

**Nepean
Blue Mountains
Local Health District**

Financial Statements
for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Nepean Blue Mountains Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Nepean Blue Mountains Local Health District (the District), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the 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 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.

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 2016, 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 *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 District and the consolidated 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.

Emphasis of matter

Without modification to the audit opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(af). 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.

The 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.

In preparing the financial statements, the Chief Executive must assess the ability of the District and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. 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, and
- 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 of 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 District or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



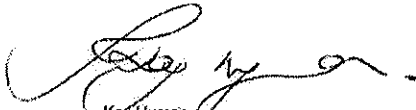
Renee Meimaroglou
Director, Financial Audit Services

8 September 2016
SYDNEY

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



Kay Hyman
Chief Executive
5 September 2016



Angela Edwards
Director, Finance Business & Information
5 September 2016

Nepean Blue Mountains Local Health District
Statement of Comprehensive Income for the year ended 30 June 2016

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual	
2016 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000	
Expenses excluding losses							
Operating Expenses							
----	----	----	Employee Related	2	440,176	438,366	415,526
416,541	414,612	392,277	Personnel Services	3	----	----	----
34,956	30,882	30,021	Visiting Medical Officers		34,956	30,882	30,021
224,924	223,460	207,903	Other Operating Expenses	4	224,924	223,460	207,903
24,817	24,878	24,395	Depreciation and Amortisation	1(m), 5	24,817	24,878	24,395
3,348	3,264	3,564	Grants and Subsidies	6	3,348	3,264	3,564
110	532	617	Finance Costs	1(g), 7	110	532	617
3,305	3,259	3,213	Payments to Affiliated Health Organisations	8	3,305	3,259	3,213
708,001	700,887	661,990	Total Expenses excluding losses		731,636	724,641	685,239
Revenue							
597,879	597,710	560,032	NSW Ministry of Health Recurrent Allocations	1(h)	597,879	597,710	560,032
4,015	4,015	2,782	NSW Ministry of Health Capital Allocations	1(h)	4,015	4,015	2,782
----	----	----	Acceptance by the Crown Entity of Employee Benefits	1(e)(ii), 12	23,635	23,754	23,249
78,462	74,533	68,865	Sale of Goods and Services	9	78,462	74,533	68,865
954	----	1,165	Investment Revenue	10	954	----	1,165
10,489	9,112	8,962	Grants and Contributions	11	10,489	9,112	8,962
12,030	5,820	2,230	Other Revenue	13	12,030	5,820	2,230
703,829	691,190	644,036	Total Revenue		727,464	714,944	667,285
(18)	(225)	(48)	Gain / (Loss) on Disposal	14	(18)	(225)	(48)
(786)	(300)	6,767	Other Gains / (Losses)	15	(786)	(300)	6,767
(4,976)	(10,222)	(11,235)	Net Result	32	(4,976)	(10,222)	(11,235)
Other Comprehensive Income							
Items that will not be reclassified to net result							
----	----	30,723	Net Increase/(Decrease) in Property, Plant & Equipment Revaluation Surplus	21(2)	----	----	30,723
----	----	30,723	Total Other Comprehensive Income		----	----	30,723
(4,976)	(10,222)	19,488	TOTAL COMPREHENSIVE INCOME		(4,976)	(10,222)	19,488

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Financial Position as at 30 June 2016

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual			
2016 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000			
ASSETS									
Current Assets									
41,982	34,389	35,415		41,982	34,389	35,415			
22,983	20,549	17,481	18	22,983	20,549	17,481			
4,364	4,140	4,162	19	4,364	4,140	4,162			
69,329	59,078	57,058	20	69,329	59,078	57,058			
Total Current Assets									
Non-Current Assets									
481,094	484,509	497,022		481,094	484,509	497,022			
27,406	24,683	28,252	21	27,406	24,683	28,252			
2,228	2,291	2,290	21(2)	2,228	2,291	2,290			
510,728	511,483	527,564	21(2)	510,728	511,483	527,564			
193	254	254		193	254	254			
510,921	511,737	527,818	22	510,921	511,737	527,818			
580,250	570,815	584,876		580,250	570,815	584,876			
Total Non-Current Assets									
Total Assets									
LIABILITIES									
Current Liabilities									
51,374	47,069	50,363		51,374	47,069	50,363			
897	2,266	3,080	25	897	2,266	3,080			
61,842	59,719	59,746	26	61,842	59,719	59,746			
202	36	36	27	202	36	36			
114,315	109,090	113,225	28	114,315	109,090	113,225			
Total Current Liabilities									
Non-Current Liabilities									
761	1,797	1,601		761	1,797	1,601			
754	754	654	26	754	754	654			
1,515	2,551	2,255	27	1,515	2,551	2,255			
Total Non-Current Liabilities									
Total Liabilities									
Net Assets									
EQUITY									
30,885	30,864	30,864		30,885	30,864	30,864			
433,535	428,310	438,532		433,535	428,310	438,532			
464,420	459,174	469,396		464,420	459,174	469,396			
Total Equity									

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Cash Flows for the year ended 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016	2016	2015		2016	2016	2015
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
----	----	----	Employee Related	(421,500)	(423,713)	(395,822)
(7,283)	(7,152)	(7,505)	Grants and Subsidies	(7,283)	(7,152)	(7,505)
(110)	(532)	(617)	Finance Costs	(110)	(532)	(617)
(703,036)	(701,305)	(654,568)	Other	(281,536)	(277,592)	(258,746)
(710,429)	(708,989)	(662,690)	Total Payments	(710,429)	(708,989)	(662,690)
Receipts						
597,879	597,709	560,031	NSW Ministry of Health Recurrent Allocations	597,879	597,709	560,031
4,015	4,015	2,782	NSW Ministry of Health Capital Allocations	4,015	4,015	2,782
6,416	6,416	6,931	Reimbursements from the Crown Entity	6,416	6,416	6,931
77,290	76,192	74,471	Sale of Goods and Services	77,290	76,192	74,471
954	----	1,167	Interest Received	954	----	1,167
10,973	9,596	9,778	Grants and Contributions	10,973	9,596	9,778
30,428	23,675	23,273	Other	30,428	23,675	23,273
727,955	717,603	678,433	Total Receipts	727,955	717,603	678,433
17,526	8,614	15,743	NET CASH FLOWS FROM OPERATING ACTIVITIES	17,526	8,614	15,743
CASH FLOWS FROM INVESTING ACTIVITIES						
4	----	28	Proceeds from Sale of Property, Plant & Equipment and Intangibles	4	----	28
(7,941)	(9,022)	(7,523)	Purchases of Property, Plant & Equipment and Intangibles	(7,941)	(9,022)	(7,523)
(7,937)	(9,022)	(7,495)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(7,937)	(9,022)	(7,495)
CASH FLOWS FROM FINANCING ACTIVITIES						
(3,022)	(618)	(2,960)	Repayment of Borrowings and Advances	(3,022)	(618)	(2,960)
(3,022)	(618)	(2,960)	NET CASH FLOWS FROM FINANCING ACTIVITIES	(3,022)	(618)	(2,960)
6,567	(1,026)	5,288	NET INCREASE / (DECREASE) IN CASH	6,567	(1,026)	5,288
35,415	35,415	30,127	Opening Cash and Cash Equivalents	35,415	35,415	30,127
41,982	34,389	35,415	CLOSING CASH AND CASH EQUIVALENTS	41,982	34,389	35,415

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Changes in Equity for the year ended 30 June 2016

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2015		438,532	30,864	469,396
Total Equity at 1 July 2015		438,532	30,864	469,396
Net Result for the year		(4,976)	----	(4,976)
Other Comprehensive Income:				
Transfers on Disposal		(21)	21	----
Total Other Comprehensive Income		(21)	21	----
Total Comprehensive Income for the year		(4,997)	21	(4,976)
Transactions With Owners In Their Capacity As Owners				
Balance at 30 June 2016		433,535	30,885	464,420
Balance at 1 July 2014		449,767	141	449,908
Total Equity at 1 July 2014		449,767	141	449,908
Net Result for the year		(11,235)	----	(11,235)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	21	----	30,723	30,723
Total Other Comprehensive Income		----	30,723	30,723
Total Comprehensive Income for the year		(11,235)	30,723	19,488
Balance at 30 June 2015		438,532	30,864	469,396

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
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	\$000	
Expenses Excluding Losses																								
Operating Expenses																								
Employee Related	25,498	19,945	282	1,662	68,767	70,639	42,459	38,644	210,154	198,206	41,968	37,813	39,455	38,644	4,606	4,571	6,987	5,402	----	----	440,176	415,526		
Visiting Medical Officers	14	3	----	(1)	3,900	3,699	7,288	5,194	20,004	17,241	1,663	1,387	1,257	1,498	----	----	830	1,000	----	----	34,956	30,021		
Other Operating Expenses	6,567	4,158	59	416	40,930	36,175	26,387	31,393	124,933	115,386	7,029	7,900	12,439	10,395	883	1,040	5,698	1,040	----	----	224,924	207,903		
Depreciation and Amortisation	1,238	729	----	53	4,489	4,999	2,440	2,720	12,366	12,405	1,754	1,020	2,068	2,181	29	44	432	244	----	----	24,817	24,395		
Grants and Subsidies	----	957	----	926	2,407	526	16	53	101	254	243	17	----	273	578	323	3	235	----	----	3,348	3,564		
Finance Costs	1	3	----	----	13	27	17	172	69	395	1	6	1	7	----	1	6	----	----	----	110	617		
Payments to Affiliated Health Organisations	33	7	----	1	----	312	----	509	3,272	1,992	----	139	----	170	----	----	83	----	----	----	3,305	3,213		
Total Expenses Excluding Losses	33,351	25,802	341	3,057	120,506	116,377	78,607	78,685	370,899	345,879	52,658	48,282	55,220	53,168	6,096	5,979	13,956	8,010	----	----	731,636	685,239		
Revenue																								
NSW Ministry of Health Recurrent Allocations **																					597,879	560,032	597,879	560,032
NSW Ministry of Health Capital Allocations **																					4,015	2,782	4,015	2,782
Acceptance by the Crown Entity of Employee Benefits	1,370	1,106	30	86	3,296	3,918	2,491	2,104	12,198	10,678	1,955	2,559	2,185	2,088	111	388	----	322	----	----	23,635	23,249		
Sale of Goods and Services	559	552	----	11	12,572	12,695	1,835	1,196	50,409	43,154	1,937	1,116	11,065	9,888	84	73	----	180	----	----	78,462	68,865		
Investment Revenue	7	53	----	----	143	207	30	128	725	636	23	49	22	68	----	----	4	24	----	----	954	1,165		
Grants and Contributions	3,996	2,454	----	3	3,107	2,638	90	194	928	1,398	85	115	1,179	1,751	----	(1)	1,104	410	----	----	10,489	8,962		
Other Revenue	1,291	53	----	1	1,817	447	2,025	----	3,451	1,305	1,550	45	1,735	339	53	5	108	35	----	----	12,030	2,230		
Total Revenue	7,223	4,218	30	101	20,935	19,905	6,471	3,622	67,711	57,171	5,550	3,884	16,186	14,134	248	465	1,216	971	601,894	562,814	727,464	667,285		
Gain / (Loss) on Disposal	(1)	(2)	----	----	(3)	(9)	(2)	(6)	(9)	(24)	----	(1)	(2)	(5)	----	----	----	----	----	----	(18)	(48)		
Other Gains / (Losses)	(2)	20	----	----	(238)	2,052	(12)	105	(374)	3,218	(14)	119	(144)	1,244	(1)	5	----	4	----	----	(786)	6,767		
Net Result	(26,131)	(21,566)	(311)	(2,956)	(99,812)	(94,429)	(72,150)	(74,964)	(303,571)	(285,514)	(47,122)	(44,280)	(39,180)	(37,795)	(5,849)	(5,509)	(12,740)	(7,035)	601,894	562,814	(4,976)	(11,235)		
Other Comprehensive Income																								
Net Increase/(Decrease) in PP&E Revaluation Surplus	----	722	----	24	----	6,154	----	(581)	----	18,572	----	618	----	4,664	----	65	----	485	----	----	----	30,723		
Total Other Comprehensive Income	----	722	----	24	----	6,154	----	(581)	----	18,572	----	618	----	4,664	----	65	----	485	----	----	----	30,723		
Total Comprehensive Income	(26,131)	(20,844)	(311)	(2,932)	(99,812)	(88,275)	(72,150)	(75,545)	(303,571)	(266,942)	(47,122)	(43,662)	(39,180)	(33,131)	(5,849)	(5,444)	(12,740)	(6,550)	601,894	562,814	(4,976)	19,488		

* The name and purpose of each service group is summarised in Note 17

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

Nepean Blue Mountains Local Health District
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																						
Current Assets																						
Cash and Cash Equivalents	1,914	1,334	20	157	6,915	6,015	4,511	4,067	21,283	17,876	3,022	2,495	3,169	2,748	350	309	801	414	----	----	41,982	35,415
Receivables	164	140	----	3	3,683	3,223	538	304	14,766	10,954	567	283	3,241	2,510	25	18	----	46	----	----	22,983	17,481
Inventories	127	83	1	9	794	724	512	628	2,424	2,310	136	158	241	208	17	21	111	21	----	----	4,364	4,162
Total Current Assets	2,205	1,557	21	169	11,392	9,962	5,561	4,999	38,473	31,140	3,725	2,936	6,651	5,466	392	348	912	481	----	----	69,329	57,058
Non-Current Assets																						
Property, Plant and Equipment																						
- Land and Buildings	23,992	14,861	5	1,092	87,032	101,840	47,303	55,418	239,725	252,736	34,011	20,776	40,094	44,434	566	895	8,366	4,970	----	----	481,094	497,022
- Plant and Equipment	1,367	845	----	61	4,958	5,789	2,695	3,150	13,656	14,366	1,937	1,181	2,284	2,526	32	51	477	283	----	----	27,406	28,252
- Infrastructure Systems	111	68	----	6	403	469	219	255	1,110	1,163	158	96	186	205	3	4	39	23	----	----	2,228	2,290
- Leasehold Improvements	----	----	----	(1)	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----
Intangible Assets	10	8	----	----	35	52	19	28	96	129	14	11	16	23	----	----	3	3	----	----	193	254
Total Non-Current Assets	25,480	15,782	5	1,158	92,428	108,150	50,236	58,851	254,587	268,394	36,120	22,064	42,580	47,188	601	950	8,885	5,279	----	----	510,921	527,818
TOTAL ASSETS	27,685	17,339	26	1,327	103,820	118,112	55,797	63,850	293,060	299,534	39,845	25,000	49,231	52,654	993	1,298	9,797	5,760	----	----	580,250	584,876
LIABILITIES																						
Current Liabilities																						
Payables	1,500	1,007	13	101	9,349	8,763	6,027	7,605	28,536	27,951	1,605	1,914	2,841	2,518	202	252	1,301	252	----	----	51,374	50,363
Borrowings	41	116	----	13	148	523	96	354	455	1,555	65	217	68	239	7	27	17	36	----	----	897	3,080
Provisions	3,582	2,868	40	239	9,661	10,157	5,965	5,556	29,525	28,499	5,896	5,437	5,543	5,556	647	657	982	777	----	----	61,842	59,746
Other	9	1	----	1	33	6	22	4	102	18	15	3	15	3	2	----	4	----	----	----	202	36
Total Current Liabilities	5,132	3,992	53	354	19,191	19,449	12,110	13,519	58,618	58,023	7,581	7,571	8,467	8,316	858	936	2,304	1,065	----	----	114,315	113,225
Non-Current Liabilities																						
Borrowings	35	60	----	7	125	272	82	184	386	808	55	113	57	124	6	14	15	19	----	----	761	1,601
Provisions	44	31	----	2	118	111	73	61	360	312	72	60	68	61	8	7	12	9	----	----	754	654
Total Non-Current Liabilities	79	91	----	9	243	383	155	245	746	1,120	127	173	125	185	14	21	27	28	----	----	1,515	2,255
TOTAL LIABILITIES	5,211	4,083	53	363	19,434	19,832	12,265	13,764	59,364	59,143	7,708	7,744	8,592	8,501	872	957	2,331	1,093	----	----	115,830	115,480
NET ASSETS	22,474	13,256	(27)	964	84,386	98,280	43,532	50,086	233,696	240,391	32,137	17,256	40,639	44,153	121	341	7,466	4,667	----	----	464,420	469,396

* The name and purpose of each service group is summarised in Note 17

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

a) The Reporting Entity

The Nepean Blue Mountains Local Health District (the NBMLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The NBMLHD, 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 16 and 24), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Nepean Blue Mountains Local Health District Special Purpose Service Entity which was established as a Division of the NBMLHD on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the NBMLHD 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 NBMLHD is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive on 5 September 2016.

b) Basis of Preparation

The NBMLHD'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 adjusted budget figures can be found at Note 1(af).

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

The Secretary of Health, the Chair of the Nepean Blue Mountains 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 NBMLHD'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 NBMLHD 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 NBMLHD has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.
- * The NBMLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the NBMLHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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

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

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

c) 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.

1. Summary of Significant Accounting Policies

d) Statement of Compliance

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

e) 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 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 2016 (comparable on-costs for 30 June 2015 were 16.7%). The NBMLHD has assessed the actuarial advice based on the NBMLHD'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 NBMLHD'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 NBMLHD 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 NBMLHD as shown in Note 27.

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

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

iii) Consequential On-Costs

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

iv) Other Provisions

Other provisions exist when the NBMLHD 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.

f) Insurance

The NBMLHD'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.

g) 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 NSW general government sector entities.

1. Summary of Significant Accounting Policies

h) 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 NBMLHD 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 vehicle accidents. The NBMLHD 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 NBMLHD 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.

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the NBMLHD's right to receive payment is established.

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

Use of Outside Facilities

The NBMLHD 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 NBMLHD obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the NBMLHD 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 Tresillian Family Care Centre have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The NBMLHD 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.

i) 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 NBMLHD 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.

j) 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.

k) 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 1(ac)).

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 and operated/occupied by the NBMLHD are deemed to be controlled by the NBMLHD and are reflected as such in the financial statements.

l) Capitalisation Thresholds

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

m) 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 NBMLHD. 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:

	2016	2015
Buildings	2.5%	2.5%
Computer Equipment	20%	20%
Electro Medical Equipment		
- Costing less than \$200,000	10%	10%
- Costing more than or equal to \$200,000	12.5%	12.5%
Furniture, Fittings and Furnishings	5%	5%
Infrastructure Systems	2.5%	2.5%
Linen	25%	25%
Motor Vehicle Sedans	12.5%	12.5%
Motor Vehicles, Trucks & Vans	20%	20%
Office Equipment	10%	10%
Plant and Machinery	10%	10%
Intangibles	20%	20%

"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.

n) 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 21 and Note 23 for further information regarding fair value.

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.

1. Summary of Significant Accounting Policies

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.

o) 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.

p) 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.

q) Investment Properties

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

r) Intangible Assets

The NBMLHD recognises intangible assets only if it is probable that future economic benefits will flow to the NBMLHD 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 NBMLHD's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by the NBMLHD 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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

s) 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.

t) 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.

u) 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.

v) 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. 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.

w) 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 NBMLHD 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 NBMLHD has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act.

1. Summary of Significant Accounting Policies

x) Impairment of financial assets

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

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

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

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

y) 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 NBMLHD transfers the financial asset:

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

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

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

z) Payables

These amounts represent liabilities for goods and services provided to the NBMLHD and other amounts. Payables are recognised initially at fair 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 NBMLHD.

aa) Borrowings

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

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

ab) Fair Value Hierarchy

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

Refer Note 23 and Note 36 for further disclosures regarding fair value measurements of financial and non-financial assets.

1. Summary of Significant Accounting Policies

ac) 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 NBMLHD recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the NBMLHD does not recognise that asset.

ad) 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 NBMLHD's policy on the revaluation of property, plant and equipment as discussed in Note 1(n).

ae) Trust Funds

The NBMLHD receives monies in a trustee capacity for various trusts as set out in Note 30.

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

af) 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 NBMLHD'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 NBMLHD's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the NBMLHD 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".

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 35.

ah) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 17.

Revenue and expenses are allocated to service groups using statistical data for the twelve months ended 30 June 2015, then adjusted for any material change in service delivery or funding distribution occurring in the 2015-16 financial year.

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

1. Summary of Significant Accounting Policies

ai) 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:

AASB 16, Leases will have application from 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. We believe that the application of this standard will likely have a significant transitional impact as a result of all leases, except short term (<12 months) and low value, brought on balance sheet.

AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3, Revenue from Contracts with Customers, has application from 1 January 2018. 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 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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
2. Employee Related				
----	----	Salaries and Wages (including annual leave)	377,613	356,053
----	----	Superannuation - Defined Benefit Plans	3,467	3,767
----	----	Superannuation - Defined Contribution Plans	33,523	30,810
----	----	Long Service Leave	21,418	20,746
----	----	Redundancies	238	----
----	----	Workers' Compensation Insurance	3,907	4,103
----	----	Fringe Benefits Tax	10	47
-----	-----		440,176	415,526
3. Personnel Services				
377,613	356,053	Salaries and Wages	----	----
33,523	30,810	Superannuation - Defined Contribution Plans	----	----
1,250	1,264	Long Service Leave	----	----
238	----	Redundancies	----	----
3,907	4,103	Workers' Compensation Insurance	----	----
10	47	Fringe Benefits Tax	----	----
416,541	392,277		-----	-----
4. Other Operating Expenses				
59	54	Advertising	59	54
185	180	Auditor's Remuneration - Audit of Financial Statements	185	180
4,289	4,283	Blood and Blood Products	4,289	4,283
273	385	Consultancies	273	385
30	9	Contractors	30	9
6,208	6,326	Domestic Supplies and Services	6,208	6,326
26,885	21,067	Drug Supplies	26,885	21,067
10,560	9,463	Food Supplies	10,560	9,463
3,299	3,514	Fuel, Light and Power	3,299	3,514
4,375	3,638	Hospital Ambulance Transport Costs	4,375	3,638
10,783	9,692	Information Management Expenses	10,783	9,692
754	949	Insurance	754	949
11,942	10,466	Maintenance (See 4(b) below)	11,942	10,466
39,220	37,280	Medical and Surgical Supplies	39,220	37,280
787	909	Motor Vehicle Expenses	787	909
1,202	1,117	Postal and Telephone Costs	1,202	1,117
2,590	2,773	Printing and Stationery	2,590	2,773
754	666	Rates and Charges	754	666
1,124	1,083	Rental	1,124	1,083
23,850	25,144	Special Service Departments	23,850	25,144
2,659	2,379	Staff Related Costs	2,659	2,379
2,003	2,006	Travel Related Costs	2,003	2,006
71,093	64,520	Other (See 4(a) below)	71,093	64,520
224,924	207,903		224,924	207,903

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
4. Other Operating Expenses				
a) Other Includes:				
53,181	51,106	Contract for Patient Services	53,181	51,106
5,108	3,143	Corporate Support Services	5,108	3,143
294	228	Courier and Freight	294	228
103	75	Isolated Patient Travel and Accommodation Assistance Scheme	103	75
405	214	Legal Services	405	214
167	265	Membership/Professional Fees	167	265
1,440	1,453	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,440	1,453
2,750	2,364	Other Operating Lease Expense - Minimum Lease Payments	2,750	2,364
82	5	Quality Assurance/Accreditation	82	5
787	825	Security Services	787	825
6,776	4,842	Other Miscellaneous	6,776	4,842
<u>71,093</u>	<u>64,520</u>		<u>71,093</u>	<u>64,520</u>
b) Reconciliation of Total Maintenance				
4,187	3,203	Maintenance Contracts	4,187	3,203
3,842	2,755	New/Replacement Equipment under \$10,000	3,842	2,755
3,887	4,506	Repairs Maintenance/Non Contract	3,887	4,506
26	2	Other	26	2
<u>11,942</u>	<u>10,466</u>	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	<u>11,942</u>	<u>10,466</u>
1,995	1,743	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	1,995	1,743
<u>13,937</u>	<u>12,209</u>		<u>13,937</u>	<u>12,209</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
18,290	17,968	Depreciation - Buildings	18,290	17,968
6,255	6,160	Depreciation - Plant and Equipment	6,255	6,160
212	215	Depreciation - Infrastructure Systems	212	215
60	52	Amortisation - Intangible Assets	60	52
<u>24,817</u>	<u>24,395</u>		<u>24,817</u>	<u>24,395</u>
6. Grants and Subsidies				
2,802	2,868	Non-Government Organisations	2,802	2,868
13	93	Grants to Research Organisations	13	93
176	----	Grants to Other NSW Health Entities	176	----
357	603	Other Grants	357	603
<u>3,348</u>	<u>3,564</u>		<u>3,348</u>	<u>3,564</u>
7. Finance Costs				
45	528	Finance Lease Interest Charges	45	528
65	89	Interest on Loans	65	89
<u>110</u>	<u>617</u>		<u>110</u>	<u>617</u>
8. Payments to Affiliated Health Organisations				
3,305	3,213	(a) Recurrent Sourced	3,305	3,213
<u>3,305</u>	<u>3,213</u>	Tresillian Family Care Centre	<u>3,305</u>	<u>3,213</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
9. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
77	140	Pharmacy Sales	77	140
4,041	2,846	Sale of Prosthesis	4,041	2,846
26	28	Other	26	28
b) Rendering of Services comprise the following:-				
		Patient Fees		
24,737	22,049	- Inpatient Fees	24,737	22,049
725	634	- Nursing Home Fees	725	634
1,242	568	- Non Inpatient Fees	1,242	568
10,556	10,338	Department of Veterans' Affairs	10,556	10,338
2	20	Staff-Meals and Accommodation	2	20
8,754	8,925	Infrastructure Fees - Monthly Facility Charge	8,754	8,925
3,280	4,621	Infrastructure Fees - Annual Charge	3,280	4,621
2	6	Cafeteria/Kiosk	2	6
3,728	3,449	Car Parking	3,728	3,449
1,105	1,094	Child Care Fees	1,105	1,094
247	139	Clinical Services (excluding Clinical Drug Trials)	247	139
14	----	Commercial Activities	14	----
84	76	Fees for Medical Records	84	76
2	4	Information Retrieval	2	4
14,583	8,601	High Cost Drugs	14,583	8,601
2,529	2,513	Motor Accident Authority Third Party	2,529	2,513
----	16	Patient Transport Fees	----	16
66	80	Private Use of Motor Vehicles	66	80
147	345	Salary Packaging Fee	147	345
155	----	Hosted Services Provided to Other NSW Health Entities	155	----
1,946	2,118	Services Provided to Non NSW Health Organisations	1,946	2,118
18	----	Shared Corporate Services	18	----
396	255	Other	396	255
78,462	68,865		78,462	68,865
10. Investment Revenue				
954	1,165	Interest	954	1,165
954	1,165		954	1,165

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
11. Grants and Contributions				
602	424	Clinical Drug Trials	602	424
3,840	3,026	Commonwealth Government Grants	3,840	3,026
783	609	Industry Contributions/Donations	783	609
806	1,138	Cancer Institute Grants	806	1,138
458	1,332	NSW Government Grants	458	1,332
1,371	----	Grants from Other NSW Health Entities	1,371	----
245	163	Research Grants	245	163
2,384	2,270	Other Grants	2,384	2,270
10,489	8,962		10,489	8,962
12. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	3,467	3,767
----	----	Long Service Leave	20,168	19,482
-----	-----		23,635	23,249
13. Other Revenue				
Other Revenue comprises the following:-				
3	----	Bad Debts Recovered	3	----
142	191	Commissions	142	191
124	334	Conference and Training Fees	124	334
207	11	Insurance Refunds	207	11
751	949	Lease and Rental	751	949
1	----	Sale of Merchandise, Old Wares and Books	1	----
2	5	Sponsorship	2	5
9,390	----	Treasury Managed Fund Hindsight Adjustment	9,390	----
1,410	740	Other	1,410	740
12,030	2,230		12,030	2,230

NBMLHD received \$9.3 mill in TMF Hindsight Adjustment in FY 2015-16

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
14. Gain / (Loss) on Disposal				
355	609	Property, Plant and Equipment	355	609
(333)	(532)	Accumulated Depreciation	(333)	(532)
<u>22</u>	<u>77</u>	Written Down Value	<u>22</u>	<u>77</u>
4	29	Proceeds from Disposal	4	29
<u>(18)</u>	<u>(48)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(18)</u>	<u>(48)</u>
<u>(18)</u>	<u>(48)</u>	Total Gain/(Loss) on Disposal	<u>(18)</u>	<u>(48)</u>
15. Other Gains / (Losses)				
-----	6,953	Property, Plant and Equipment Asset Revaluation Increment/(Decrement)	-----	6,953
(786)	(186)	Impairment of Receivables	(786)	(186)
<u>(786)</u>	<u>6,767</u>		<u>(786)</u>	<u>6,767</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

16. 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	9,248	242	----	9,490
Contributions recognised in previous years which were not expended in the current reporting period	28,432	4,014	----	32,446
Total amount of unexpended contributions as at reporting date	37,680	4,256	----	41,936

Comment on restricted assets appears in Note 24

17. Service Groups of the NBMLHD

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services for persons attending community health centres or in the home, including health promotion activities, women's health, dental, drug and alcohol and HIV/AIDS services. It also covers co-ordination of domestic violence and sexual assault prevention. Grants to non-government organisations are also included.

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.

17. Service Groups of the NBMLHD

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
18. Cash and Cash Equivalents				
41,982	35,415	Cash at Bank and On Hand	41,982	35,415
41,982	35,415		41,982	35,415
<p>For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>				
41,982	35,415	Cash and Cash Equivalents (per Statement of Financial Position)	41,982	35,415
41,982	35,415	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	41,982	35,415

Refer to Note 36 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
19. Receivables				
Current				
7,933	6,904	Sale of Goods and Services	7,933	6,904
1,665	1,752	Intra Health Receivables	1,665	1,752
3,267	2,945	Goods and Services Tax	3,267	2,945
9,772	5,325	Other Debtors	9,772	5,325
<hr/>	<hr/>		<hr/>	<hr/>
22,637	16,926	Sub Total	22,637	16,926
<hr/>	<hr/>		<hr/>	<hr/>
(1,098)	(676)	Less Allowance for Impairment	(1,098)	(676)
<hr/>	<hr/>		<hr/>	<hr/>
21,539	16,250	Sub Total	21,539	16,250
1,444	1,231	Prepayments	1,444	1,231
<hr/>	<hr/>		<hr/>	<hr/>
22,983	17,481		22,983	17,481
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(504)	(446)	Balance at Commencement of Reporting Period	(504)	(446)
129	290	Amounts written off during the period	129	290
<hr/>	<hr/>	(Increase)/decrease in Allowance Recognised in the Net Result	<hr/>	<hr/>
(656)	(349)		(656)	(349)
<hr/>	<hr/>	Balance at 30 June	<hr/>	<hr/>
(1,031)	(505)		(1,031)	(505)
b) Movement in the Allowance for Impairment				
Other Debtors				
(172)	(451)	Balance at Commencement of Reporting Period	(172)	(451)
235	117	Amounts written off during the period	235	117
<hr/>	<hr/>	(Increase)/decrease in Allowance Recognised in the Net Result	<hr/>	<hr/>
(130)	163		(130)	163
<hr/>	<hr/>	Balance at 30 June	<hr/>	<hr/>
(67)	(171)		(67)	(171)
<hr/>	<hr/>		<hr/>	<hr/>
(1,098)	(676)		(1,098)	(676)
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
c) The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
995	381	Patient Fees - Compensable	995	381
1,316	709	Patient Fees - Ineligible	1,316	709
3,025	2,967	Patient Fees - Inpatient & Other	3,025	2,967
<hr/>	<hr/>		<hr/>	<hr/>
5,336	4,057		5,336	4,057
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 36.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		20. Inventories		
6	-----	Drugs	6	-----
4,358	4,162	Other Including Goods in Transit	4,358	4,162
<u>4,364</u>	<u>4,162</u>		<u>4,364</u>	<u>4,162</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
793,593	791,266	Gross Carrying Amount	793,593	791,266
312,499	294,244	Less: Accumulated Depreciation and Impairment	312,499	294,244
481,094	497,022	Net Carrying Amount	481,094	497,022
Plant and Equipment - Fair Value*				
72,617	67,506	Gross Carrying Amount	72,617	67,506
45,211	39,254	Less: Accumulated Depreciation and Impairment	45,211	39,254
27,406	28,252	Net Carrying Amount	27,406	28,252
Infrastructure Systems - Fair Value				
8,889	8,739	Gross Carrying Amount	8,889	8,739
6,661	6,449	Less: Accumulated Depreciation and Impairment	6,661	6,449
2,228	2,290	Net Carrying Amount	2,228	2,290
510,728	527,564	Total Property, Plant and Equipment At Net Carrying Amount	510,728	527,564

* 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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

21(2). 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 (i) \$000	Buildings (i) \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2016					
Net carrying amount at start of year	50,315	446,707	28,252	2,290	527,564
Additions	----	2,485	5,241	----	7,726
Disposals	----	(19)	(3)	----	(22)
Transfers within NSW Health Entities through Statement of Comprehensive Income Recognised in Reserves	----	----	217	----	217
Depreciation Expense	----	(18,290)	(6,255)	(212)	(24,757)
Reclassifications	----	(104)	(46)	150	----
Net carrying amount at end of year	50,315	430,779	27,406	2,228	510,728

	Land (i) \$000	Buildings (i) \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2015					
Net carrying amount at start of year	26,842	448,789	28,427	2,925	506,983
Additions	----	2,321	4,885	119	7,325
Disposals	----	----	(77)	----	(77)
Recognised in Reserves	23,473	13,724	----	479	37,676
Depreciation Expense	----	(17,968)	(6,160)	(215)	(24,343)
Reclassifications	----	(159)	1,177	(1,018)	----
Net carrying amount at end of year	50,315	446,707	28,252	2,290	527,564

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 23.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the NBMLHD [see note 1(k)].
- (ii) Indices provided by AON Valuation Services were not applied as immaterial.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
22. Intangible Assets				
		Intangibles		
435	436	Cost (Gross Carrying Amount)	435	436
242	182	Less Accumulated Amortisation and Impairment	242	182
<u>193</u>	<u>254</u>	Total Intangible Assets at Net Carrying Amount	<u>193</u>	<u>254</u>

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22. Intangibles - Reconciliation

	Intangibles \$000	Total \$000
2016		
Net carrying amount at start of year	253	253
Amortisation (Recognised in Depreciation and Amortisation)	(60)	(60)
Net carrying amount at end of year	193	193

	Intangibles \$000	Total \$000
2015		
Net carrying amount at start of year	106	106
Additions (From Internal Development or Acquired Separately)	200	200
Amortisation (Recognised in Depreciation and Amortisation)	(52)	(52)
Net carrying amount at end of year	254	254

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

23. Fair Value Measurement of Non-Financial Assets

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

a) Fair Value Hierarchy

2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 21)				
- Land and Buildings	----	----	478,757	478,757
- Infrastructure Systems	----	----	2,228	2,228
	-----	-----	-----	-----
	=====	=====	480,985	480,985

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

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 21)				
- Land and Buildings	----	----	497,022	497,022
- Infrastructure Systems	----	----	2,290	2,290
	-----	-----	-----	-----
	=====	=====	499,312	499,312

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

Work in Progress and Newly Completed Projects are carried at cost, therefore excluded from figures above and as a result will not agree to Note 21.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the NBMLHD obtains external valuations by independent valuers every three years. The last revaluation was performed by AON Valuation Services for the FY 2014/15 financial year. AON Valuation Services is an independent entity and is not an employee of the NBMLHD.

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, however there are no adjustments for current 2015/16 financial year refer, note 21(2) reconciliation.

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

PARENT & CONSOLIDATION

23. Fair Value Measurement of Non-Financial Assets

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.

The majority 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. Level 3 significant valuation inputs and relationship to fair value: The valuation of buildings is performed by suitably qualified independent valuers using a methodology known as the depreciated replacement cost valuation technique.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

23. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2016	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2015	497,022	2,290	499,312
Additions	148	----	148
Disposals	(19)	----	(19)
Depreciation	(18,290)	(212)	(18,502)
Other - Reclass	(104)	150	46
Fair value as at 30 June 2016	478,757	2,228	480,985
2015	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2014	399,246	2,925	402,171
Additions	2,321	119	2,440
Revaluation increments/decrements recognised in net result – included in the line item 'Other gains/ (losses)'	6,953	----	6,953
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	30,244	479	30,723
Transfers from Level 2	76,385	----	76,385
Depreciation	(17,968)	(215)	(18,183)
Other - Reclass	(159)	(1,018)	(1,177)
Fair value as at 30 June 2015	497,022	2,290	499,312

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
24. Restricted Assets				
<p>The NBMLHD'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.</p>				
Category				
14,427	9,253	Specific Purposes	14,427	9,253
27,509	24,686	Private Practice Funds	27,509	24,686
<u>41,936</u>	<u>33,939</u>		<u>41,936</u>	<u>33,939</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		25. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	8,073	10,579
----	----	Taxation and Payroll Deductions	2,261	647
10,334	11,226	Accrued Liability - Purchase of Personnel Services	----	----
30,233	25,552	Creditors	30,233	25,552
4,346	6,150	- Intra Health Liability	4,346	6,150
6,461	7,435	- Other	6,461	7,435
<u>51,374</u>	<u>50,363</u>		<u>51,374</u>	<u>50,363</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.

		26. Borrowings		
		Current		
657	649	Other Loans and Deposits	657	649
240	2,431	Finance Leases [see note 1(t)]	240	2,431
<u>897</u>	<u>3,080</u>		<u>897</u>	<u>3,080</u>
		Non-Current		
761	1,388	Other Loans and Deposits	761	1,388
----	213	Finance Leases [see note 1(t)]	----	213
<u>761</u>	<u>1,601</u>		<u>761</u>	<u>1,601</u>

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 30 June 2019

Other loans still to be extinguished represent monies to be repaid to the NSW Ministry of Health and Treasury. The Finance Lease was prepaid in November 2015.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 36.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
27. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	40,472	34,916
----	----	Annual Leave - Long Term Benefit	12,696	17,315
----	----	Long Service Leave - Long Term Benefit	----	9
----	----	Long Service Leave Consequential On-Costs	8,674	7,506
61,842	59,746	Provision for Personnel Services Liability	----	----
<u>61,842</u>	<u>59,746</u>		<u>61,842</u>	<u>59,746</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	754	654
754	654	Provision for Personnel Services Liability	----	----
<u>754</u>	<u>654</u>		<u>754</u>	<u>654</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	61,842	59,746
----	----	Provisions - Non-Current	754	654
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	10,334	11,226
72,930	71,626	Liability - Purchase of Personnel Services	----	----
<u>72,930</u>	<u>71,626</u>		<u>72,930</u>	<u>71,626</u>
28. Other Liabilities				
Current				
202	36	Income in Advance	202	36
<u>202</u>	<u>36</u>		<u>202</u>	<u>36</u>
Income in advance of \$202K represents e-Health Credential System payment and patient fees paid in advance				

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
29. 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:				
4,920	5,199	Not later than one year	4,920	5,199
7,800	4,000	Later than one year and not later than five years	7,800	4,000
<u>12,720</u>	<u>9,199</u>	Total Capital Expenditure Commitments (Including GST)	<u>12,720</u>	<u>9,199</u>
b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
5,275	4,358	Not later than one year	5,275	4,358
20,027	18,936	Later than one year and not later than five years	20,027	18,936
8,278	9,381	Later than five years	8,278	9,381
<u>33,580</u>	<u>32,675</u>	Total Operating Lease Commitments (Including GST)	<u>33,580</u>	<u>32,675</u>
The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.				
c) Finance Lease Commitments				
Minimum lease payment commitments in relation to finance leases are payable as follows:				
240	3,136	Not later than one year	240	3,136
----	265	Later than one year and not later than five years	----	265
<u>240</u>	<u>3,401</u>	Minimum Lease Payments	<u>240</u>	<u>3,401</u>
----	757	Less: Future Finance Charges	----	757
<u>240</u>	<u>2,644</u>	Present Value of Minimum Lease Payments	<u>240</u>	<u>2,644</u>
The present value of finance lease commitments is as follows:				
240	2,431	Not later than one year	240	2,431
----	213	Later than one year and not later than five years	----	213
<u>240</u>	<u>2,644</u>	Present Value of Minimum Lease Payments Classified as:	<u>240</u>	<u>2,644</u>
240	2,431	(a) Current (Note 26)	240	2,431
----	213	(b) Non-Current (Note 26)	----	213
<u>240</u>	<u>2,644</u>		<u>240</u>	<u>2,644</u>

Finance Lease commitments represent the Lease Building payment for Hawkesbury District Health Service (now St John of God). The Lease was foreclosed in November 2015 and the final prepayment entry is due in August 2016.

d) **Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$45.275 million (2015) - \$46.540 million as at 30 June 2016 includes input tax credits of \$3.544 million that are expected to be recoverable from the Australian Taxation Office (2015 \$4.116 million).

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

30. Trust Funds

The NBMLHD holds trust funds of \$12.0 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 NBMLHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Balance at the beginning of the financial year	331	328	150	20	11,047	14,485	11,528	14,833
Revenue	7	9	1,485	1,249	105,238	86,773	106,730	88,031
Expenses	(5)	(6)	(1,314)	(1,119)	(104,941)	(90,211)	(106,260)	(91,336)
Balance at the end of the financial year	333	331	321	150	11,344	11,047	11,998	11,528

Nepean Blue Mountains Local Health District
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PARENT AND CONSOLIDATED

31. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund workers compensation insurance hindsight adjustments are calculated 3 years (interim) and 5 years (final) after the start of each policy year. Hindsight (payments/refunds) adjust insurance contributions paid to reflect actual claims experience. iCare Self Insurance (manager of the Treasury Managed Fund) calculates hindsight adjustments after the 'hindsight date' has past. At 30 June 2016, hindsight adjustments were due for the 2011/12 (final) and 2013/14 (interim) policy years. Adjustments for the 30 June 2016 'hindsight date' have not been provided by the Treasury Managed Fund. It is not possible for the NBMLHD to reliably quantify the hindsight benefit to be received or amount payable.

b) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the NBMLHD's consolidated financial statements to the extent of cash payments made. However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the NBMLHD and the Ministry.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
32. Reconciliation of Cash Flows from Operating Activities to Net Result				
17,526	15,743	Net Cash Flows from Operating Activities	17,526	15,743
(24,817)	(24,395)	Depreciation and Amortisation	(24,817)	(24,395)
(786)	(186)	Allowance for Impairment	(786)	(186)
(165)	----	(Increase)/ Decrease Income in Advance	(165)	----
(2,196)	(4,404)	(Increase)/ Decrease in Provisions	(2,196)	(4,404)
6,381	(2,047)	Increase / (Decrease) in Prepayments and Other Assets	6,381	(2,047)
(901)	(2,851)	(Increase)/ Decrease in Payables from Operating Activities	(901)	(2,851)
		Revaluation of Property, Plant and Equipment recognised in "Other gains/(losses)"	----	6,953
(18)	(48)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(18)	(48)
(4,976)	(11,235)	Net Result	(4,976)	(11,235)

33. 2015/16 Voluntary Services

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

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

34. 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

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.

PARENT AND CONSOLIDATION

35. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$5.246 mill, primarily due to:

Consolidated revenue exceeding budget by \$12.368 mill which is mainly attributed to:

- * TMF Hindsight adjustment for workers compensation \$9.390 mill
- * DVA in-year wash- up \$1.933 mill
- * High Cost Drugs increase due to change in Hep C prescription \$1.767 mill

The additional revenue for High Cost Drugs, also explains part of the Expense deficit to budget of \$6.724 mill. Additional expenses incurred during FY16 included additional Intra-health charges in excess of CPI/Volume increase of \$4.451 mill

Assets and Liabilities

The District continues to work with the Ministry on the budgeted Statement of Financial Position movements to be more reflective of actuals. The District's 2015/16 forward estimates submission and its subsequent review has resulted in \$1.842 mill additional subsidy.

Cash Flows

The performance against budget reflects the adjustment required to Cash at Bank opening balance in Restricted Assets to align budgets with expectations.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2015 are as follows:

	\$000
Initial Allocation, 1 July 2015	545,777
Other Escalations	1,295
Escalations Other Operating - NGOs	74
New initiatives	36,490
Other Adjustments	3,136
Other Enhancements	9,592
Approved Line Transfers	1,515
Balance as per Statement of Comprehensive Income	597,879

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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36. Financial Instruments

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

The NBMLHD's main risks arising from financial instruments are outlined below, together with the NBMLHD'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 NBMLHD, 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

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2016	2015
		\$000	\$000
Cash and Cash Equivalents (note 18)	N/A	41,982	35,415
Receivables (note 19)*	Loans and receivables (at amortised cost)	18,272	13,305
		<u>60,254</u>	<u>48,720</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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36. Financial Instruments

Financial Liabilities

Borrowings (note 26)		1,658	4,681
Payables (note 25)**	Financial liabilities measured at amortised cost	49,113	49,716
		50,771	54,397

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 NBMLHD. 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 NBMLHD, including cash, receivables and authority deposits. No collateral is held by the NBMLHD. The NBMLHD has not granted any financial guarantees.

Credit risk associated with the NBMLHD'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 2.81% in 2015/16 compared to 3.21% 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 NBMLHD 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 NBMLHD 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 (2016: \$5.830m; 2015: \$5.549m) and not more than 3 months past due (2016: \$0.984m; 2015: \$0.416m) are not considered impaired. Together these represent 85.89% 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 NBMLHD'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.

Nepean Blue Mountains Local Health District
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36. Financial Instruments

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2016			
<3 months overdue	1,056	984	72
3 months - 6 months overdue	312	6	306
> 6 months overdue	736	15	721
2015			
<3 months overdue	633	416	217
3 months - 6 months overdue	321	117	204
> 6 months overdue	402	146	255

Notes

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

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

(c) Liquidity Risk

Liquidity risk is the risk that the NBMLHD will be unable to meet its payment obligations when they fall due. The NBMLHD 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 NBMLHD 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 NBMLHD 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 NBMLHD 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 1).

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.

Nepean Blue Mountains Local Health District
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36. Financial Instruments

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

Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Interest Rate	Interest Rate Exposure			Maturity Dates	
		Nominal Amount ¹	Fixed Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
		\$000	\$000	\$000	\$000	\$000
2016						
Payables:						
- Accrued Salaries Wages, On-Costs and Payroll Deductions		8,073	----	8,073	8,073	----
- Creditors		41,040	----	41,040	41,040	----
Borrowings:						
- Loans and Deposits	3.81%	1,419	1,419	----	657	761
- Finance Leases	6.65%	240	240	----	240	----
		50,772	1,659	49,113	50,010	761
2015						
Payables:						
- Accrued Salaries Wages, On-Costs and Payroll Deductions		10,579	----	10,579	10,579	----
- Creditors		39,137	----	39,137	39,137	----
Borrowings:						
- Loans and Deposits	3.81%	2,037	2,037	----	618	1,419
- Finance Leases	6.65%	2,644	2,644	----	2,431	213
		54,397	4,681	49,716	52,765	1,632

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 NBMLHD 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.

Nepean Blue Mountains Local Health District
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36. Financial Instruments

(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 NBMLHD's exposures to market risk are primarily through interest rate risk on the NBMLHD's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The NBMLHD 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 NBMLHD 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 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

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

	Carrying Amount \$000	-1% Net Result	Equity	+1% Net Result	Equity
2016					
Financial Assets					
Cash and Cash Equivalents	41,982	(420)	(420)	420	420
Financial Liabilities					
Borrowings	1,658	17	17	(17)	(17)
2015					
Financial Assets					
Cash and Cash Equivalents	35,415	(354)	(354)	354	354
Financial Liabilities					
Borrowings	4,681	47	47	(47)	(47)

37. Events after the Reporting Period

In July 2016, iCare Self Insurance advised of the Treasury Managed Fund workers compensation insurance hindsight adjustment calculations for the 2010/11 and 2012/13 policy years. This has resulted in a hindsight refund (revenue) of \$3.455M being recognised as a receivable at 30 June 2016. Other than the above, there are no events after the reporting period that require amendment to the financial statements

END OF AUDITED FINANCIAL STATEMENTS