

Albury Base

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Albury Base Hospital

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Albury Base Hospital (the Entity), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Entity as at 30 June 2016, 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 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.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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.

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

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.

In preparing the financial statements, the Secretary must assess the Entity's ability to continue as a going concern unless the Entity's operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Entity carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.




Chris Clayton
Director, Financial Audit Services

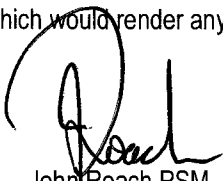
26 September 2016
SYDNEY

Albury Base Hospital
Certification of financial statements
for the year ended 30 June 2016

I state, 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 2016 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 Albury Base Hospital; and
- 3) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.


Elizabeth Koff
Secretary, NSW Health
23 September 2016


John Roach PSM
Chief Financial Officer & Deputy Secretary, Finance

Albury Base Hospital
Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	Actual 2016 \$000	Actual 2015 \$000
Expenses excluding losses			
Depreciation	3	2,424	2,097
Total expenses excluding losses		2,424	2,097
Revenue			
Transfers from the NSW Ministry of Health		-	(61)
Total revenue		-	(61)
Loss on disposal	4	-	(1,739)
Net result		(2,424)	(3,897)
 Other Comprehensive Income			
Items that will not be reclassified to net result			
Net Increase in property, plant and equipment revaluation surplus	6	8,811	-
Total other comprehensive income		8,811	-
 TOTAL COMPREHENSIVE INCOME		6,387	(3,897)

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Financial Position as at 30 June 2016

	Notes	Actual	Actual
		2016	2015
		\$000	\$000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment			
- Land and buildings	6	66,524	60,379
- Infrastructure systems	6	734	492
Total Property, Plant and Equipment		67,258	60,871
Total Non-Current Assets		67,258	60,871
Total Assets		67,258	60,871
LIABILITIES			
Total liabilities		-	-
Net assets		67,258	60,871
EQUITY			
Reserves		8,811	-
Accumulated funds		58,447	60,871
Total Equity		67,258	60,871

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2015		60,871	-	60,871
Net result for the year		(2,424)	-	(2,424)
Other comprehensive income:				
Net Increase in Property, Plant & Equipment	6	-	8,811	8,811
Total Other Comprehensive Income		-	8,811	8,811
Total Comprehensive Income for the year		(2,424)	8,811	6,387
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	9	-	-	-
Balance at 30 June 2016		58,447	8,811	67,258
Balance at 1 July 2014		62,115	-	62,115
Net Result for the year		(3,897)	-	(3,897)
Total Comprehensive Income for the year		(3,897)	-	(3,897)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers		2,653	-	2,653
Balance at 30 June 2015		60,871	-	60,871

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Cash Flows for the year ended 30 June 2016

	Actual	Actual
	2016	2015
	\$000	\$000
NET CASH FLOWS FROM OPERATING ACTIVITIES	----	----
NET CASH FLOWS FROM INVESTING 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.

Albury Base Hospital
Service Group Statements
for the year ended 30 June 2016

	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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$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	72	62	(2)	----	679	587	238	206	1,325	1,146	62	53	----	----	----	----	50	43	----	----	2,424	2,097
Total Expenses Excluding Losses	72	62	(2)	----	679	587	238	206	1,325	1,146	62	53	----	----	----	----	50	43	----	----	2,424	2,097
Revenue																						
NSW Ministry of Health Recurrent Allocations **																						
NSW Ministry of Health Capital Allocations **																						
Transfers from the NSW Ministry of Health	----	----	----	----	----	----	----	(61)	----	----	----	----	----	----	----	----	----	----	----	----	----	(61)
Total Revenue	----	----	----	----	----	----	----	(61)	----	----	----	----	----	----	----	----	----	----	----	----	----	(61)
Gain / (Loss) on Disposal	----	----	----	----	----	(515)	----	(181)	----	(1,005)	----	----	----	----	----	----	----	----	----	----	----	(1,739)
Net Result	(72)	(62)	2	----	(679)	(1,102)	(238)	(448)	(1,325)	(2,151)	(62)	(53)	----	----	----	----	(50)	(81)	----	----	(2,424)	(3,897)
Other Comprehensive Income																						
Net Increase/(Decrease) in PP&E Revaluation Surplus	260	----	----	----	2,467	----	863	----	4,815	----	225	----	----	----	----	----	181	----	----	----	8,811	----
Total Other Comprehensive Income	260	----	----	----	2,467	----	863	----	4,815	----	225	----	----	----	----	----	181	----	----	----	8,811	----
Total Comprehensive Income	188	(62)	2	----	1,788	(1,102)	625	(448)	3,490	(2,151)	163	(53)	----	----	----	----	131	(81)	----	----	6,387	(3,897)

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

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

Albury Base Hospital
Service Group Statements (Continued)
for the year ended 30 June 2016

	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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																						
Property, Plant and Equipment																						
- Land and Buildings	1,962	1,928	-----	-----	18,628	17,087	6,519	6,003	36,355	33,366	1,696	725	-----	-----	-----	-----	1,364	1,270	-----	-----	66,524	60,379
- Infrastructure Systems	22	-----	-----	-----	205	146	72	51	401	284	19	-----	-----	-----	-----	-----	15	11	-----	-----	734	492
Total Non-Current Assets	1,984	1,928	-----	-----	18,833	17,233	6,591	6,054	36,756	33,650	1,715	725	-----	-----	-----	-----	1,379	1,281	-----	-----	67,258	60,871
TOTAL ASSETS	1,984	1,928	-----	-----	18,833	17,233	6,591	6,054	36,756	33,650	1,715	725	-----	-----	-----	-----	1,379	1,281	-----	-----	67,258	60,871
NET ASSETS	1,984	1,928	-----	-----	18,833	17,233	6,591	6,054	36,756	33,650	1,715	725	-----	-----	-----	-----	1,379	1,281	-----	-----	67,258	60,871

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

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

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

1. The reporting entity

The Albury Base Hospital (ABH) is a reporting entity that comprises the property, plant and equipment of the facility. The provision of services at the hospital is covered by contract arrangement with Albury Wodonga Health, a Victorian Government entity. The ABH is a not for profit entity as profit is not its principal objective. It is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary, NSW Health on 23 September 2016.

2. Summary of significant accounting policies

a) 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 2015*, and the financial reporting directions issued by the Treasurer.

Property, plant and equipment 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.

b) 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.

c) Statement of compliance

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

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

d) Income recognition

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

e) 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 any equity transfers note 2 (j)).

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 used by the ABH are deemed controlled by the ABH and are recognised in these financial statements.

f) Capitalisation thresholds

Property, plant & equipment costing \$10,000 and above will be capitalised.

g) Depreciation of property, plant and equipment

Depreciation is provided on a straight-line basis 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.

Depreciation rates for each asset class are as follows:

- Buildings	2.5%
- Infrastructure Systems	2.5%

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

h) 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* and AASB 116 *Property, Plant and Equipment*.

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) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 6 and Note 7 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The ABH conducts a comprehensive revaluation of all its assets every three years. A revaluation was undertaken in the 2015/16 financial year and was based on an independent assessment. Interim revaluations are conducted between comprehensive revaluations where cumulative changes suggest fair value may differ materially from carrying value. Indices sourced from externally qualified valuers are used for the purpose of these interim valuations.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The ABH 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, 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 and is subsequently disposed of, any remaining balance in the revaluation surplus in respect of that asset is transferred to accumulated funds.

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

i) Fair value hierarchy

When measuring fair value for property, plant and equipment, the valuation technique that is used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *Fair Value Measurement*, 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 to Note 6 and Note 7 for further disclosures regarding fair value measurements of property, plant and equipment .

j) Equity transfers

The transfer of net assets between entities as a result of administrative restructures between NSW public sector entities are required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 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.

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 property, plant and equipment. This accords with ABH's policy on the revaluation of property, plant and equipment as discussed in 2 (h).

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

l) Service group statements allocation methodology

Service group definitions and allocation methodology is determined by the Independent Hospital Pricing Authority (refer note 5).

Revenue and expenses are allocated to service groups using statistical data for the twelve months to 30 June 2016, adjusted for material changes in service delivery of finding distributions in the current reporting year.

The ABH separately identifies assets and liabilities that can be allocated to service groups. Remaining values are allocated in accordance with rates advised by the NSW Ministry of Health.

m) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The early adoption of AASB 2015-7, *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. The standard allows for exemption from making certain Level 3 'Fair Value Measurement' disclosures held primarily for current service potential rather than the generation of future net cash inflows.

(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:

(i) Effective for the first time in 2015-16

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 is likely to increase disclosures to the financial statements relating to related party transactions, outstanding balances and Key Management Personnel remuneration.

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 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. 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). The change is not expected to materially impact the financial statements.

AASB 2016-2, *Amendments to Australian Accounting Standards - Disclosure Initiative*: Amendments to AASB 107, will apply from 1 January 2017. The standard amends AASB 107 to require additional disclosures regarding financing activities in the statement of cash flows. The change is not expected to materially impact the financial statements.

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
3. Depreciation		
Depreciation - buildings	2,402	2,049
Depreciation - infrastructure systems	22	48
	2,424	2,097
4. Loss on disposal		
Property, plant and equipment	-	5,752
Less: accumulated depreciation	-	3,952
	-	1,800
Written down value	-	1,800
Less: proceeds from disposal	-	61
Gain / (loss) on disposal	-	(1,739)

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.

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

5. Service groups of the ABH (continued)

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.

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

5. Service groups of the ABH (continued)

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.

Albury Base Hospital
Notes to the financial statements
for the year ended 30 June 2016

	2016	2015
	\$000	\$000
6. Property, plant and equipment		
Land and Buildings - Fair Value		
Gross Carrying Amount	108,830	99,381
Accumulated Depreciation and Impairment	42,306	39,002
	66,524	60,379
Net Carrying Amount	66,524	60,379
Infrastructure Systems - Fair Value		
Gross Carrying Amount	1,440	1,440
Accumulated Depreciation and Impairment	706	948
	734	492
Net Carrying Amount	734	492
Total Property, Plant and Equipment	67,258	60,871
At Net Carrying Amount	67,258	60,871

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

6. 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 \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2016					
Net carrying amount at start of year	2,932	57,447	-	492	60,871
Net revaluation increment less revaluation decrements recognised in reserves	68	8,479	-	264	8,811
Depreciation expense	-	(2,402)	-	(22)	(2,424)
Net carrying amount at end of year	3,000	63,524	-	734	67,258

	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	-	2,653	-	-	2,653
Depreciation expense	-	(2,049)	-	(48)	(2,097)
Net carrying amount at end of year	2,932	57,447	-	492	60,871

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 7.

(i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the ABH.

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7. Fair value measurement of non-financial assets

a) Fair value hierarchy

Year ended 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 6)				
- Land and buildings	-	-	66,524	66,524
- Infrastructure systems	-	-	734	734
	-	-	67,258	67,258

There were no transfers between level 1 and 2 during the year ended 30 June 2016.

Year ended 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 6)				
- Land and buildings	-	-	60,379	60,379
- Infrastructure systems	-	-	492	492
	-	-	60,871	60,871

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

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7. Fair value measurement of non-financial assets (continued)

(b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems ABH obtains an external valuation by an independent valuer every three years. The valuer used is independent and is not an employee of ABH.

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 6 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

The non-current assets categorised in a) above have been measured at 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. 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 systems, 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.

Level 3 disclosures:

The fair value of buildings 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
Land under specialised building(s)	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
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
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

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7. Fair value measurement of non-financial assets (continued)

c) Reconciliation of recurring level 3 fair value measurements

Year ended 30 June 2016	Land and buildings \$'000	Infrastructure systems \$'000	Total Level 3 recurring \$'000
Fair value at 1 July 2015	60,379	492	60,871
Revaluation increments/decrements recognised in net result – included in the line item 'Other gains/ (losses)'	8,547	264	8,811
Depreciation	(2,402)	(22)	(2,424)
Fair value as at 30 June 2016	<u>66,524</u>	<u>734</u>	<u>67,258</u>

Year ended 30 June 2015	Land and buildings \$'000	Infrastructure systems \$'000	Total Level 3 recurring \$'000
Fair value at 1 July 2014	59,843	540	60,383
Disposals	(68)	-	(68)
Depreciation	(2,049)	(48)	(2,097)
Transfers in by administrative restructure	2,653	-	2,653
Fair value as at 30 June 2015	<u>60,379</u>	<u>492</u>	<u>60,871</u>

8. Commitments, contingent assets and contingent liabilities

At reporting date, there are no known contingent liabilities, contingent assets or commitments.

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9. Increase / (decrease) in net assets from equity transfers

An administrative restructure resulted in the transfer of two buildings from Murrumbidgee Local Health District to ABH on 1 July 2014. The transfer was accounted for in accordance with the accounting requirements of TPP09-3 "Contributions by owners made to wholly owned Public Sector Entities. This policy requires that the assets be transferred to ABH through equity (Refer Note 2j).

The assets transferred on 1 July 2014 are presented below:

	2016	2015
Equity transfers:	\$'000	\$'000
Murrumbidgee Local Health District	-	(2,653)
	-	(2,653)
Assets and liabilities transferred are as follows:		
Land and buildings	-	2,653
Increase / (decrease) in net assets from equity transfers	-	2,653

There were no equity transfers undertaken in the current financial year.

10. Events after the reporting period

On 5 September 2016, the Albury Wodonga Regional Cancer Centre (approximately \$70 million) was opened for use. Albury Wodonga Health (Victoria) is occupying and managing the facility. As a consequence, the assets will be controlled and recognised by Victoria. The terms of the arrangement between Victoria and NSW Health is currently being negotiated.

End of audited financial statements