

**Western NSW
Local Health District**

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Western NSW Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Western NSW 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, the statement of cash flows, and service group statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

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; and
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the District and the consolidated entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards; and
- 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; and
- 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 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.

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 cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that the 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; and
- 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

**Western NSW 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 Western NSW 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 Regulation 2015* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Western NSW 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.



Scott McLachlan
Chief Executive
5 September 2016



Josh Carey
Director Finance
5 September 2016

Western NSW 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						
20,472	7,607	17,119		20,472	7,607	17,119
26,665	25,546	23,308	18	26,665	25,546	23,308
2,845	2,750	2,750	19	2,845	2,750	2,750
<u>49,982</u>	<u>35,903</u>	<u>43,177</u>	20	<u>49,982</u>	<u>35,903</u>	<u>43,177</u>
1,016	2,026	2,026	22	1,016	2,026	2,026
50,998	37,929	45,203		50,998	37,929	45,203
Non-Current Assets Held for Sale						
Total Current Assets						
Non-Current Assets						
721	3,870	3,870		721	3,870	3,870
Property, Plant & Equipment						
877,531	897,764	878,988	21	877,531	897,764	878,988
55,037	43,049	43,846	21	55,037	43,049	43,846
45,230	41,971	43,912	21	45,230	41,971	43,912
1,349	1,350	1,686	21	1,349	1,350	1,686
<u>979,147</u>	<u>984,134</u>	<u>968,432</u>		<u>979,147</u>	<u>984,134</u>	<u>968,432</u>
979,868	988,004	972,302		979,868	988,004	972,302
1,030,866	1,025,933	1,017,505		1,030,866	1,025,933	1,017,505
LIABILITIES						
Current Liabilities						
50,036	49,434	52,319	25	50,036	49,434	52,319
173	278	----	26	173	278	----
64,097	59,283	61,015	27	64,097	59,283	61,015
94	117	117	28	94	117	117
<u>114,400</u>	<u>109,112</u>	<u>113,451</u>		<u>114,400</u>	<u>109,112</u>	<u>113,451</u>
Total Current Liabilities						
Non-Current Liabilities						
161,990	162,530	162,091	26	161,990	162,530	162,091
856	856	746	27	856	856	746
<u>162,846</u>	<u>163,386</u>	<u>162,837</u>		<u>162,846</u>	<u>163,386</u>	<u>162,837</u>
277,246	272,498	276,288		277,246	272,498	276,288
753,620	753,435	741,217		753,620	753,435	741,217
Net Assets						
EQUITY						
229,576	229,576	229,576		229,576	229,576	229,576
524,044	523,859	511,641		524,044	523,859	511,641
<u>753,620</u>	<u>753,435</u>	<u>741,217</u>		<u>753,620</u>	<u>753,435</u>	<u>741,217</u>

The accompanying notes form part of these financial statements.

Western NSW Local Health District
Statement of Changes in Equity for the year ended 30 June 2016

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
		\$000	\$000	\$000	\$000
Balance at 1 July 2015		511,641	229,576	----	741,217
Net Result for the year		12,403	----	----	12,403
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment	21	----	----	----	----
Total Other Comprehensive Income		----	----	----	----
Total Comprehensive Income for the year		12,403	----	----	12,403
Balance at 30 June 2016		524,044	229,576	----	753,620
Balance at 1 July 2014		447,908	157,763	----	605,671
Net Result for the year		63,733	----	----	63,733
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment	21	----	71,813	----	71,813
Total Other Comprehensive Income		----	71,813	----	71,813
Total Comprehensive Income for the year		63,733	71,813	----	135,546
Balance at 30 June 2015		511,641	229,576	----	741,217

The accompanying notes form part of these financial statements.

Western NSW 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	(457,676)	(470,210)	(439,883)
(17,552)	(17,533)	(18,646)	Grants and Subsidies	(17,552)	(17,533)	(18,646)
(16,193)	(16,190)	(15,948)	Finance Costs	(16,193)	(16,190)	(15,948)
(777,995)	(789,552)	(751,129)	Other	(320,319)	(319,342)	(311,246)
<u>(811,740)</u>	<u>(823,275)</u>	<u>(785,723)</u>	Total Payments	<u>(811,740)</u>	<u>(823,275)</u>	<u>(785,723)</u>
Receipts						
656,168	656,168	633,286	NSW Ministry of Health Recurrent Allocations	656,168	656,168	633,286
58,468	60,185	108,443	NSW Ministry of Health Capital Allocations	58,468	60,185	108,443
8,222	8,222	8,052	Reimbursements from the Crown Entity	8,222	8,222	8,052
96,308	103,746	95,963	Sale of Goods and Services	96,308	103,746	95,963
537	354	758	Interest Received	537	354	758
18,140	15,267	18,410	Grants and Contributions	18,140	15,267	18,410
34,870	30,967	35,339	Other	34,870	30,967	35,339
<u>872,713</u>	<u>874,909</u>	<u>900,251</u>	Total Receipts	<u>872,713</u>	<u>874,909</u>	<u>900,251</u>
<u>60,973</u>	<u>51,634</u>	<u>114,528</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>60,973</u>	<u>51,634</u>	<u>114,528</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
826	----	10	Proceeds from Sale of Property, Plant & Equipment	826	----	10
(58,519)	(61,863)	(111,383)	Purchases of Property, Plant & Equipment	(58,519)	(61,863)	(111,383)
<u>(57,693)</u>	<u>(61,863)</u>	<u>(111,373)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(57,693)</u>	<u>(61,863)</u>	<u>(111,373)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
73	73	----	Proceeds from Borrowings and Advances	73	73	----
----	644	(2)	Repayment of Borrowings and Advances	----	644	(2)
<u>73</u>	<u>717</u>	<u>(2)</u>	NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>73</u>	<u>717</u>	<u>(2)</u>
3,353	(9,512)	3,153	NET INCREASE / (DECREASE) IN CASH	3,353	(9,512)	3,153
17,119	17,119	13,966	Opening Cash and Cash Equivalents	17,119	17,119	13,966
<u>20,472</u>	<u>7,607</u>	<u>17,119</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>20,472</u>	<u>7,607</u>	<u>17,119</u>

The accompanying notes form part of these financial statements.

Western NSW 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			
Expenses Excluding Losses																									
Operating Expenses	40,414	28,243	2,418	3,354	59,708	56,764	58,002	51,749	171,034	159,794	64,809	72,357	75,119	77,481	8,525	8,534	2,669	2,683					482,698	460,959	
Employee Related	315	156		1	3,277	3,594	9,702	7,838	37,447	29,170	7,735	8,933	3,460	9,097	792	534	197	50					62,925	59,363	
Visiting Medical Officers	16,830	12,976	515	832	34,428	31,650	36,058	22,245	92,551	97,916	19,710	23,473	25,694	23,385	3,379	2,991	942	904					230,107	216,372	
Other Operating Expenses	2,242	1,416	22	116	6,452	5,828	7,467	5,590	18,535	17,682	4,612	4,965	7,050	7,904	395	469	234	288					47,309	44,238	
Depreciation and Amortisation	1,411	2,037			1,256	1,758				40	14			3	59	3							2,740	3,844	
Grants and Subsidies	410	123	9		2,256	1,685	2,144	1,408	10,041	7,117	160	4,736	954	714	56	28	163	137					16,193	15,950	
Finance Costs	3,428	1,787			1,692	2,602							7,816	8,295									12,936	12,684	
Payments to Affiliated Health Organisations																									
Total Expenses Excluding Losses	65,050	46,738	2,964	4,203	109,069	103,871	113,373	88,830	329,908	311,719	97,040	114,466	120,093	126,879	13,208	12,559	4,205	4,042					854,908	813,407	
Revenue																									
NSW Ministry of Health Recurrent Allocations **																								633,286	633,286
NSW Ministry of Health Capital Allocations **																								58,468	108,443
Acceptance by the Crown Entity of Employee Benefits	1,802	1,572	74	180	3,419	2,848	3,390	2,781	10,511	8,640	3,896	3,919	4,028	3,961	173	539	118	148					27,111	24,599	
Sale of Goods and Services	832	657	12	14	10,837	10,784	1,214	1,518	40,500	41,034	2,527	2,932	43,819	36,338		207	587	80					100,428	93,564	
Investment Revenue	57	78			283	143	5	27	68	302	4	29	76	85	26	73	18	21					537	758	
Grants and Contributions	1,786	3,194	75	214	1,959	2,592	263	949	426	1,554	60	26	9,295	4,917	2,453	2,955	256	226					16,627	16,827	
Other Revenue	2,475	1,666	15	33	1,234	1,161	551	486	1,564	2,664	611	850	2,108	1,667	42		328	24					9,028	7,052	
Total Revenue	6,952	5,667	178	441	17,732	17,529	5,423	5,761	53,269	54,194	7,098	7,756	59,326	46,968	2,694	3,774	1,307	499					868,613	884,319	
Gain / (Loss) on Disposal	(45)	(74)			(80)	(800)	(91)	(648)	(265)	(2,963)	(69)	(1,890)	(125)	(304)	(2)	(16)	(2)	(55)					(679)	(6,770)	
Other Gains / (Losses)	(42)	(3)	(11)		(64)	(47)	(75)	(7)	(225)	(179)	(140)	(13)	(57)	(159)	(6)	(1)	(9)	(3)					(623)	(409)	
Net Result	(58,185)	(41,148)	(2,799)	(3,862)	(91,481)	(87,189)	(108,116)	(63,724)	(277,129)	(280,687)	(90,151)	(108,613)	(60,949)	(80,374)	(10,320)	(8,802)	(2,903)	(3,598)					12,403	63,733	
Other Comprehensive Income																									
Net Increase/(Decrease) in PP&E Revaluation Surplus		2,288		188		9,460		9,074		28,706		8,060		12,830		762		436						71,813	
Total Other Comprehensive Income		2,288		188		9,460		9,074		28,706		8,060		12,830		762		436						71,813	
Total Comprehensive Income	(58,185)	(38,850)	(2,799)	(3,674)	(91,481)	(77,729)	(108,116)	(74,650)	(277,129)	(231,981)	(90,151)	(100,553)	(60,949)	(67,544)	(10,520)	(8,040)	(2,903)	(3,163)					12,403	135,546	

* 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.

Western NSW 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	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000	2016	2015	\$000				
ASSETS																																					
Current Assets																																					
Cash and Cash Equivalents	1,558	984		71	90	2,612	2,187	1,868	7,899	6,555	2,324	2,409	2,876	2,677	316	264	101	85																			
Receivables	221	164	3	3	2,877	2,687	322	378	10,780	10,222	671	730	11,634	9,053		51	156	20																			
Inventories	208	165	6	11	426	402	446	283	1,143	1,245	244	288	318	297	42	38	12	11																			
Non-Current Assets Held for Sale	48	65		5	139	267	160	256	406	811	99	227	151	362	8	21	5	12																			
Total Current Assets	2,035	1,378	80	109	6,054	5,543	3,843	2,785	20,226	18,833	3,338	3,664	14,979	12,399	366	374	274	128																			
Non-Current Assets																																					
Receivables	5	27		1	78	446	9	63	291	1,897	18	121	315	1,503		9	4	3																			
Property, Plant and Equipment																																					
- Land and Buildings	41,589	28,128	415	2,205	119,589	115,795	138,505	111,061	349,385	357,346	85,544	98,653	130,764	157,045	7,321	9,327	4,339	5,328																			
- Plant and Equipment	2,608	1,403	26	115	7,505	5,776	8,887	5,540	21,914	17,528	5,365	4,921	8,201	7,834	459	465	272	256																			
- Infrastructure Systems	2,144	1,405	21	115	6,168	5,795	7,139	5,548	18,008	17,553	4,409	4,928	6,740	7,846	377	466	224	286																			
- Leasehold Improvements	64	54		4	184	222	213	213	536	675	132	189	201	301	11	18	7	10																			
Total Non-Current Assets	46,411	31,017	463	2,540	133,604	125,024	154,553	122,425	390,134	388,797	95,488	108,812	146,221	174,529	8,168	10,285	4,846	5,873																			
TOTAL ASSETS	48,446	32,395	543	2,649	139,658	133,567	158,196	125,210	410,362	407,630	98,806	112,476	161,200	186,918	8,534	10,659	5,120	6,001																			
LIABILITIES																																					
Current Liabilities																																					
Payables	3,660	3,138	112	201	7,486	7,653	7,841	5,379	20,124	23,976	4,296	5,676	5,687	5,655	735	723	205	218																			
Borrowings	13				22		23		66		20		24		3		1																				
Provisions	5,367	3,738	321	444	7,929	7,514	7,702	6,850	22,711	21,150	8,606	9,578	9,975	10,258	1,132	1,130	354	355																			
Other	7	7			12	15	12	13	38	44	11	16	13	18	1	2																					
Total Current Liabilities	9,047	6,883	434	646	15,449	15,192	15,578	12,242	42,939	44,970	12,923	15,270	15,999	15,929	1,871	1,855	560	574																			
Non-Current Liabilities																																					
Borrowings	12,326	9,317	562	857	20,687	20,705	21,482	17,687	62,511	62,062	18,387	22,809	22,756	25,348	2,502	2,500	797	806																			
Provisions	72	46	4	5	106	92	103	84	303	259	115	117	133	125	15	14	5	4																			
Total Non-Current Liabilities	12,398	9,363	566	862	20,773	20,797	21,585	17,771	62,814	62,321	18,502	22,926	22,889	25,473	2,517	2,514	802	810																			
TOTAL LIABILITIES	21,445	16,246	1,000	1,508	36,222	35,979	37,163	30,013	105,753	107,191	31,425	38,196	38,448	41,402	4,386	4,369	1,382	1,384																			
NET ASSETS	27,001	16,149	(457)	(1,141)	103,436	97,588	121,033	95,197	304,609	300,439	67,381	74,280	122,712	145,516	4,146	6,290	3,738	4,617																			

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

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

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

* The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 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 Western NSW Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

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

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

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

b) Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and the Treasurers' Directions. The financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the adjusted budget figures can be found at Note 1(af).

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

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

Other circumstances why the going concern is appropriate include:

* Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.

* The District has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.

* The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the District and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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.

Western NSW 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

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

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

ii) Long Service Leave and Superannuation

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

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 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 District has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

f) Insurance

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

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.

Western NSW 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

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

Rendering of Services

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

Patient Fees

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

High Cost Drugs

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

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

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

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the District'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 District based on a percentage of receipts generated.
- * the residual of the Private Practice Trust Fund at the end of each financial year, such sum being credited for the District use in the advancement of the District or individuals within it.

Use of Outside Facilities

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

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

Grants and Contributions

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

Western NSW 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 District as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

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

General operating expenses/revenues of Catholic Healthcare 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 District is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

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 District are deemed to be controlled by the District and are reflected as such in the financial statements.

l) Capitalisation Thresholds

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

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

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

	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%

"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.

Investment property is separately discussed at Note 1(r).

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.

Western NSW 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

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) Non-Current Assets (or disposal groups) Held for Sale

The District has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs of disposal. These assets are not depreciated while they are classified as held for sale.

r) Investment Properties

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

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

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

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

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

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

* Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the District has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'.

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

* Available-for-sale investments - Any investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale investments are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the District commits to purchase or sell the asset.

Western NSW 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

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

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 District transfers the financial asset:

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

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

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

z) Payables

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

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

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

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

Refer Note 23 and Note 37 for further disclosures regarding fair value measurements of financial and non-financial assets.

Western NSW 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

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

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

(iii) Separate Reserves

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

ae) Trust Funds

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

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

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

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 36.

ag) 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 District identifies those components that can be specifically identified and reported by service groups.

Western NSW 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

ah) 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.

Western NSW 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)	411,629	393,763
----	----	Superannuation - Defined Benefit Plans	4,828	5,210
----	----	Superannuation - Defined Contribution Plans	36,718	34,264
----	----	Long Service Leave	23,961	20,616
----	----	Redundancies	378	719
----	----	Workers' Compensation Insurance	5,117	6,307
----	----	Fringe Benefits Tax	67	80
-----	-----		-----	-----
-----	-----		482,698	460,959
The amounts below are capitalised and do not form part of the above total employee related costs:				
----	----	Employee Related Expenses Capitalised - Land and Buildings	26	2
3. Personnel Services				
411,629	393,763	Salaries and Wages	----	----
36,718	34,264	Superannuation - Defined Contribution Plans	----	----
1,378	1,237	Long Service Leave	----	----
378	719	Redundancies	----	----
5,117	6,307	Workers' Compensation Insurance	----	----
67	80	Fringe Benefits Tax	----	----
----	----	Other Staff Related	----	----
-----	-----		-----	-----
455,287	436,370		-----	-----
The amounts below are capitalised and do not form part of the above total personnel services:				
26	2	Personnel Services Expenses Capitalised - Land and Buildings	----	----
4. Other Operating Expenses				
277	327	Advertising	277	327
203	198	Auditor's Remuneration - Audit of Financial Statements	203	198
3,508	3,054	Blood and Blood Products	3,508	3,054
705	54	Consultancies	705	54
1,331	913	Contractors	1,331	913
7,727	7,566	Domestic Supplies and Services	7,727	7,566
20,234	18,451	Drug Supplies	20,234	18,451
8,352	7,986	Food Supplies	8,352	7,986
7,016	8,082	Fuel, Light and Power	7,016	8,082
17,819	18,557	Hospital Ambulance Transport Costs	17,819	18,557
13,557	12,090	Information Management Expenses	13,557	12,090
933	1,041	Insurance	933	1,041
18,683	15,785	Maintenance (See 4(b) below)	18,683	15,785

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

28,262	26,711	Medical and Surgical Supplies	28,262	26,711
2,254	2,427	Motor Vehicle Expenses	2,254	2,427
2,544	2,049	Postal and Telephone Costs	2,544	2,049
1,378	1,307	Printing and Stationery	1,378	1,307
1,870	2,193	Rates and Charges	1,870	2,193
2,526	3,057	Rental	2,526	3,057
5	----	Hosted Services Purchased from Other NSW Health Entities	5	----
31,174	28,299	Special Service Departments	31,174	28,299
5,081	5,121	Staff Related Costs	5,081	5,121
5,861	5,213	Travel Related Costs	5,861	5,213
48,807	45,891	Other (See 4(a) below)	48,807	45,891
<u>230,107</u>	<u>216,372</u>		<u>230,107</u>	<u>216,372</u>

Western NSW 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:				
4,326	5,525	Contract for Patient Services	4,326	5,525
8,816	5,101	Corporate Support Services	8,816	5,101
417	468	Courier and Freight	417	468
3,150	3,365	Isolated Patient Travel and Accommodation Assistance Scheme	3,150	3,365
269	194	Legal Services	269	194
131	365	Membership/Professional Fees	131	365
3,425	2,973	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	3,425	2,973
24,879	24,283	Public Private Partnership Contracted Services	24,879	24,283
307	328	Other Operating Lease Expense - Minimum Lease Payments	307	328
47	494	Quality Assurance/Accreditation	47	494
387	601	Security Services	387	601
2,653	2,194	Other Miscellaneous	2,653	2,194
48,807	45,891		48,807	45,891
b) Reconciliation of Total Maintenance				
5,888	4,485	Maintenance Contracts	5,888	4,485
9,649	8,361	New/Replacement Equipment under \$10,000	9,649	8,361
3,144	2,936	Repairs Maintenance/Non Contract	3,144	2,936
2	3	Other	2	3
18,683	15,785	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	18,683	15,785
4,889	4,773	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	4,889	4,773
23,572	20,558		23,572	20,558

Western NSW 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				
36,754	34,523	Depreciation - Buildings	36,754	34,523
8,277	7,029	Depreciation - Plant and Equipment	8,277	7,029
1,941	2,349	Depreciation - Infrastructure Systems	1,941	2,349
337	337	Amortisation - Leasehold Improvements	337	337
<u>47,309</u>	<u>44,238</u>		<u>47,309</u>	<u>44,238</u>
6. Grants and Subsidies				
2,020	1,862	Non-Government Organisations	2,020	1,862
----	1,370	Community Packages	----	1,370
198	----	Grants to Other NSW Health Entities	198	----
522	609	Other Grants	522	609
<u>2,740</u>	<u>3,841</u>		<u>2,740</u>	<u>3,841</u>
7. Finance Costs				
16,193	15,948	Public Private Partnership Lease Interest Charges	16,193	15,948
----	2	Other Interest Charges	----	2
<u>16,193</u>	<u>15,950</u>		<u>16,193</u>	<u>15,950</u>
8. Payments to Affiliated Health Organisations				
(a) Recurrent Sourced				
9,382	9,484	Lourdes Hospital and Community Services	9,382	9,484
3,554	3,200	St Vincent's Outreach Service	3,554	3,200
<u>12,936</u>	<u>12,684</u>		<u>12,936</u>	<u>12,684</u>

Western NSW 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
9. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
220	267	Pharmacy Sales	220	267
1,847	1,499	Sale of Prosthesis	1,847	1,499
68	61	Other	68	61
b) Rendering of Services comprise the following:-				
		Patient Fees		
48,565	44,034	- Inpatient Fees	48,565	44,034
502	587	- Nursing Home Fees	502	587
2,070	1,460	- Non Inpatient Fees	2,070	1,460
8,948	10,747	Department of Veterans' Affairs	8,948	10,747
324	336	Staff-Meals and Accommodation	324	336
13,124	11,469	Infrastructure Fees - Monthly Facility Charge	13,124	11,469
32	43	Cafeteria/Kiosk	32	43
2,232	1,905	Clinical Services (excluding Clinical Drug Trials)	2,232	1,905
175	722	Commercial Activities	175	722
36	38	Fees for Medical Records	36	38
38	38	Information Retrieval	38	38
9,186	8,016	High Cost Drugs	9,186	8,016
202	295	Meals on Wheels	202	295
3,497	3,001	Motor Accident Authority Third Party	3,497	3,001
22	7	Patient Transport Fees	22	7
100	103	Private Use of Motor Vehicles	100	103
247	241	Salary Packaging Fee	247	241
40	----	Hosted Services Provided to Other NSW Health Entities	40	----
319	461	Services Provided to Non NSW Health Organisations	319	461
12	----	Shared Corporate Services	12	----
7,572	7,225	Multi Purpose Service Centre Fees	7,572	7,225
1,050	1,009	Other	1,050	1,009
100,428	93,564		100,428	93,564
10. Investment Revenue				
537	758	Interest	537	758
537	758		537	758

Western NSW 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				
5,562	6,028	Commonwealth Government Grants	5,562	6,028
1,541	1,382	Industry Contributions/Donations	1,541	1,382
3,780	3,384	Cancer Institute Grants	3,780	3,384
998	972	NSW Government Grants	998	972
1,855	2,045	Grants from Other NSW Health Entities	1,855	2,045
22	31	Research Grants	22	31
2,815	2,785	Other Grants	2,815	2,785
<u>16,573</u>	<u>16,627</u>		<u>16,573</u>	<u>16,627</u>
12. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	4,828	5,210
----	----	Long Service Leave	22,583	19,379
<u>----</u>	<u>----</u>		<u>27,411</u>	<u>24,589</u>
13. Other Revenue				
Other Revenue comprises the following:-				
23	3	Bad Debts Recovered	23	3
120	114	Commissions	120	114
13	19	Conference and Training Fees	13	19
353	----	Discounts	353	----
80	581	Insurance Refunds	80	581
935	470	Lease and Rental	935	470
70	56	Sale of Merchandise, Old Wares and Books	70	56
4,709	2,079	Treasury Managed Fund Hindsight Adjustment	4,709	2,079
2,725	3,730	Other	2,725	3,730
<u>9,028</u>	<u>7,052</u>		<u>9,028</u>	<u>7,052</u>

Western NSW 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
		14. Gain / (Loss) on Disposal		
8,187	2,019	Property, Plant and Equipment	8,187	2,019
(7,040)	(1,880)	Accumulated Depreciation	(7,040)	(1,880)
<u>1,147</u>	<u>139</u>	Written Down Value	<u>1,147</u>	<u>139</u>
826	10	Proceeds from Disposal	826	10
<u>(321)</u>	<u>(129)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(321)</u>	<u>(129)</u>
358	6,641	Assets Held for Sale	358	6,641
----	----	Proceeds from Disposal	----	----
<u>(358)</u>	<u>(6,641)</u>	Gain/(Loss) on Disposal of Assets Held for Sale	<u>(358)</u>	<u>(6,641)</u>
<u>(679)</u>	<u>(6,770)</u>	Total Gain/(Loss) on Disposal	<u>(679)</u>	<u>(6,770)</u>
		15. Other Gains / (Losses)		
(623)	(409)	Impairment of Receivables	(623)	(409)
<u>(623)</u>	<u>(409)</u>		<u>(623)</u>	<u>(409)</u>

Western NSW 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	524	3	9,667	10,194
Contributions recognised in previous years which were not expended in the current reporting period	251	91	349	691
Total amount of unexpended contributions as at reporting date	775	94	10,016	10,885

Comment on restricted assets appears in Note 24

17. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services 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 District

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

Western NSW 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				
10,272	7,569	Cash at Bank and On Hand	10,272	7,569
10,200	9,550	Short Term Deposits	10,200	9,550
<u>20,472</u>	<u>17,119</u>		<u>20,472</u>	<u>17,119</u>
<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>				
<u>20,472</u>	<u>17,119</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>20,472</u>	<u>17,119</u>
<u>20,472</u>	<u>17,119</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>20,472</u>	<u>17,119</u>

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Western NSW 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				
6,416	5,575	Sale of Goods and Services	6,416	5,575
7,687	2,821	Intra Health Receivables	7,687	2,821
4,177	7,337	Goods and Services Tax	4,177	7,337
6,038	2,578	Other Debtors	6,038	2,578
<u>24,318</u>	<u>18,311</u>	Sub Total	<u>24,318</u>	<u>18,311</u>
(305)	(215)	Less Allowance for Impairment	(305)	(215)
24,013	18,096	Sub Total	24,013	18,096
2,652	5,212	Prepayments	2,652	5,212
<u>26,665</u>	<u>23,308</u>		<u>26,665</u>	<u>23,308</u>
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(142)	(120)	Balance at Commencement of Reporting Period	(142)	(120)
491	301	Amounts written off during the period	491	301
23	2	Amounts recovered during the period	23	2
(600)	(324)	(Increase)/decrease in Allowance Recognised in the Net Result	(600)	(324)
<u>(227)</u>	<u>(141)</u>	Balance at 30 June	<u>(227)</u>	<u>(141)</u>
b) Movement in the Allowance for Impairment				
Other Debtors				
(74)	(111)	Balance at Commencement of Reporting Period	(74)	(111)
21	64	Amounts written off during the period	21	64
(25)	(27)	(Increase)/decrease in Allowance Recognised in the Net Result	(25)	(27)
<u>(78)</u>	<u>(74)</u>	Balance at 30 June	<u>(78)</u>	<u>(74)</u>
<u>(305)</u>	<u>(215)</u>		<u>(305)</u>	<u>(215)</u>
Non-Current				
169	138	Sale of Goods and Services	169	138
287	1,702	Other Debtors	287	1,702
456	1,840	Sub Total	456	1,840
(166)	(168)	Less Allowance for Impairment	(166)	(168)
290	1,672	Sub Total	290	1,672
431	2,198	Prepayments	431	2,198
<u>721</u>	<u>3,870</u>		<u>721</u>	<u>3,870</u>

Western NSW 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
		19. Receivables		
		a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(6)	(55)	Balance at Commencement of Reporting Period	(6)	(55)
----	63	Amounts written off during the period	----	63
----	(14)	(Increase)/decrease in Allowance Recognised in the Net Result	----	(14)
(6)	(6)	Balance at 30 June	(6)	(6)
		b) Movement in the Allowance for Impairment		
		Other Debtors		
(162)	(118)	Balance at Commencement of Reporting Period	(162)	(118)
2	(44)	(Increase)/decrease in Allowance Recognised in the Net Result	2	(44)
(160)	(162)	Balance at 30 June	(160)	(162)
(166)	(168)		(166)	(168)
		c) The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
1,030	897	Patient Fees - Compensable	1,030	897
269	178	Patient Fees - Ineligible	269	178
3,847	3,281	Patient Fees - Inpatient & Other	3,847	3,281
5,146	4,356		5,146	4,356

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

Western NSW 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

1,190	1,247	Drugs	1,190	1,247
1,621	1,483	Medical and Surgical Supplies	1,621	1,483
34	20	Other Including Goods in Transit	34	20
<u>2,845</u>	<u>2,750</u>		<u>2,845</u>	<u>2,750</u>

Western NSW 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				
1,380,283	1,382,418	Gross Carrying Amount	1,380,283	1,382,418
<u>502,752</u>	<u>503,430</u>	Less: Accumulated Depreciation and Impairment	<u>502,752</u>	<u>503,430</u>
<u>877,531</u>	<u>878,988</u>	Net Carrying Amount	<u>877,531</u>	<u>878,988</u>
Plant and Equipment - Fair Value*				
102,032	88,701	Gross Carrying Amount	102,032	88,701
<u>46,995</u>	<u>44,855</u>	Less: Accumulated Depreciation and Impairment	<u>46,995</u>	<u>44,855</u>
<u>55,037</u>	<u>43,846</u>	Net Carrying Amount	<u>55,037</u>	<u>43,846</u>
Infrastructure Systems - Fair Value				
77,213	75,674	Gross Carrying Amount	77,213	75,674
<u>31,983</u>	<u>31,762</u>	Less: Accumulated Depreciation and Impairment	<u>31,983</u>	<u>31,762</u>
<u>45,230</u>	<u>43,912</u>	Net Carrying Amount	<u>45,230</u>	<u>43,912</u>
Leasehold Improvements - Fair Value*				
2,867	2,868	Gross Carrying Amount	2,867	2,868
<u>1,518</u>	<u>1,182</u>	Less: Accumulated Depreciation and Impairment	<u>1,518</u>	<u>1,182</u>
<u>1,349</u>	<u>1,686</u>	Net Carrying Amount	<u>1,349</u>	<u>1,686</u>
<u>979,147</u>	<u>968,432</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>979,147</u>	<u>968,432</u>

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

21. Property, Plant and Equipment - Reconciliation

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

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Leasehold Improvements \$000	Total \$000
2016						
Net carrying amount at start of year	16,136	862,852	43,846	43,912	1,686	968,432
Additions	----	36,487	18,729	3,259	----	58,475
Reclassifications to Intangibles	----	----	----	----	----	----
Recognition of Assets Held for Sale	(560)	----	----	----	----	(560)
Disposals	(413)	(200)	(534)	----	----	(1,147)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----	----
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	1,256	----	----	1,256
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----
Impairment Losses (Recognised in "Other Gains/Losses)	----	----	----	----	----	----
Depreciation Expense	----	(36,754)	(8,277)	(1,941)	(337)	(47,309)
Reclassifications	----	(17)	17	----	----	----
Net carrying amount at end of year	15,163	862,368	55,037	45,230	1,349	979,147

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Leasehold Improvements \$000	Total \$000
2015						
Net carrying amount at start of year	13,558	713,377	38,907	61,786	2,023	829,651
Additions	----	100,107	10,941	(810)	----	110,238
Reclassifications to Intangibles	----	----	----	----	----	----
Recognition of Assets Held for Sale	(37)	----	----	----	----	(37)
Disposals	(15)	(7)	(117)	----	----	(139)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----	----
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	1,144	----	----	1,144
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	2,630	84,040	----	(14,857)	----	71,813
Impairment Losses (Recognised in "Other Gains/Losses)	----	----	----	----	----	----
Depreciation Expense	----	(34,523)	(7,029)	(2,349)	(337)	(44,238)
Reclassifications	----	(142)	----	142	----	----
Net carrying amount at end of year	16,136	862,852	43,846	43,912	1,686	968,432

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 District [see note 1(k)].
- (ii) Indices provided by Liquid Pacific Holdings P/L were not applied as immaterial.

Western NSW 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
22. Non-Current Assets (or Disposal Groups) Held for Sale				
Assets Held for Sale				
1,016	2,020	Land and Buildings	1,016	2,020
-----	6	Infrastructure Systems	-----	6
1,016	2,026		1,016	2,026

The non-current assets held for sale constitute assets that are surplus to requirements and are actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale in the next twelve months.

These assets comprise land, buildings, and infrastructure associated with properties in Molong, Orange and the old Parkes Hospital site.

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

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	----	7,561	690,061	697,622
- Infrastructure Systems	----	----	42,781	42,781
Non-Current Assets (or Disposal Groups) Held for Sale (Note 22)	----	1,016	----	1,016
	----	8,577	732,842	741,419

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	----	7,756	725,986	733,742
- Infrastructure Systems	----	----	44,722	44,722
Non-Current Assets (or Disposal Groups) Held for Sale (Note 22)	----	2,026	----	2,026
	----	9,782	770,708	780,490

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 District obtains external valuations by independent valuers every three years. The last revaluation was performed by Liquid Pacific Holdings P/L for the 2014/15 financial year. Liquid Pacific Holdings P/L is an independent entity and is not an employee of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 21 reconciliation.

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

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.

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

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current 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.

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

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	725,986	44,722	770,708
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	----	----	----
Transfers from Level 2	----	----	----
Transfers to Level 2	(560)	----	(560)
Disposals	(613)	----	(613)
Depreciation	(34,735)	(1,941)	(36,676)
Reclassification	(17)	----	(17)
Fair value as at 30 June 2016	690,061	42,781	732,842
2015	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2014	657,644	61,786	719,430
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	88,305	(14,857)	73,448
Transfers from Level 2	14,388	----	14,388
Transfers to Level 2	----	----	----
Disposals	(22)	----	(22)
Depreciation	(34,187)	(2,349)	(36,536)
Reclassification	(142)	142	----
Fair value as at 30 June 2015	725,986	44,722	770,708

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

Western NSW 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

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

Category

5,200	3,075	Specific Purposes	5,200	3,075
5,685	4,755	Private Practice Funds	5,685	4,755
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
10,885	7,830		10,885	7,830
<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Western NSW 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	11,995	11,752
----	----	Taxation and Payroll Deductions	1,518	591
13,513	12,343	Accrued Liability - Purchase of Personnel Services	----	----
22,824	23,255	Creditors	22,824	23,255
----	2	Interest	----	2
		Other Creditors		
3,784	5,986	- Intra Health Liability	3,784	5,986
9,915	10,733	- Other	9,915	10,733
<u>50,036</u>	<u>52,319</u>		<u>50,036</u>	<u>52,319</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

		26. Borrowings		
		Current		
9	----	Other Loans and Deposits	9	----
164	----	Public Private Partnership	164	----
<u>173</u>	<u>----</u>		<u>173</u>	<u>----</u>
		Non-Current		
63	----	Other Loans and Deposits	63	----
161,927	162,091	Public Private Partnership	161,927	162,091
<u>161,990</u>	<u>162,091</u>		<u>161,990</u>	<u>162,091</u>

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

Final repayment of the Public Private Partnership borrowings is scheduled for September 2035.

Other loans still to be extinguished represent monies to be repaid to the NSW Treasury.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 37.

Western NSW 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
27. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	43,603	42,958
----	----	Annual Leave - Long Term Benefit	10,642	9,473
----	----	Long Service Leave Consequential On-Costs	9,844	8,576
----	----	Sick Leave	8	8
64,097	61,015	Provision for Personnel Services Liability	----	----
64,097	61,015		64,097	61,015
Non-Current				
----	----	Long Service Leave Consequential On-Costs	856	746
856	746	Provision for Personnel Services Liability	----	----
856	746		856	746
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	64,097	61,015
----	----	Provisions - Non-Current	856	746
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	13,513	12,343
78,466	74,104	Liability - Purchase of Personnel Services	----	----
78,466	74,104		78,466	74,104
28. Other Liabilities				
Current				
94	117	Income in Advance	94	117
94	117		94	117

Income in advance principally comprises prepaid nursing home type fees and an ACEM grant received in advance.

Western NSW 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
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:				
15,462	27,390	Not later than one year	15,462	27,390
8,618	13	Later than one year and not later than five years	8,618	13
----	----	Later than five years	----	----
<u>24,080</u>	<u>27,403</u>	Total Capital Expenditure Commitments (Including GST)	<u>24,080</u>	<u>27,403</u>
b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
4,226	4,091	Not later than one year	4,226	4,091
6,488	2,504	Later than one year and not later than five years	6,488	2,504
----	21	Later than five years	----	21
<u>10,714</u>	<u>6,616</u>	Total Operating Lease Commitments (Including GST)	<u>10,714</u>	<u>6,616</u>
The operating lease commitments above are for motor vehicles, medical equipment and real property.				
c) Finance Lease Commitments				
Minimum lease payment commitments in relation to finance leases are payable as follows:				
16,120	16,035	Not later than one year	16,120	16,035
68,407	68,045	Later than one year and not later than five years	68,407	68,045
<u>310,138</u>	<u>334,039</u>	Later than five years	<u>310,138</u>	<u>334,039</u>
394,665	418,119	Minimum Lease Payments	394,665	418,119
<u>232,574</u>	<u>256,028</u>	Less: Future Finance Charges	<u>232,574</u>	<u>256,028</u>
<u>162,091</u>	<u>162,091</u>	Present Value of Minimum Lease Payments	<u>162,091</u>	<u>162,091</u>
The present value of finance lease commitments is as follows:				
164	----	Not later than one year	164	----
5,231	3,263	Later than one year and not later than five years	5,231	3,263
<u>156,696</u>	<u>158,828</u>	Later than five years	<u>156,696</u>	<u>158,828</u>
<u>162,091</u>	<u>162,091</u>	Present Value of Minimum Lease Payments Classified as:	<u>162,091</u>	<u>162,091</u>
164	----	(a) Current (Note 26)	164	----
<u>161,927</u>	<u>162,091</u>	(b) Non-Current (Note 26)	<u>161,927</u>	<u>162,091</u>
<u>162,091</u>	<u>162,091</u>		<u>162,091</u>	<u>162,091</u>

Western NSW 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

In December 2007, a private sector company, Pinnacle Healthcare (OAHNS) Pty Limited, was engaged to finance, design and construct the new Orange Hospital and new health facilities including Orange Tertiary Mental Health and other expansion works. Pinnacle would also refurbish existing buildings and provide facilities management services for these hospital facilities and the new Bathurst Hospital under a Project Deed.

In 2008/09, NSW Health requested a contract variation to expand the Orange Hospital and health facilities to accommodate additional clinical services. Following the change procedures in the Project Deed and subsequently government approval, the Project Deed was amended through the Deed of Amendment No. 1 in June 2010.

Upon construction completion of the new facilities including the Orange Hospital in March 2011, Western NSW Local Health District (LHD) recognised these facilities as an asset of \$162.1m under the original PPP financing arrangements. In addition, the District recognised the liability to Pinnacle Healthcare, payable over the period to 2035 for the construction of the new Orange Hospital, Orange Tertiary Mental Health and refurbished facilities.

d) Contingent Asset Related to Commitments for Expenditure

The total of 'Commitments for Expenditure' above, i.e. \$429.459 million as at 30 June 2016 includes input tax credits of \$3.099 million that are expected to be recoverable from the Australian Taxation Office (2015 : \$2.995 million).

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

30. Trust Funds

The District holds trust funds of \$3.6 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	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	317	361	3,712	2,128	186	292	4,216	2,782
Revenue	788	551	8,657	9,173	18,980	14,085	28,425	23,809
Expenses	(764)	(595)	(9,425)	(7,589)	(18,836)	(14,191)	(29,025)	(22,375)
Balance at the end of the financial year	341	317	2,944	3,712	330	186	3,616	4,216

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

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 District to reliably quantify the hindsight benefit to be received or amount payable.

Western NSW 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				
60,973	114,528	Net Cash Flows from Operating Activities	60,973	114,528
(47,309)	(44,238)	Depreciation and Amortisation	(47,309)	(44,238)
(623)	(409)	Allowance for Impairment	(623)	(409)
23	(51)	(Increase)/ Decrease Income in Advance	23	(51)
(3,192)	(2,779)	(Increase)/ Decrease in Provisions	(3,192)	(2,779)
1,560	1,912	Increase / (Decrease) in Prepayments and Other Assets	1,560	1,912
1,650	1,540	(Increase)/ Decrease in Payables from Operating Activities	1,650	1,540
(679)	(6,770)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(679)	(6,770)
12,403	63,733	Net Result	12,403	63,733
33. Non-Cash Financing and Investing Activities				
486	562	Assets Received by Donation	486	562
486	562		486	562

34. 2015/16 Voluntary Services

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

35. Unclaimed Monies

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

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

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT AND CONSOLIDATION

36. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$0.2 million. This is not considered to be a material variance.

Assets and Liabilities

Current Assets were \$13.1 million (36.6%) higher than adjusted budget. Budget for Cash and Cash Equivalents was reduced significantly during the year in light of new NSW Treasury cash management arrangements; however the District retained investments relating to Restricted Financial Asset and Controlled Trust Funds. Cash holdings in the Capital account were higher than anticipated as a result of a timing difference between recognition of expenditure and actual payment of suppliers. Budget variances in total Non-Current Assets, Current Liabilities and Non-Current Liabilities are not considered material.

Cash Flows

Operating Activities

Employee Related outflows were \$12.5m (2.7%) lower than budget due in part to the carrying of vacancies throughout the year. Sale of Goods and Services was \$7.4m (7.2%) lower than budget as a combined result of lower than anticipated patient fees revenue (including significant reductions in DVA, Transitional Aged Care and Motor Accident Authority receipts) and delayed collection of revenues as reflected in the increase in receivables throughout the year. NSW Ministry of Health capital allocations were slightly lower than forecast as a result of the smaller drawdown of funds relating to PPP operating costs.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2015 are as follows:

	\$000
Initial Allocation, 1 July 2015	636,145
Award Increases	11,175
Special Projects:	
Declared Mental Health Facility Rural Expansion Strategy	220
Drug Summit 4	2,237
Integrated Care Demonstrator Program and Planning and Innovation Fund	6,470
IPTAAS 2015/16 Budget Supplementation	984
Living Well-NSW Mental Health Reform Funded Projects	408
Miscellaneous	433
NSW Aged Care Assessment Program	233
Nurse and Midwifery Initiatives 2015-16	612
Nurse/Midwife Strategy	437
Treasury Managed Fund Adjustment	(299)
Other:	
Finalisation of 2015-16 Recurrent Subsidy	(5,714)
Hospital in the Home	564
Impact of NSW Treasury Circular TC15-01 (Cash Management)	510
Miscellaneous	1,756
Nursing and Midwifery Enhancements	575
Palliative Care Flexible Funding Pool	216
Public Private Partnership Adjustment	752
Return of Funding - Medium Secure Rehabilitation Unit	(3,334)
Rural Doctors- Obstetrics and Anaesthetic Incentive Grants	473
Rural Generalist Training and GP Procedural Training	937
Voluntary Redundancy	378
Balance as per Statement of Comprehensive Income	656,168

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

37. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount 2016 \$000	Carrying Amount 2015 \$000
Cash and Cash Equivalents (note 18)	N/A	20,472	17,119
Receivables (note 19)*	Loans and receivables (at amortised cost)	<u>20,126</u>	<u>12,431</u>
		<u>40,598</u>	<u>29,550</u>
Financial Liabilities			
Borrowings (note 26)	Financial liabilities measured at amortised cost	162,163	162,091
Payables (note 25)**		<u>48,518</u>	<u>51,728</u>
		<u>210,681</u>	<u>213,819</u>

Notes

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

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

37. Financial Instruments

(b) Credit Risk

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

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

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

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3% in 2015/16 compared to 3% in the previous year.

Receivables - trade debtors

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016: \$11.7 million; 2015: \$5.1 million) and not more than 3 months past due (2016: \$0.7 million; 2015: \$0.7 million) are not considered impaired. Together these represent 95% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are health insurance companies or compensation insurers settling claims in respect of inpatient treatments.

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

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2016			
<3 months overdue	747	727	20
3 months - 6 months overdue	231	194	37
> 6 months overdue	484	231	253
2015			
<3 months overdue	736	736	---
3 months - 6 months overdue	208	206	2
> 6 months overdue	463	243	220

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.

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

37. Financial Instruments

(c) Liquidity Risk

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

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

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

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

37. Financial Instruments

The table below summarises the maturity profile of the District'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	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
2016								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		11,995	----	----	11,995	11,995	----	----
- Creditors		36,523	----	----	36,523	36,523	----	----
Borrowings:								
- Loans and Deposits		80	80	----	----	11	46	23
- Public Private Partnership	10%	394,665	----	394,665	----	16,120	68,407	310,138
		<u>443,263</u>	<u>80</u>	<u>394,665</u>	<u>48,518</u>	<u>64,649</u>	<u>68,453</u>	<u>310,161</u>
2015								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		11,752	----	----	11,752	11,752	----	----
- Creditors		39,976	----	----	39,976	39,976	----	----
Borrowings:								
- Loans and Deposits		----	----	----	----	----	----	----
- Public Private Partnership	10%	418,119	----	418,119	----	----	----	418,119
		<u>469,847</u>	<u>----</u>	<u>418,119</u>	<u>51,728</u>	<u>51,728</u>	<u>----</u>	<u>418,119</u>

Notes:

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

37. 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 District's exposures to market risk are primarily through interest rate risk on the District's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The District has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

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

The District'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	20,472	(205)	(205)	205	205
Receivables	20,126	----	----	----	----
Financial Liabilities					
Payables	48,518	----	----	----	----
Borrowings	162,163	1,622	1,622	(1,622)	(1,622)
2015					
Financial Assets					
Cash and Cash Equivalents	17,119	(171)	(171)	171	171
Receivables	12,431	----	----	----	----
Financial Liabilities					
Payables	51,728	----	----	----	----
Borrowings	162,091	1,621	1,621	(1,621)	(1,621)

Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

38. 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 \$2.3 million being recognised as a receivable at 30 June 2016.

Other than the above, there has not been any matters arising subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS