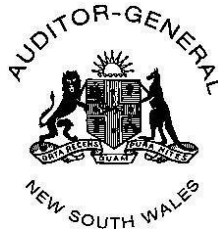


**Central Coast
Local Health District**

Financial Statements

for the year ended 30 June 2017



INDEPENDENT AUDITOR'S REPORT

Central Coast Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Central Coast Local Health District (the District), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and the service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 2017, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are 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 requirements of the:

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

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing 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 – Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(ad). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of financial statements that 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 except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A 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/auditors_responsibilities/ar3.pdf. 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 security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

S Bond .

Sally Bond
Director, Financial Audit Services

31 August 2017
SYDNEY



**Central Coast Local Health District
Certification of the Financial Statements
for the year ended 30 June 2017**

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

- 1) The financial statements of the Central Coast Local Health District for the year ended 30 June 2017 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) 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 Central Coast 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.

Dr Andrew Montague
Chief Executive
30 August 2017

Greg King
Director Finance & Corporate Services
30 August 2017

Central Coast Local Health District
Statement of Comprehensive Income for the year ended 30 June 2017

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual			Notes	Actual	Adjusted Budget Unaudited	Actual	
2017	2017	2016				2017	2017	2016	
\$000	\$000	\$000				\$000	\$000	\$000	
			Expenses excluding losses						
			Operating Expenses						
-----	-----	-----		Employee Related	2	539,846	536,895	520,077	
526,818	523,840	494,436		Personnel Services	3	-----	-----	-----	
27,460	28,073	28,385		Visiting Medical Officers		27,460	28,073	28,385	
212,106	214,903	183,831		Other Operating Expenses	4	212,106	214,903	183,831	
22,350	22,417	22,787		Depreciation and Amortisation	1(m), 5	22,350	22,417	22,787	
7,246	6,995	27,351		Grants and Subsidies	6	7,246	6,995	27,351	
795,980	796,228	756,790		Total Expenses excluding losses		809,008	809,283	782,431	
			Revenue						
635,353	635,353	601,253		NSW Ministry of Health Recurrent Allocations	1(h)	635,353	635,353	601,253	
123,924	124,436	48,275		NSW Ministry of Health Capital Allocations	1(h)	123,924	124,436	48,275	
-----	-----	-----		Acceptance by the Crown Entity of Employee Benefits	1(e)(ii),10	13,028	13,055	25,641	
117,693	122,447	92,615		Sale of Goods and Services	1(h), 7	117,693	122,447	92,615	
966	358	435		Investment Revenue	1(h),8	966	358	435	
13,861	13,289	34,200		Grants and Contributions	1(h),9	13,861	13,289	34,200	
12,498	5,748	7,000		Other Revenue	11	12,498	5,748	7,000	
904,295	901,631	783,778		Total Revenue		917,323	914,686	809,419	
(1,085)	(756)	(283)		Gain / (Loss) on Disposal	12	(1,085)	(756)	(283)	
(248)	(159)	(437)		Other Gains / (Losses)	13	(248)	(159)	(437)	
106,982	104,488	26,268		Net Result	28	106,982	104,488	26,268	
			Other Comprehensive Income						
			Items that will not be reclassified to net result						
			Net Increase/(Decrease) in Property, Plant &						
9,143	-----	-----		Equipment Revaluation Surplus	19	9,143	-----	-----	
9,143	-----	-----		Total Other Comprehensive Income		9,143	-----	-----	
116,125	104,488	26,268		TOTAL COMPREHENSIVE INCOME		116,125	104,488	26,268	

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Statement of Financial Position as at 30 June 2017

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual		
2017	2017	2016			2017	2017	2016		
\$000	\$000	\$000			\$000	\$000	\$000		
ASSETS									
Current Assets									
24,655	19,299	18,839	Cash and Cash Equivalents	15	24,655	19,299	18,839		
14,313	20,605	20,459	Receivables	16	14,313	20,605	20,459		
4,999	5,324	5,323	Inventories	17	4,999	5,324	5,323		
7,409	6,784	6,784	Financial Assets at Fair Value	18	7,409	6,784	6,784		
51,376	52,012	51,405	Total Current Assets		51,376	52,012	51,405		
Non-Current Assets									
Property, Plant & Equipment									
625,510	615,325	509,344	- Land and Buildings	19	625,510	615,325	509,344		
25,520	26,973	26,441	- Plant and Equipment	19	25,520	26,973	26,441		
16,782	17,405	17,326	- Infrastructure Systems	19	16,782	17,405	17,326		
1,595	116	116	- Leasehold Improvements	19	1,595	116	116		
669,407	659,819	553,227	Total Property, Plant & Equipment		669,407	659,819	553,227		
669,407	659,819	553,227	Total Non-Current Assets		669,407	659,819	553,227		
720,783	711,831	604,632	Total Assets		720,783	711,831	604,632		
LIABILITIES									
Current Liabilities									
39,998	46,406	45,000	Payables	22	39,998	46,406	45,000		
74,084	70,470	69,249	Provisions	23	74,084	70,470	69,249		
1,096	984	917	Other	24	1,096	984	917		
115,178	117,860	115,166	Total Current Liabilities		115,178	117,860	115,166		
Non-Current Liabilities									
789	789	775	Provisions	23	789	789	775		
789	789	775	Total Non-Current Liabilities		789	789	775		
115,967	118,649	115,941	Total Liabilities		115,967	118,649	115,941		
604,816	593,182	488,691	Net Assets		604,816	593,182	488,691		
EQUITY									
49,894	40,022	40,021	Reserves		49,894	40,022	40,021		
554,922	553,161	448,670	Accumulated Funds		554,922	553,161	448,670		
604,816	593,183	488,691	Total Equity		604,816	593,183	488,691		

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Statement of Changes in Equity for the year ended 30 June 2017

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2016		448,670	40,021	488,691
Total Equity at 1 July 2016		448,670	40,021	488,691
Net Result for the year		106,982	----	106,982
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	19	----	9,143	9,143
Available for Sale Financial Assets:				
Transfers on Disposal		(730)	730	----
Total Other Comprehensive Income		(730)	9,873	9,143
Total Comprehensive Income for the year		106,252	9,873	116,125
Balance at 30 June 2017		554,922	49,894	604,816
Balance at 1 July 2015		426,295	36,128	462,423
Total Equity at 1 July 2015		426,295	36,128	462,423
Net Result for the year		26,268	----	26,268
Other Comprehensive Income:				
Available for Sale Financial Assets:				
Transfers on Disposal		(3,893)	3,893	----
Total Other Comprehensive Income		(3,893)	3,893	----
Total Comprehensive Income for the year		22,375	3,893	26,268
Balance at 30 June 2016		448,670	40,021	488,691

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Statement of Cash Flows for the year ended 30 June 2017

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2017	2017	2016		2017	2017	2016
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
----	----	----	Employee Related	(528,157)	(529,942)	(502,904)
(8,017)	(7,765)	(8,114)	Grants and Subsidies	(8,017)	(7,765)	(8,114)
(798,335)	(796,409)	(728,653)	Other	(270,178)	(266,467)	(225,749)
<u>(806,352)</u>	<u>(804,174)</u>	<u>(736,767)</u>	Total Payments	<u>(806,352)</u>	<u>(804,174)</u>	<u>(736,767)</u>
Receipts						
635,353	635,353	601,253	NSW Ministry of Health Recurrent Allocations	635,353	635,353	601,253
123,924	124,436	48,275	NSW Ministry of Health Capital Allocations	123,924	124,436	48,275
7,748	7,748	8,101	Reimbursements from the Crown Entity	7,748	7,748	8,101
119,605	124,363	93,434	Sale of Goods and Services	119,605	124,363	93,434
966	358	435	Interest Received	966	358	435
14,910	14,300	15,186	Grants and Contributions	14,910	14,300	15,186
36,920	23,967	20,779	Other	36,920	23,967	20,779
<u>939,426</u>	<u>930,525</u>	<u>787,463</u>	Total Receipts	<u>939,426</u>	<u>930,525</u>	<u>787,463</u>
<u>133,074</u>	<u>126,351</u>	<u>50,696</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>133,074</u>	<u>126,351</u>	<u>50,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
144	----	83	Proceeds from Sale of Property, Plant & Equipment	144	----	83
(126,776)	(125,891)	(48,885)	Purchases of Property, Plant & Equipment	(126,776)	(125,891)	(48,885)
(626)	----	(65)	Purchases of Investments	(626)	----	(65)
<u>(127,258)</u>	<u>(125,891)</u>	<u>(48,867)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(127,258)</u>	<u>(125,891)</u>	<u>(48,867)</u>
5,816	460	1,829	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5,816	460	1,829
18,839	18,839	17,010	Opening Cash and Cash Equivalents	18,839	18,839	17,010
<u>24,655</u>	<u>19,299</u>	<u>18,839</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>24,655</u>	<u>19,299</u>	<u>18,839</u>

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

a) The Reporting Entity

The Central Coast 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 14 and 21), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Central Coast 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 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.

CCLHD is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The reporting entity is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Chief Executive on 30 August 2017.

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 (the Act), and the financial Reporting Directions issued by the Treasurer under the Act. The financial statements comply with the NSW Treasury mandates circular for NSW General Government Sector Entities. Further information on the adjusted budget figures can be found at Note 1(ad).

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

The Secretary of Health, the Chair of the Central Coast 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 assumption 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

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.

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 NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 17.2% are applied to the value of leave payable at 30 June 2017 (comparable on-costs for 30 June 2016 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, which is a controlled entity of the ultimate parent.

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 23.

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 employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's 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 (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare), a controlled entity of the ultimate parent.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit NSW general government sector entities.

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.

Highly Specialised Drugs

Revenue for highly specialised drugs is paid by the Commonwealth in accordance with the terms of the Commonwealth agreement through Medicare and reflects the recoupment of costs incurred under Section 100 of the National Health Act 1953 for highly specialised drugs. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria are 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.

State Insurance Regulatory Authority (SIRA)

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.

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.

Refer to Note 7(b) for further details.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

Payments are made by the immediate parent 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 CCLHD 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 received from the immediate parent.

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.

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 are owned by the Health Administration Corporation, an entity controlled by the immediate parent. Land and buildings which are 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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:

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

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 19 and Note 20 for further information regarding fair value.

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

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

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

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

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

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

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

o) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

p) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

q) Investment Properties

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.

r) 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.

s) 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.

t) Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

Obsolete items are disposed of in accordance with instructions issued by the NSW Ministry of Health.

u) 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

v) 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.

T-Corp Hour-Glass Investment facilities are managed by New South Wales Treasury Corporation, a controlled entity of the ultimate parent. The facilities are designated at fair value through profit or loss as the management and performance of these financial assets is undertaken on a fair value basis, in accordance with a documented risk management strategy. Information about these assets is provided internally to the District's key management personnel.

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

T Corp Hour-Glass investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

The movement in the fair value of the T Corp Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

* 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.

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.

w) 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

x) 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.

y) 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.

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

z) 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 to Note 20 and Note 33 for further disclosures regarding fair value measurements of financial and non-financial assets.

aa) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between entities controlled by the ultimate parent are 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

ab) 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.

ac) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 26.

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.

ad) 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 32.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. Summary of Significant Accounting Policies

ae) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 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:

AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* extends the scope of AASB 124 *Related Party Disclosures* to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* is applicable to reporting periods beginning on or after 1 July 2016. The Entity early adopted this standard in the financial year ended 30 June 2016, which 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 NSW 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 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 *Statement of Cash Flows* to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 *Financial Instruments: Recognition and Measurement* and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

AASB 16 *Leases* applies to annual periods beginning on or after 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. The application of this standard will likely have a significant transitional impact as all leases, except short term (<12 months) and low value leases, brought on balance sheet.

AASB 15 *Revenue from Contracts with Customers* (and associated amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3, AASB 2016-7 and AASB 2016-8) applies to annual periods beginning on or after 1 January 2019 for not-for-profit entities. AASB 15 establishes a contract-based five-step analysis of transactions to determine the nature, amount and timing of revenue arising from contracts with customers. This new standard requires revenue to be recognised when control of the goods or services are transferred to the customer at the transaction price. This may impact the timing of recognising certain revenue currently recognised by reference to the stage of completion of the transaction.

AASB 1058 *Income of Not-for-Profit Entities* applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 *Contributions* and is not expected to materially impact the financial statements.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
2. Employee Related				
----	----	Salaries and Wages (including annual leave)	475,669	445,475
----	----	Superannuation - Defined Benefit Plans	3,506	3,754
----	----	Superannuation - Defined Contribution Plans	41,616	38,906
----	----	Long Service Leave	9,686	23,211
----	----	Redundancies	720	1,071
----	----	Workers' Compensation Insurance	8,501	7,598
----	----	Fringe Benefits Tax	148	62
-----	-----		-----	-----
-----	-----		539,846	520,077
3. Personnel Services				
475,669	445,475	Salaries and Wages	----	----
41,616	38,906	Superannuation - Defined Contribution Plans	----	----
164	1,324	Long Service Leave	----	----
720	1,071	Redundancies	----	----
8,501	7,598	Workers' Compensation Insurance	----	----
148	62	Fringe Benefits Tax	----	----
-----	-----		-----	-----
526,818	494,436		-----	-----
<p>Personnel services of Central Coast Local Health District was provided by its controlled entity, Central Coast Local Health District Special Purpose Service Entity.</p>				
4. Other Operating Expenses				
143	159	Advertising	143	159
192	188	Auditor's Remuneration - Audit of Financial Statements	192	188
5,295	5,218	Blood and Blood Products	5,295	5,218
176	100	Consultancies	176	100
325	214	Contractors	325	214
8,688	8,227	Domestic Supplies and Services	8,688	8,227
58,643	37,983	Drug Supplies	58,643	37,983
15,122	13,079	Food Supplies	15,122	13,079
4,531	4,146	Fuel, Light and Power	4,531	4,146
5,221	3,753	Hospital Ambulance Transport Costs	5,221	3,753
10,201	9,901	Information Management Expenses	10,201	9,901
639	660	Insurance	639	660
13,815	14,317	Maintenance (See 4(b) below)	13,815	14,317
28,569	27,371	Medical and Surgical Supplies	28,569	27,371
1,243	1,215	Motor Vehicle Expenses	1,243	1,215
1,525	1,502	Postal and Telephone Costs	1,525	1,502
1,609	1,836	Printing and Stationery	1,609	1,836
1,087	1,022	Rates and Charges	1,087	1,022
1,877	1,682	Rental	1,877	1,682
7,217	9,448	Hosted Services Purchased from entities controlled by the immediate parent	7,217	9,448
27,019	26,472	Special Service Departments (Dental, Radiology, Pathology, Allied Health, Dialysis, Psychology, Respite, Cancer)	27,019	26,472
2,147	2,331	Staff Related Costs	2,147	2,331
2,071	1,868	Travel Related Costs	2,071	1,868
14,751	11,139	Other (See 4(a) below)	14,751	11,139
-----	-----		-----	-----
212,106	183,831		212,106	183,831

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
4. Other Operating Expenses				
a) Other Includes:				
217	217	Contract for Patient Services	217	217
5,917	5,940	Corporate Support Services	5,917	5,940
339	365	Courier and Freight	339	365
77	71	Isolated Patient Travel and Accommodation Assistance Scheme	77	71
219	118	Legal Services	219	118
625	331	Membership/Professional Fees	625	331
1,155	1,182	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,155	1,182
1	30	Other Operating Lease Expense - Minimum Lease Payments	1	30
2	9	Quality Assurance/Accreditation	2	9
813	598	Security Services	813	598
5,386	2,278	Other Miscellaneous	5,386	2,278
<u>14,751</u>	<u>11,139</u>		<u>14,751</u>	<u>11,139</u>
b) Reconciliation of Total Maintenance				
4,725	4,245	Maintenance Contracts	4,725	4,245
4,498	6,016	New/Replacement Equipment under \$10,000	4,498	6,016
4,592	4,043	Repairs Maintenance/Non Contract	4,592	4,043
----	13	Other	----	13
13,815	14,317	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	13,815	14,317
1,826	1,934	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	1,826	1,934
<u>15,641</u>	<u>16,251</u>		<u>15,641</u>	<u>16,251</u>

'Auditor's Remuneration' was paid to The Audit Office of New South Wales, an entity controlled by the ultimate parent.

'Hospital Ambulance Transport Costs' were paid to Health Administration Corporation, which is an entity controlled by the immediate parent.

The majority of 'Information Management Expenses' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

The majority of 'Domestic Supplies and Services', 'Food Supplies', 'Corporate Support Services', were paid to Health Administration Corporation, an entity controlled by the immediate parent.

The majority of 'Special Service Departments' expenses were paid to the Health Administration Corporation, an entity controlled by the immediate parent.

The majority of 'Contract for Patient Services' was paid to Home Care Service of NSW an entity controlled by the ultimate parent.

Some 'Advertising' expenses were paid to entities controlled by the immediate parent as well as entities controlled by the ultimate parent

Some 'Isolated Patient Travel and Accommodation Assistance Scheme' expenses were paid to entities controlled by the immediate parent.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
15,902	16,344	Depreciation - Buildings	15,902	16,344
4,887	4,917	Depreciation - Plant and Equipment	4,887	4,917
1,471	1,435	Depreciation - Infrastructure Systems	1,471	1,435
90	91	Amortisation - Leasehold Improvements	90	91
<u>22,350</u>	<u>22,787</u>		<u>22,350</u>	<u>22,787</u>
6. Grants and Subsidies				
2,722	2,520	Non-Government Organisations	2,722	2,520
134	167	Grants to Research Organisations	134	167
218	719	Grants paid to entities controlled by the immediate parent	218	719
4,172	23,945	Other Grants	4,172	23,945
<u>7,246</u>	<u>27,351</u>		<u>7,246</u>	<u>27,351</u>

The 2015-16 balance above includes \$20M paid to the University of Newcastle for the Medical School and Research Centre. A corresponding grant received is included in Note 9.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
7. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
566	205	Pharmacy Sales	566	205
1,107	1,697	Sale of Prosthesis	1,107	1,697
254	207	Other	254	207
b) Rendering of Services comprise the following:-				
		Patient Fees		
31,676	31,679	- Inpatient Fees	31,676	31,679
52	99	- Nursing Home Fees	52	99
1,216	1,444	- Non Inpatient Fees	1,216	1,444
19,277	17,497	Department of Veterans' Affairs	19,277	17,497
1	----	Staff-Meals and Accommodation	1	----
9,099	8,564	Infrastructure Fees - Monthly Facility Charge	9,099	8,564
3,274	2,559	Infrastructure Fees - Annual Charge	3,274	2,559
781	807	Car Parking	781	807
13	85	Clinical Services (excluding Clinical Drug Trials)	13	85
----	15	Commercial Activities	----	15
118	148	Fees for Medical Records	118	148
2	----	Information Retrieval	2	----
44,657	22,778	Highly Specialised Drugs	44,657	22,778
10	----	Linen Service Revenues - Entities controlled by immediate parent	10	----
3,585	2,481	Motor Accident Authority Third Party	3,585	2,481
68	81	Private Use of Motor Vehicles	68	81
1,679	1,973	Hosted Services Provided to entities controlled by immediate parent	1,679	1,973
69	77	Services Provided to Non NSW Health Organisations	69	77
189	219	Other	189	219
117,693	92,615		117,693	92,615
8. Investment Revenue				
954	414	Interest	954	414
12	21	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	12	21
966	435		966	435

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
9. Grants and Contributions				
925	773	Clinical Drug Trials	925	773
5,717	5,912	Commonwealth Government Grants	5,717	5,912
1,601	1,468	Industry Contributions/Donations	1,601	1,468
1,746	500	Cancer Institute Grants	1,746	500
892	922	Grants received from entities controlled by the ultimate parent	892	922
258	20,905	Grants received from entities controlled by the immediate parent	258	20,905
3	----	Research Grants	3	----
2,719	3,720	Other Grants	2,719	3,720
13,861	34,200		13,861	34,200

The 2015-16 balance above includes \$20M funding received for the Medical School and Research Centre.

The Cancer Institute is an entity controlled by the immediate parent.

The majority of grants that were received from entities controlled by the ultimate parent were received from NSW Department of Ageing, Disability and Home Care.

The majority of grants that were received from entities controlled by the immediate parent were received from Agency of Clinical Innovation.

10. Acceptance by the Crown Entity of Employee Benefits

The following liabilities and expenses have been assumed by the Crown Entity:

----	----	Superannuation-defined benefit	3,506	3,754
----	----	Long Service Leave	9,522	21,887
----	----		13,028	25,641

11. Other Revenue

Other Revenue comprises the following:-

157	165	Commissions	157	165
293	110	Conference and Training Fees	293	110
104	89	Discounts received	104	89
----	94	Insurance Refunds	----	94
1,076	1,456	Lease and Rental	1,076	1,456
3,838	----	Property not Previously Recognised	3,838	----
2	----	Sale of Merchandise, Old Wares and Books	2	----
6	----	Sponsorship	6	----
6,250	4,018	Treasury Managed Fund Hindsight Adjustment	6,250	4,018
4	10	Unclaimed Deposits	4	10
768	1,058	Other *	768	1,058
12,498	7,000		12,498	7,000

* Some 'Other' revenue was received from entities controlled by the immediate parent.

Property not Previously Recognised for 2016/17 contains \$3.8M of land and infrastructure acquired for the Gosford Hospital Redevelopment at no cost.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
12. Gain / (Loss) on Disposal				
16,987	13,721	Property, Plant and Equipment	16,987	13,721
<u>(15,759)</u>	<u>(13,355)</u>	Accumulated Depreciation	<u>(15,759)</u>	<u>(13,355)</u>
1,228	366	Written Down Value	1,228	366
143	83	Proceeds from Disposal	143	83
<hr/>				
(1,085)	(283)	Gain/(Loss) on Disposal of	(1,085)	(283)
		Property, Plant and Equipment		
<hr/>				
(1,085)	(283)	Total Gain/(Loss) on Disposal	(1,085)	(283)
<hr/>				
13. Other Gains / (Losses)				
(248)	(437)	Impairment of Receivables	(248)	(437)
<hr/>				
(248)	(437)		(248)	(437)
<hr/>				

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT & CONSOLIDATION

14. 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	2	8,513	41	8,556
Contributions recognised in previous years which were not expended in the current reporting period	34	18,143	349	18,526
Total amount of unexpended contributions as at reporting date	36	26,656	390	27,082

Comment on restricted assets appears in Note 21

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
15. Cash and Cash Equivalents				
24,655	18,839	Cash at Bank and On Hand	24,655	18,839
24,655	18,839		24,655	18,839
<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>				
24,655	18,839	Cash and Cash Equivalents (per Statement of Financial Position)	24,655	18,839
24,655	18,839	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	24,655	18,839

Refer to Note 33 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
16. Receivables				
Current				
4,811	6,152	Sale of Goods and Services	4,811	6,152
3,181	2,794	Intra Health Receivables	3,181	2,794
3,504	3,509	Goods and Services Tax	3,504	3,509
1,803	6,872	Other Debtors	1,803	6,872
<u>13,299</u>	<u>19,327</u>	Sub Total	<u>13,299</u>	<u>19,327</u>
(198)	(71)	Less Allowance for Impairment	(198)	(71)
13,101	19,256	Sub Total	13,101	19,256
1,212	1,203	Prepayments	1,212	1,203
<u>14,313</u>	<u>20,459</u>		<u>14,313</u>	<u>20,459</u>
<p>'Intra Health Receivables' include amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from the Health Administration Corporation.</p>				
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(42)	(53)	Balance at Commencement of Reporting Period	(42)	(53)
120	420	Amounts written off during the period	120	420
(125)	(409)	(Increase)/decrease in Allowance Recognised in the Net Result	(125)	(409)
<u>(47)</u>	<u>(42)</u>	Balance at 30 June	<u>(47)</u>	<u>(42)</u>
b) Movement in the Allowance for Impairment				
Other Debtors				
(29)	(33)	Balance at Commencement of Reporting Period	(29)	(33)
1	32	Amounts written off during the period	1	32
(123)	(28)	(Increase)/decrease in Allowance Recognised in the Net Result	(123)	(28)
<u>(151)</u>	<u>(29)</u>	Balance at 30 June	<u>(151)</u>	<u>(29)</u>
<u>(198)</u>	<u>(71)</u>		<u>(198)</u>	<u>(71)</u>
c) The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
158	236	Patient Fees - Compensable	158	236
102	265	Patient Fees - Ineligible	102	265
3,925	4,866	Patient Fees - Inpatient & Other	3,925	4,866
<u>4,185</u>	<u>5,367</u>		<u>4,185</u>	<u>5,367</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 33.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
		17. Inventories		
2,847	3,334	Drugs	2,847	3,334
2,038	1,989	Medical and Surgical Supplies	2,038	1,989
114	-----	Other	114	-----
4,999	5,323		4,999	5,323
		18. Financial Assets at Fair Value		
		Current		
7,409	6,784	NSW Treasury Corporation - Hour-Glass Investment Facilities	7,409	6,784
7,409	6,784		7,409	6,784

Refer to Note 33 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
19. Property, Plant and Equipment				
Land and Buildings - Fair Value				
893,902	773,926	Gross Carrying Amount	893,902	773,926
268,392	264,582	Less: Accumulated Depreciation and Impairment	268,392	264,582
625,510	509,344	Net Carrying Amount	625,510	509,344
Plant and Equipment - Fair Value*				
64,042	61,630	Gross Carrying Amount	64,042	61,630
38,522	35,189	Less: Accumulated Depreciation and Impairment	38,522	35,189
25,520	26,441	Net Carrying Amount	25,520	26,441
Infrastructure Systems - Fair Value				
60,352	57,348	Gross Carrying Amount	60,352	57,348
43,570	40,022	Less: Accumulated Depreciation and Impairment	43,570	40,022
16,782	17,326	Net Carrying Amount	16,782	17,326
Leasehold Improvements - Fair Value*				
4,251	2,682	Gross Carrying Amount	4,251	2,682
2,656	2,566	Less: Accumulated Depreciation and Impairment	2,656	2,566
1,595	116	Net Carrying Amount	1,595	116
669,407	553,227	Total Property, Plant and Equipment At Net Carrying Amount	669,407	553,227

Land and Buildings - Fair Value above contains Works in Progress of \$152M which are held at cost and not depreciated.

Plant and Equipment - Fair Value above contains Works in Progress of \$410K which are held at cost and not depreciated.

* 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT & CONSOLIDATION

19. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Leasehold Improvements \$000	Total \$000
2017						
Net carrying amount at start of year	74,725	434,619	26,441	17,326	116	553,227
Additions	3,759	121,713	5,063	80	----	130,615
Disposals	----	(881)	(347)	----	----	(1,228)
Recognised in Reserves	6,007	2,289	----	847	----	9,143
Depreciation Expense	----	(15,902)	(4,887)	(1,471)	(90)	(22,350)
Reclassifications	775	(1,594)	(750)	----	1,569	----
Net carrying amount at end of year	85,266	540,244	25,520	16,782	1,595	669,407
2016						
Net carrying amount at start of year	69,041	411,955	27,456	18,761	207	527,420
Additions	----	44,692	4,652	----	----	49,344
Disposals	----	----	(366)	----	----	(366)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	(384)	----	----	(384)
Depreciation Expense	----	(16,344)	(4,917)	(1,435)	(91)	(22,787)
Reclassifications	5,684	(5,684)	----	----	----	----
Net carrying amount at end of year	74,725	434,619	26,441	17,326	116	553,227

Buildings above for 2016-17 contains Works in Progress of \$109.5M in Additions and \$152M in Net carrying amount at end, which are held at cost and not depreciated.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 20.

Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 1(k)].

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT & CONSOLIDATION

20. 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

2017	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)				
- Land and Buildings	----	56,574	416,846	473,420
- Infrastructure Systems	----	----	16,782	16,782
	-----	-----	-----	-----
	<u>-----</u>	<u>56,574</u>	<u>433,628</u>	<u>490,202</u>

There were no transfers between level 1 and 2 during the year ended 30 June 2017.

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 7.

2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)				
- Land and Buildings	----	45,684	421,130	466,814
- Infrastructure Systems	----	----	17,326	17,326
	-----	-----	-----	-----
	<u>-----</u>	<u>45,684</u>	<u>438,456</u>	<u>484,140</u>

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

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 19.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Liquid Pacific Holdings Pty Ltd for the 2016/17 financial year. Liquid Pacific Holdings Pty Ltd is an independent entity and is not an associated entity 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 19 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:

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT & CONSOLIDATION

20. 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 depreciated replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT & CONSOLIDATION

20. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2017	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2016	421,130	17,326	438,456
Additions	9,589	80	9,669
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	1,672	847	2,519
Depreciation	(15,545)	(1,471)	(17,016)
Fair value as at 30 June 2017	416,846	16,782	433,628

2016	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2015	412,271	18,761	431,032
Additions	24,913	----	24,913
Depreciation	(16,054)	(1,435)	(17,489)
Fair value as at 30 June 2016	421,130	17,326	438,456

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT

CONSOLIDATION

2017
\$000

2016
\$000

2017
\$000

2016
\$000

21. 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

13,912	10,716	Specific Purposes	13,912	10,716
589	563	Research Grants	589	563
12,581	10,326	Private Practice Funds	12,581	10,326
<u>27,082</u>	<u>21,605</u>		<u>27,082</u>	<u>21,605</u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
		22. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	10,794	8,784
----	----	Taxation and Payroll Deductions	3,287	2,795
14,081	11,579	Accrued Liability - Purchase of Personnel Services	----	----
12,334	20,114	Creditors	12,334	20,114
		Other Creditors		
7,048	8,720	- Payables to entities controlled by the immediate parent	7,048	8,720
6,535	4,587	- Other	6,535	4,587
39,998	45,000		39,998	45,000

Creditors include some amounts owing to entities controlled by the ultimate parent.

The majority of 'Payables to entities controlled by the immediate parent' relate to balances payable to the Health Administration Corporation, an entity controlled by the immediate parent.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 33.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
23. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	51,748	48,260
----	----	Annual Leave - Long Term Benefit	12,447	12,071
----	----	Long Service Leave Consequential On-Costs	9,069	8,918
73,264	69,249	Provision for Personnel Services Liability	----	----
820	----	Allocated Day Off Liability	820	----
<u>74,084</u>	<u>69,249</u>		<u>74,084</u>	<u>69,249</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	789	775
789	775	Provision for Personnel Services Liability	----	----
<u>789</u>	<u>775</u>		<u>789</u>	<u>775</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	73,264	69,249
----	----	Provisions - Non-Current	789	775
----	----	Accrued Salaries, Wages and On-Costs (Note 22)	14,081	11,579
88,134	81,603	Liability - Purchase of Personnel Services	----	----
<u>88,134</u>	<u>81,603</u>		<u>88,134</u>	<u>81,603</u>
24. Other Liabilities				
Current				
1,096	917	Income in Advance	1,096	917
<u>1,096</u>	<u>917</u>		<u>1,096</u>	<u>917</u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
25. 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:				
99,309	6,713	Not later than one year	99,309	6,713
50,489	231,148	Later than one year and not later than five years	50,489	231,148
161	-----	Later than five years	161	-----
149,959	237,861	Total Capital Expenditure Commitments (Including GST)	149,959	237,861

The majority of 'capital commitments' contracted but not provided for relates to capital works overseen by the Health Administration Corporation, an entity controlled by the immediate parent.

b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
2,286	2,204	Not later than one year	2,286	2,204
1,183	1,855	Later than one year and not later than five years	1,183	1,855
646	-----	Later than five years	646	-----
4,115	4,059	Total Operating Lease Commitments (Including GST)	4,115	4,059

Capital Commitments:

Gosford Hospital is undergoing a major redevelopment which will include a new clinical services block to accommodate inpatients, outpatients and ambulatory services, with an estimated total cost of \$368M provided for in the NSW 2015-16 Budget Papers. The planning phase of the redevelopment started in 2014, with the full project due for completion in 2019. \$149.2M included in the Capital Commitment above relates to the redevelopment.

Operating Leases:

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of \$154.1M as at 30 June 2017 includes input tax credits of \$14M that are expected to be recoverable from the Australian Taxation Office (2016 \$22M).

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT & CONSOLIDATION

26. Trust Funds

The District holds trust funds of \$506K 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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Balance at the beginning of the financial year	----	----	47	35	351	176	398	211
Revenue	----	14	23	12	23,410	21,230	23,433	21,256
Expenses	----	(14)	----	----	(23,325)	(21,055)	(23,325)	(21,069)
Balance at the end of the financial year	----	----	70	47	436	351	506	398

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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27. Contingent Liabilities and Assets

a) Compulsorily acquired land

Negotiations on the compensation for compulsorily acquired land as part of Gosford Hospital Redevelopment pursuant to section 10 of the Health Administration Act 1982 and section 19(1) of the Land Acquisition (Just Terms Compensation) Act 1991 are ongoing with the prior landowner.

No provision has been made in these financial statements as the District's management considers no compensation is payable.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
28. Reconciliation of Cash Flows from Operating Activities to Net Result				
133,074	50,696	Net Cash Flows from Operating Activities	133,074	50,696
(22,350)	(22,787)	Depreciation and Amortisation	(22,350)	(22,787)
(248)	(437)	Allowance for Impairment	(248)	(437)
(180)	1,076	(Increase)/ Decrease Income in Advance	(180)	1,076
(4,849)	(3,034)	(Increase)/ Decrease in Provisions	(4,849)	(3,034)
(6,174)	8,278	Increase / (Decrease) in Prepayments and Other Assets	(6,174)	8,278
4,957	(7,314)	(Increase)/ Decrease in Payables from Operating Activities	4,957	(7,314)
(1,085)	(283)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(1,085)	(283)
3,837	73	Assets donated or brought to account for the first time	3,837	73
106,982	26,268	Net Result	106,982	26,268
29. Non-Cash Financing and Investing Activities				
3,838	73	Assets Acquired for no consideration	3,838	73
3,838	73		3,838	73

Assets Acquired for no consideration for 2016/17 contains \$3.8M of land and infrastructure acquired for the Gosford Hospital Redvelopment at no cost.

30. 2016/17 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

31. 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 the 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 the 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

32. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$2 million, primarily due to:

A \$3M favourability in the result of Special Purpose funds from the Rights of Private Practice revenue received offset by small unfavourabilities in Loss on Disposals of \$0.3M, driven by disposals as part of the Gosford Hospital Redevelopment, as well as a \$0.5M unfavourable position on the District's Capital Subsidy resulting from the District not needing to draw down all the funds allocated for Capital programs.

Assets and Liabilities

Assets are favourable to budget by \$9M primarily driven by the increase in Property, Plant & Equipment values due to the Land & Building Revaluation actioned during the year.

Liabilities are favourable to budget by \$3M primarily from a decrease in Creditors of \$6M over the year, offset by an increase in Provisions of \$4M driven by an increase in staff numbers over the year as well as the recognition of the 2.5% award increase and actuarial adjustment.

Cash Flows

Total Cash Flow is \$5.4 million favourable to budget as at 30 June 2017.

This position is a result of increased cash earned and held by the Special Purpose funds over budget at 30 June 2016 as well as increased cash receipts from the Treasury Managed Fund hindsight received.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 25 July 2016 are as follows:

	\$000
Initial Allocation, 25 July 2016	623,703
Integrated Care	4,800
National Partnership Agreement on Adult Public Dental Services	2,797
Other	4,053
	<hr/>
Balance as per Statement of Comprehensive Income	<u>635,353</u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

33. 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 risks faced by the District, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

PARENT

Financial Assets Class:	Category	Carrying Amount	
		2017	2016
		\$000	\$000
Cash and Cash Equivalents (note 15)	N/A	24,655	18,839
Receivables (note 16)*	Loans and receivables (at amortised cost)	9,597	15,747
Financial Assets at Fair Value (note 18)	At fair value through profit or loss (designated as such upon initial recognition)	7,409	6,784
		41,661	41,370
Financial Liabilities			
Payables (note 22)**	Financial liabilities measured at amortised cost	39,998	45,000
		39,998	45,000

Notes

* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures)

** Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures).

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	
		2017	2016
		\$000	\$000
Cash and Cash Equivalents (note 15)	N/A	24,655	18,839
Receivables (note 16)*	Loans and receivables (at amortised cost)	9,597	15,747
Financial Assets at Fair Value (note 18)	At fair value through profit or loss (designated as such upon initial recognition)	7,409	6,784
		41,661	41,370
Financial Liabilities			
Payables (note 22)**	Financial liabilities measured at amortised cost	36,711	42,205
		36,711	42,205

Notes

* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures)

** Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures).

Central Coast Local Health District
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(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 2.37% in 2016/17 compared to 2.81% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

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 (2017: \$5.768M ; 2016: \$12.349M) and not more than 3 months past due (2017: \$602M ; 2016: \$495M) are not considered impaired.

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.

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	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2017	\$000	\$000	\$000
<3 months overdue	602	602	----
3 months - 6 months overdue	46	46	----
> 6 months overdue	198	----	198
2016			
<3 months overdue	495	495	----
3 months - 6 months overdue	109	109	----
> 6 months overdue	71	----	71

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 AASB7 Financial Instruments Disclosures 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.

Authority Deposits

The District has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of -28.00% (2016: -1.93%), while over the year the weighted average interest rate was 8.16% (2016: 0.96%) on a weighted average balance during the year of \$7.1M (2016: \$6.7M). None of these assets are past due or impaired.

(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.

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33. 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

	Interest Rate Exposure		Maturity Dates
	Nominal Amount ¹	Non - Interest Bearing	< 1 Yr
2017	\$000	\$000	\$000
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	10,794	10,794	10,794
- Creditors	25,917	25,917	25,917
	36,711	36,711	36,711
	36,711	36,711	36,711
 2016			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	8,784	8,784	8,784
- Creditors	33,421	33,421	33,421
	42,205	42,205	42,205
	42,205	42,205	42,205

Notes:

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

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(d) Market Risk

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

The effect on net result 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 2016. 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 net result 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	-1% Net Result	Equity	+1% Net Result	Equity
	\$000	\$000	\$000	\$000	\$000
2017					
Financial Assets					
Cash and Cash Equivalents	24,655	(247)	(247)	247	247
Receivables	9,597	----	----	----	----
Financial Assets at Fair Value	7,409	(74)	(74)	74	74
Financial Liabilities					
Payables*	36,711	----	----	----	----
2016					
Financial Assets					
Cash and Cash Equivalents	18,839	(188)	(188)	188	188
Receivables	15,747	----	----	----	----
Financial Assets at Fair Value	6,784	(68)	(68)	68	68
Financial Liabilities					
Payables	42,205	----	----	----	----

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Other price risk - TCorp Hour-Glass Investment facilities

Exposure to 'other price risk' primarily arises through the investment in the NSW TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The District has no direct equity investments. The District holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2017 \$000	2016 \$000
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	3 years to 7 years	4,604	4,313
Long-term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	2,805	2,471

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, NSW TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. NSW TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian

Investment in the Hour-Glass facilities limits the District's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). NSW TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by NSW TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

Impact on net result	Change in unit price	2017 \$000	2016 \$000
Hour-Glass Investment - Medium-term growth facility	+7%	322	302
Hour-Glass Investment - Long-term growth facility	+16%	449	395

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the NSW TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

Therefore the fair value of the financial instruments do not differ from the carrying amount.

(ii) Fair Value recognised in the Statement of Financial Position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2017 Total \$'000
TCorp Hour-Glass Invt.Facility	----	7,409	----	7,409
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
TCorp Hour-Glass Invt.Facility	----	6,784	----	6,784

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2017.

As discussed, the value of the Hour-Glass Investments is based on the District's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

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34. Related Party Transactions

PARENT AND CONSOLIDATION

Key management personnel compensation is as follows:

	2017
	\$000
Short-term employee benefits	873
Post-employment benefits	54
	<u>927</u>

During the financial year, Central Coast Local Health District obtained key management personnel services from the immediate parent and incurred \$406K as advised by the Ministry for these services.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Transactions with key management personnel and their close family members

NIL

35. Events After the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS