to note 5.

Using the statistical data for twelve months ending 30 June 2014, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2014/15 year.

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

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g.

m) 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.

(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 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 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.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

	2015 \$000	2014 \$000
3. Depreciation and Amortisation		
Depreciation - Buildings	2,049	1,934
Depreciation - Plant and Equipment	----	251
Depreciation - Infrastructure Systems	48	48
	<hr/>	<hr/>
	2,097	2,233
	<hr/> <hr/>	<hr/> <hr/>

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

	2015 \$000	2014 \$000
4. Gain / (Loss) on Disposal		
Property, Plant and Equipment	5,752	-----
Less: Accumulated Depreciation	<u>3,952</u>	<u>-----</u>
Written Down Value	1,800	-----
Less: Proceeds from Disposal	61	-----
	<u> </u>	<u> </u>
Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(1,739)</u>	<u>-----</u>
Total Gain/(Loss) on Disposal	<u>(1,739)</u>	<u>-----</u>

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

5. Service Groups of the ABH

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

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

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

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

Service Group 3.1 - Mental Health Services

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

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

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.

Albury Base Hospital
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	2015 \$000	2014 \$000
6. Property, Plant and Equipment		
Land and Buildings - Fair Value		
Gross Carrying Amount	99,381	96,796
Less: Accumulated Depreciation and Impairment	39,002	36,953
Net Carrying Amount	60,379	59,843
Plant and Equipment - Fair Value*		
Gross Carrying Amount	----	5,684
Less: Accumulated Depreciation and Impairment	----	3,952
Net Carrying Amount	----	1,732
Infrastructure Systems - Fair Value		
Gross Carrying Amount	1,440	1,440
Less: Accumulated Depreciation and Impairment	948	900
Net Carrying Amount	492	540
Total Property, Plant and Equipment At Net Carrying Amount	60,871	62,115

* 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.

Property, Plant and Equipment - Reconciliation

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2015					
Net Carrying Amount at Start of Year	3,000	56,843	1,732	540	62,115
Disposals	(68)	----	(1,732)	----	(1,800)
Administrative Restructures - Transfers In/(Out)	----	2,653	----	----	2,653
Depreciation Expense	----	(2,049)	----	(48)	(2,097)
Net Carrying Amount at End of Year	2,932	57,447	0	492	60,871

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2014					
Net Carrying Amount at Start of Year	3,000	58,777	1,983	588	64,348
Depreciation Expense	----	(1,934)	(251)	(48)	(2,233)
Net Carrying Amount at End of Year	3,000	56,843	1,732	540	62,115

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the ABH [see note 2(b)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Opteon Property Group in accordance with note 2d. Indices provided by Land and Property Information were not applied in the 2014/15 Financial Statements due to immateriality.

Albury Base Hospital
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7 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. Comparative information for the following has not been provided as permitted by the transitional provisions of the new standard.

a) Fair Value Hierarchy	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2015				
Property, Plant and Equipment				
- Land and Buildings	----	----	60,379	60,379
- Infrastructure Systems	----	----	492	492
	-----	-----	<u>60,871</u>	<u>60,871</u>

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

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2014				
Property, Plant and Equipment				
- Land and Buildings	----	----	59,843	59,843
- Infrastructure Systems	----	----	540	540
	-----	-----	<u>60,383</u>	<u>60,383</u>

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

b) Valuation Techniques, Inputs and Processes

Land values are determined using market based evidence. Building valuations are determined by market evidence, capital value (taking into account useful remaining life and replacement cost) and standard industry rate new cost references.

c) Reconciliation of Recurring Level 3 Fair Value Measurements

	Land and Buildings \$000	Infrastructure Systems \$000	Level 3 Recurring Total \$000
Fair value as at 1 July 2014	59,843	540	60,383
Disposals	(68)	----	(68)
Depreciation	(2,049)	(48)	(2,097)
Admin Transfers (Two buildings transferred from Murrumbidgee LHD)	2,653	----	2,653
Fair value as at the period ended 30 June 2015	<u>60,379</u>	<u>492</u>	<u>60,871</u>
	Land and Buildings \$000	Infrastructure Systems \$000	Level 3 Recurring Total \$000
Fair value as at 1 July 2013	61,777	588	62,365
Depreciation	(1,934)	(48)	(1,982)
Fair value as at the period ended 30 June 2014	<u>59,843</u>	<u>540</u>	<u>60,383</u>

8. Commitments, Contingent Asset Related to Commitments for Expenditure

The Albury Base Hospital is not aware of any significant or material commitments, contingent liabilities or contingent assets in existence at balance date, or which have emerged subsequent to balance date, which would materially impact on the financial position of the Albury Base Hospital as shown in the Financial Statements.

9. Reconciliation of Cash Flows from Operating Activities to Net Result

	2015 \$000	2014 \$000
Net Cash Flows from Operating Activities	----	----
Net Loss on Disposal of Plant & Equipment	1,739	----
Decrease in Other Assets	61	----
Depreciation	2,097	2,233
Net Result	<u>3,897</u>	<u>2,233</u>

Albury Base Hospital
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10. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2013/14 year were:

Nil equity transfers were effected in 2013/14.

Equity transfers effected in the 2014/15 year were:

An increase in net assets of \$2.6 M relating to the transfer of two buildings from Murrumbidgee Local Health District to Albury Base Hospital effective from 1 July 2014.

	2015	2014
	\$000	\$000
Equity transfers effected comprised:		
List agencies with which Admin Transfers took effect		
Murrumbidgee	(2,653)	-
	(2,653)	-

Assets and Liabilities transferred are as follows:

	2015	2014
	\$000	\$000
Assets		
Land and buildings	2,653	-
Increase/(Decrease) in Net Assets From Equity Transfers	2,653	-

Albury Base Hospital
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11. Financial Instruments

Financial Instruments arise directly from the Albury Base Hospital's operations or are required to finance its operations. The Albury Base Hospital does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Secretary, NSW Health has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. The Albury Base Hospital carries minimal risks within its operation as it carries no payable or receivable balances.

Risk management policies are established by the Ministry of Health to identify and analyse the risk faced by the Albury Base Hospital, to set risk limits and controls and monitor risks.

a) Credit Risk

Credit risk arises when there is the possibility of the Albury Base Hospital's debtors defaulting on their contractual obligations, resulting in a financial loss to the Albury Base Hospital. 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 Albury Base Hospital i.e. receivables. The Albury Base Hospital does not hold any financial assets and as a result has no exposure to credit risk. No collateral is held by the Albury Base Hospital nor has it granted any financial guarantees.

b) Liquidity Risk

Liquidity risk is the risk that the Albury Base Hospital will be unable to meet its payment obligations when they fall due. No such risk exists with the Albury Base Hospital not having any cash flows.

c) 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 Albury Base Hospital's exposures to market risk are considered to be minimal and the Albury Base Hospital has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities.

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

d) Fair Value

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short term nature of the financial instrument.

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12. Events After The Reporting Period

The Regional Cancer Centre (approximately \$70 million) is due to be completed in December 2015. Albury Wodonga Health (Victoria) will occupy and manage the facility. The terms of the lease between Albury Wodonga Health (Victoria) and NSW Health are still being negotiated.

END OF AUDITED FINANCIAL STATEMENTS