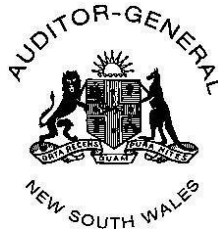


South Eastern Sydney Local Health District

Financial Statements

for the year ended 30 June 2017



INDEPENDENT AUDITOR'S REPORT

South Eastern Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of South Eastern Sydney 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 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 entity 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 its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under 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 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 fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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(ah). 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 the 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
- 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: 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 its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



A Oyetunji
Director, Financial Services

8 September 2017
SYDNEY


**South Eastern Sydney Local Health District
Certification of the Financial Statements
for the year ended 30 June 2017**

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

- 1) The financial statements of the South Eastern Sydney 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 (the Act); and
 - c) financial Reporting Directions issued by the Treasurer under the Act.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the South Eastern Sydney Local Health District; and
- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mr Gerry Marr OBE
Chief Executive
8 September 2017



Mrs Karen Foldi
Director of Finance
8 September 2017

South Eastern Sydney 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 \$000	2017 \$000	2016 \$000			2017 \$000	2017 \$000	2016 \$000		
			Expenses excluding losses						
			Operating Expenses						
			Employee Related	2	1,074,377	1,076,845	1,069,685		
1,049,770	1,051,835	1,009,918	Personnel Services	3	-----	-----	-----		
49,855	48,225	49,516	Visiting Medical Officers		49,855	48,225	49,516		
450,772	437,965	427,155	Other Operating Expenses	4	450,772	437,965	427,155		
53,975	53,945	53,174	Depreciation and Amortisation	1(m), 5	53,975	53,945	53,174		
45,654	44,836	14,332	Grants and Subsidies	6	45,654	44,836	14,332		
-----	-----	1	Finance Costs	1(g), 7	-----	-----	1		
47,557	47,143	44,458	Payments to Affiliated Health Organisations	8	47,557	47,143	44,458		
1,697,583	1,683,949	1,598,554	Total Expenses excluding losses		1,722,190	1,708,959	1,658,321		
			Revenue						
1,265,909	1,250,468	1,252,984	NSW Ministry of Health Recurrent Allocations	1(h)	1,265,909	1,250,468	1,252,984		
194,122	195,333	96,909	NSW Ministry of Health Capital Allocations	1(h)	194,122	195,333	96,909		
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	1(e)(ii), 12	24,607	25,010	59,767		
275,351	277,663	258,459	Sale of Goods and Services	1(h), 9	275,351	277,663	258,459		
2,024	5,650	2,339	Investment Revenue	1(h), 10	2,024	5,650	2,339		
66,872	50,281	52,979	Grants and Contributions	1(h), 11	66,872	50,281	52,979		
21,980	23,182	23,990	Other Revenue	13	21,980	23,182	23,990		
1,826,258	1,802,577	1,687,660	Total Revenue		1,850,865	1,827,587	1,747,427		
10,615	-----	(247)	Gain / (Loss) on Disposal	14	10,615	-----	(247)		
(3,283)	(2,658)	(1,241)	Other Losses	15	(3,283)	(2,658)	(1,241)		
136,007	115,970	87,618	Net Result	32	136,007	115,970	87,618		
			Other Comprehensive Income						
			Items that will not be reclassified to net result						
			Net Decrease in Property, Plant & Equipment						
(123)	-----	(15)	Revaluation Surplus	20, 24	(123)	-----	(15)		
(123)	-----	(15)	Total Other Comprehensive Income		(123)	-----	(15)		
135,884	115,970	87,603	TOTAL COMPREHENSIVE INCOME		135,884	115,970	87,603		

The accompanying notes form part of these financial statements.

South Eastern Sydney 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									
80,322	66,285	95,821	Cash and Cash Equivalents	17	80,322	66,285	95,821		
96,118	77,539	68,462	Receivables	18	96,118	77,539	68,462		
21,021	21,054	20,694	Inventories	19	21,021	21,054	20,694		
<u>197,461</u>	<u>164,878</u>	<u>184,977</u>			<u>197,461</u>	<u>164,878</u>	<u>184,977</u>		
745	-----	-----	Non-Current Assets Held for Sale	23	745	-----	-----		
<u>198,206</u>	<u>164,878</u>	<u>184,977</u>	Total Current Assets		<u>198,206</u>	<u>164,878</u>	<u>184,977</u>		
Non-Current Assets									
Property, Plant & Equipment									
1,174,039	1,211,956	1,062,813	- Land and Buildings	20	1,174,039	1,211,956	1,062,813		
106,659	74,267	74,963	- Plant and Equipment	20	106,659	74,267	74,963		
62,907	62,807	66,921	- Infrastructure Systems	20	62,907	62,807	66,921		
<u>1,343,605</u>	<u>1,349,030</u>	<u>1,204,697</u>	Total Property, Plant & Equipment		<u>1,343,605</u>	<u>1,349,030</u>	<u>1,204,697</u>		
120	139	162	Intangible Assets	21	120	139	162		
44,192	42,192	40,272	Other	22	44,192	42,192	40,272		
<u>1,387,917</u>	<u>1,391,361</u>	<u>1,245,131</u>	Total Non-Current Assets		<u>1,387,917</u>	<u>1,391,361</u>	<u>1,245,131</u>		
<u>1,586,123</u>	<u>1,556,239</u>	<u>1,430,108</u>	Total Assets		<u>1,586,123</u>	<u>1,556,239</u>	<u>1,430,108</u>		
LIABILITIES									
Current Liabilities									
112,939	105,225	102,139	Payables	26	112,939	105,225	102,139		
176,679	172,690	170,143	Provisions	27	176,679	172,690	170,143		
4,252	23,785	19,245	Other	28	4,252	23,785	19,245		
<u>293,870</u>	<u>301,700</u>	<u>291,527</u>	Total Current Liabilities		<u>293,870</u>	<u>301,700</u>	<u>291,527</u>		
Non-Current Liabilities									
1,973	1,973	1,985	Provisions	27	1,973	1,973	1,985		
26,511	8,711	8,711	Other	28	26,511	8,711	8,711		
<u>28,484</u>	<u>10,684</u>	<u>10,696</u>	Total Non-Current Liabilities		<u>28,484</u>	<u>10,684</u>	<u>10,696</u>		
<u>322,354</u>	<u>312,384</u>	<u>302,223</u>	Total Liabilities		<u>322,354</u>	<u>312,384</u>	<u>302,223</u>		
<u>1,263,769</u>	<u>1,243,855</u>	<u>1,127,885</u>	Net Assets		<u>1,263,769</u>	<u>1,243,855</u>	<u>1,127,885</u>		
EQUITY									
137,213	138,141	138,141	Reserves		137,213	138,141	138,141		
1,126,556	1,105,714	989,744	Accumulated Funds		1,126,556	1,105,714	989,744		
<u>1,263,769</u>	<u>1,243,855</u>	<u>1,127,885</u>	Total Equity		<u>1,263,769</u>	<u>1,243,855</u>	<u>1,127,885</u>		

The accompanying notes form part of these financial statements.

South Eastern Sydney 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		989,744	138,141	1,127,885
Net Result for the year		136,007	-----	136,007
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment, and Emerging Assets	20, 24	-----	(123)	(123)
Available for Sale Financial Assets:				
Transfers on Disposal		805	(805)	-----
Total Other Comprehensive Income		805	(928)	(123)
Total Comprehensive Income for the year		136,812	(928)	135,884
Balance at 30 June 2017		1,126,556	137,213	1,263,769
Balance at 1 July 2015		902,116	138,166	1,040,282
Net Result for the year		87,618	-----	87,618
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment, and Emerging Assets	20, 24	-----	(15)	(15)
Available for Sale Financial Assets:				
Transfers on Disposal		10	(10)	-----
Total Other Comprehensive Income		10	(25)	(15)
Total Comprehensive Income for the year		87,628	(25)	87,603
Balance at 30 June 2016		989,744	138,141	1,127,885

The accompanying notes form part of these financial statements.

South Eastern Sydney 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		(1,058,338)	(1,065,294)	(1,027,057)
(71,312)	(70,080)	(67,685)	Grants and Subsidies		(71,312)	(70,080)	(67,685)
(1,604,061)	(1,613,338)	(1,571,574)	Other		(545,723)	(548,044)	(544,517)
<u>(1,675,373)</u>	<u>(1,683,418)</u>	<u>(1,639,259)</u>	Total Payments		<u>(1,675,373)</u>	<u>(1,683,418)</u>	<u>(1,639,259)</u>
Receipts							
1,265,909	1,250,468	1,252,984	NSW Ministry of Health Recurrent Allocations		1,265,909	1,250,468	1,252,984
194,122	195,333	96,909	NSW Ministry of Health Capital Allocations		194,122	195,333	96,909
17,696	17,696	17,417	Reimbursements from the Crown Entity		17,696	17,696	17,417
281,635	282,594	280,927	Sale of Goods and Services		281,635	282,594	280,927
2,024	125	2,339	Interest Received		2,024	125	2,339
70,696	55,541	75,470	Grants and Contributions		70,696	55,541	75,470
37,658	76,640	52,079	Other		37,658	76,640	52,079
<u>1,869,740</u>	<u>1,878,397</u>	<u>1,778,125</u>	Total Receipts		<u>1,869,740</u>	<u>1,878,397</u>	<u>1,778,125</u>
<u>194,367</u>	<u>194,979</u>	<u>138,866</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	32	<u>194,367</u>	<u>194,979</u>	<u>138,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
15,274	-----	197	Proceeds from Sale of Property, Plant & Equipment and Intangibles	14	15,274	-----	197
(225,140)	(224,515)	(140,795)	Purchases of Property, Plant & Equipment and Intangibles		(225,140)	(224,515)	(140,795)
<u>(209,866)</u>	<u>(224,515)</u>	<u>(140,598)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(209,866)</u>	<u>(224,515)</u>	<u>(140,598)</u>
CASH FLOWS FROM FINANCING ACTIVITIES							
-----	-----	(1)	Repayment of Borrowings and Advances		-----	-----	(1)
-----	-----	(1)	NET CASH FLOWS FROM FINANCING ACTIVITIES		-----	-----	(1)
(15,499)	(29,536)	(1,733)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(15,499)	(29,536)	(1,733)
95,821	95,821	97,554	Opening Cash and Cash Equivalents	17	95,821	95,821	97,554
<u>80,322</u>	<u>66,285</u>	<u>95,821</u>	CLOSING CASH AND CASH EQUIVALENTS	17	<u>80,322</u>	<u>66,285</u>	<u>95,821</u>

The accompanying notes form part of these financial statements.

South Eastern Sydney 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 South Eastern Sydney Local Health District (the SESLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

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

- * The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 16 and 25), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The South Eastern Sydney Local Health District Special Purpose Service Entity which was established as a Division of the SESLHD on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the SESLHD 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.

SESLHD 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 8 September 2017.

b) Basis of Preparation

The SESLHD'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(ah).

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

The Secretary of Health, the Chair of the South Eastern Sydney 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 SESLHD'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 SESLHD 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 SESLHD has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.
- * The SESLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the SESLHD 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.

South Eastern Sydney 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 SESLHD has assessed the actuarial advice based on the SESLHD'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 SESLHD'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 SESLHD 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 SESLHD as shown in Note 27.

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

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the 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 SESLHD 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 SESLHD'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.

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.

1. **Summary of Significant Accounting Policies**

h) **Income Recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the SESLHD 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 SESLHD 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 SESLHD 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 (fee) 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 SESLHD 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 SESLHD use in the advancement of the SESLHD or individuals within it.

Refer to Note 9(b) for further details.

Use of Outside Facilities

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

South Eastern Sydney 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

NSW Ministry of Health Allocations

Payments are made by the immediate parent on the basis of the allocation for the SESLHD 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 Calvary Health Care Sydney, War Memorial Hospital Waverley and Eastern Sydney SCARBA Centre have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The SESLHD 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 SESLHD 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.

Most assets are acquired from Health Administration Corporation, a controlled entity of the immediate parent.

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.

Refer to Note 1(ae) for assets transferred as a result of equity transfer.

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

l) Capitalisation Thresholds

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

South Eastern Sydney 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 SESLHD. 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:

	2017	2016
Buildings	2.5%	2.5%
Infrastructure Systems	2.5%	2.5%
Plant and Equipment		
- Computer Equipment	20%	20%
- Electro Medical Equipment		
* Costing less than \$200,000	10%	10%
* Costing more than or equal to \$200,000	12.5%	12.5%
- Furniture, Fittings and Furnishings	5%	5%
- Motor Vehicle Sedans	12.5%	12.5%
- Motor Vehicles, Trucks & Vans	20%	20%
- Office Equipment	10%	10%
- Plant and Machinery	10%	10%
Intangibles	10%	10%

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

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

n) Revaluation of Non-Current Assets

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

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

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 20 and Note 24 for further information regarding fair value.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations and are applied when a class of asset has a movement of 10% or more.

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

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

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

1. Summary of Significant Accounting Policies

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

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

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

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

o) Impairment of Property, Plant and Equipment

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

p) Assets Not Able to be Reliably Measured

The SESLHD holds certain assets that are not recognised in the Statement of Financial Position because the SESLHD is unable to measure reliably the value of the assets and those assets are unlikely to be material.

The SESLHD holds a unique collection of pathology specimens of which their normal place of residence is at Sydney Hospital. Parts of the collection are currently on loan to a range of associated educational and health institutions.

q) 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.

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

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

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

s) 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 SESLHD does not have any property that meets the definition of Investment Property.

t) Intangible Assets

The SESLHD recognises intangible assets only if it is probable that future economic benefits will flow to the SESLHD and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the SESLHD's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by the SESLHD are recognised as intangible assets and are amortised over four years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. Most computer software is acquired from the Health Administration Corporation, a controlled entity of the parent.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

South Eastern Sydney 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

u) 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.

v) 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.

w) 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.

x) 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.

y) Cash 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 SESLHD determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

* The SESLHD 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 SESLHD's key management personnel.

The risk management strategy of the SESLHD 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 SESLHD 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.

1. Summary of Significant Accounting Policies

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 SESLHD 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.

z) 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.

aa) 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 SESLHD transfers the financial asset:

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

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

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

ab) Payables

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

ac) Borrowings

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

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

ad) Fair Value Hierarchy

A number of the SESLHD'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 SESLHD 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 SESLHD 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 24 and Note 37 for further disclosures regarding fair value measurements of financial and non-financial assets.

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

af) 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 SESLHD's policy on the revaluation of non-current assets 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.

ag) Trust Funds

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

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

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

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

ai) Emerging Asset

The SESLHD's emerging interest in the St George (STG), Sydney (SYD) and Prince of Wales (POW) Hospital Car Parks has been valued in accordance with the Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required the SESLHD to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the asset's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 25 years using the annuity method and the Government Bond rate of 6.61% (STG), 9.47% (SYD) & 7.23% (POW) at commencement of the concession period.

South Eastern Sydney 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) 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, will need to be brought on to the 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.

South Eastern Sydney 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)	953,754	910,340
-----	-----	Superannuation - Defined Benefit Plans	8,401	9,158
-----	-----	Superannuation - Defined Contribution Plans	83,837	80,079
-----	-----	Long Service Leave	16,056	53,777
-----	-----	Redundancies	2,828	5,996
-----	-----	Workers' Compensation Insurance	9,155	10,284
-----	-----	Fringe Benefits Tax	346	51
-----	-----		<u>1,074,377</u>	<u>1,069,685</u>
3. Personnel Services				
953,754	910,340	Salaries and Wages	-----	-----
83,837	80,079	Superannuation - Defined Contribution Plans	-----	-----
(150)	3,168	Long Service Leave	-----	-----
2,828	5,996	Redundancies	-----	-----
9,155	10,284	Workers' Compensation Insurance	-----	-----
346	51	Fringe Benefits Tax	-----	-----
<u>1,049,770</u>	<u>1,009,918</u>		<u>-----</u>	<u>-----</u>
4. Other Operating Expenses				
395	399	Advertising	395	399
206	201	Auditor's Remuneration - Audit of Financial Statements	206	201
9,850	8,845	Blood and Blood Products	9,850	8,845
3,022	2,972	Consultancies	3,022	2,972
103	10	Contractors	103	10
19,965	19,911	Domestic Supplies and Services	19,965	19,911
93,059	88,219	Drug Supplies	93,059	88,219
27,774	24,408	Food Supplies	27,774	24,408
9,263	8,818	Fuel, Light and Power	9,263	8,818
6,849	5,542	Hospital Ambulance Transport Costs	6,849	5,542
30,666	28,651	Information Management Expenses	30,666	28,651
1,543	1,704	Insurance	1,543	1,704
33,966	32,807	Maintenance (See 4(b) below)	33,966	32,807
86,454	80,630	Medical and Surgical Supplies	86,454	80,630
1,608	1,325	Motor Vehicle Expenses	1,608	1,325
3,429	3,219	Postal and Telephone Costs	3,429	3,219
3,193	3,609	Printing and Stationery	3,193	3,609
1,625	1,717	Rates and Charges	1,625	1,717
3,772	3,769	Rental	3,772	3,769
1,221	1,096	Hosted Services Purchased from entities controlled by the immediate parent	1,221	1,096
57,724	60,706	Special Service Departments (Pathology, Dental, Radiology)	57,724	60,706
9,960	8,526	Staff Related Costs	9,960	8,526
7,297	6,815	Travel Related Costs	7,297	6,815
37,828	33,256	Other (See 4(a) below)	37,828	33,256
<u>450,772</u>	<u>427,155</u>		<u>450,772</u>	<u>427,155</u>

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
4. Other Operating Expenses				
a) Other Includes:				
8,948	7,464	Contract for Patient Services	8,948	7,464
12,361	11,829	Corporate Support Services	12,361	11,829
1,164	968	Courier and Freight	1,164	968
149	120	Isolated Patient Travel and Accommodation Assistance Scheme	149	120
271	252	Legal Services	271	252
856	660	Membership/Professional Fees	856	660
1,487	1,454	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,487	1,454
2,673	2,505	Other Operating Lease Expense - Minimum Lease Payments	2,673	2,505
62	124	Quality Assurance/Accreditation	62	124
506	250	Security Services	506	250
9,351	7,630	Other Miscellaneous	9,351	7,630
<u>37,828</u>	<u>33,256</u>		<u>37,828</u>	<u>33,256</u>
b) Reconciliation of Total Maintenance				
13,779	12,606	Maintenance Contracts	13,779	12,606
11,360	10,945	New/Replacement Equipment under \$10,000	11,360	10,945
10,962	11,640	Repairs Maintenance/Non Contract	10,962	11,640
(2,135)	(2,384)	Other	(2,135)	(2,384)
33,966	32,807	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	33,966	32,807
4,597	4,605	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	4,597	4,605
<u>38,563</u>	<u>37,412</u>		<u>38,563</u>	<u>37,412</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.

Some 'Rental' and 'Staff Related costs' expenses were paid to entities controlled by the immediate parent.

Some 'Legal expenses' were paid to the Crown Solicitors Office, an entity controlled by the ultimate parent.

South Eastern Sydney 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				
36,867	36,452	Depreciation - Buildings	36,867	36,452
12,971	12,569	Depreciation - Plant and Equipment	12,971	12,569
4,114	4,115	Depreciation - Infrastructure Systems	4,114	4,115
23	38	Amortisation - Intangible Assets	23	38
<u>53,975</u>	<u>53,174</u>		<u>53,975</u>	<u>53,174</u>
6. Grants and Subsidies				
12,432	12,181	Non-Government Organisations	12,432	12,181
1,234	409	Grants to Research Organisations	1,234	409
-----	(215)	Grants paid to entities controlled by the ultimate parent	-----	(215)
30,187	385	Grants paid to entities controlled by the immediate parent	30,187	385
1,801	1,572	Other Grants	1,801	1,572
<u>45,654</u>	<u>14,332</u>		<u>45,654</u>	<u>14,332</u>
7. Finance Costs				
-----	1	Other Interest Charges	-----	1
<u>-----</u>	<u>1</u>		<u>-----</u>	<u>1</u>
8. Payments to Affiliated Health Organisations				
Recurrent Sourced				
29,583	28,051	Calvary Health Care Sydney	29,583	28,051
16,610	15,077	War Memorial Hospital Waverley	16,610	15,077
1,364	1,330	Eastern Sydney SCARBA Centre	1,364	1,330
<u>47,557</u>	<u>44,458</u>		<u>47,557</u>	<u>44,458</u>

South Eastern Sydney 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. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
361	360	Pharmacy Sales	361	360
11,296	8,888	Sale of Prosthesis	11,296	8,888
187	279	Other	187	279
b) Rendering of Services comprise the following:-				
		Patient Fees		
102,909	96,901	- Inpatient Fees	102,909	96,901
70	93	- Nursing Home Fees	70	93
5,777	4,866	- Non Inpatient Fees	5,777	4,866
22,197	23,530	Department of Veterans' Affairs	22,197	23,530
354	329	Staff-Meals and Accommodation	354	329
23,258	17,957	Infrastructure Fees - Monthly Facility Charge	23,258	17,957
12,367	10,819	Infrastructure Fees - Annual Charge	12,367	10,819
1,824	1,876	Car Parking	1,824	1,876
1,089	1,070	Child Care Fees	1,089	1,070
81	(137)	Clinical Services (excluding Clinical Drug Trials)	81	(137)
5,877	7,747	Commercial Activities	5,877	7,747
22	11	Enteral Nutrition	22	11
248	259	Fees for Medical Records	248	259
4	3	Information Retrieval	4	3
59,192	54,045	Highly Specialised Drugs	59,192	54,045
13,547	13,635	State Insurance Regulatory Authority Third Party	13,547	13,635
148	172	Private Use of Motor Vehicles	148	172
536	607	Salary Packaging Fee	536	607
4,086	3,920	Hosted Services Provided to entities controlled by immediate parent	4,086	3,920
2,205	3,926	Services Provided to Non NSW Health Organisations	2,205	3,926
7,308	6,960	Shared Corporate Services	7,308	6,960
149	115	Multi Purpose Service Centre Fees	149	115
259	228	Other	259	228
275,351	258,459		275,351	258,459

The majority of 'Commercial Activities' revenue was earned from entities controlled by the immediate parent.

The majority of 'Shared Corporate Services' and 'Patient Transport Fees' revenue was earned from entities controlled by the immediate parent.

10. Investment Revenue

113	208	Interest	113	208
1,911	2,131	T Corp Hour Glass Cash Investment Facilities Designated at Fair Value through Profit or Loss	1,911	2,131
2,024	2,339		2,024	2,339

South Eastern Sydney 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
11. Grants and Contributions				
4,642	1,403	Clinical Drug Trials	4,642	1,403
19,323	13,785	Commonwealth Government Grants	19,323	13,785
13,592	8,467	Industry Contributions/Donations	13,592	8,467
9,631	9,797	Cancer Institute Grants	9,631	9,797
2,109	1,752	Grants received from entities controlled by the ultimate parent	2,109	1,752
13,410	13,825	Grants received from entities controlled by the immediate parent	13,410	13,825
1,826	1,582	Research Grants	1,826	1,582
2,339	2,368	Other Grants	2,339	2,368
<u>66,872</u>	<u>52,979</u>		<u>66,872</u>	<u>52,979</u>

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 the Department of Family and Community Services.

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

12. Acceptance by the Crown Entity of Employee Benefits

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

-----	-----	Superannuation-defined benefit	8,401	9,158
-----	-----	Long Service Leave	16,206	50,609
<u>-----</u>	<u>-----</u>		<u>24,607</u>	<u>59,767</u>

13. Other Revenue

Other Revenue comprises the following:-

343	424	Commissions	343	424
545	381	Conference and Training Fees	545	381
53	126	Discounts received	53	126
14	272	Insurance Refunds	14	272
7,401	7,841	Lease and Rental*	7,401	7,841
40	274	Sale of Merchandise, Old Wares and Books	40	274
193	198	Sponsorship	193	198
4,327	6,139	Treasury Managed Fund Hindsight Adjustment	4,327	6,139
9,064	8,335	Other	9,064	8,335
<u>21,980</u>	<u>23,990</u>		<u>21,980</u>	<u>23,990</u>

*Some 'Lease and Rental' revenue was received from entities controlled by the immediate parent.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
		14. Gain / (Loss) on Disposal		
19,338	13,220	Property, Plant and Equipment	19,338	13,220
<u>(14,679)</u>	<u>(12,776)</u>	Accumulated Depreciation	<u>(14,679)</u>	<u>(12,776)</u>
4,659	444	Written Down Value	4,659	444
<u>15,274</u>	<u>197</u>	Proceeds from Disposal	<u>15,274</u>	<u>197</u>
10,615	(247)	Gain/(Loss) on Disposal of Property, Plant and Equipment	10,615	(247)
		15. Other Losses		
<u>(3,283)</u>	<u>(1,241)</u>	Impairment of Receivables	<u>(3,283)</u>	<u>(1,241)</u>
(3,283)	(1,241)		(3,283)	(1,241)

South Eastern Sydney Local Health District
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PARENT & CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Total
	\$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	-----	17,900	17,900
Contributions recognised in previous years which were not expended in the current reporting period	3,041	65,866	68,907
Total amount of unexpended contributions as at reporting date	3,041	83,766	86,807

Comment on restricted assets appears in Note 25

South Eastern Sydney 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. Cash and Cash Equivalents				
5,065	17,475	Cash at Bank and On Hand	5,065	17,475
75,257	78,346	Short Term Deposits - T Corp Hour-Glass Cash Fund	75,257	78,346
<u>80,322</u>	<u>95,821</u>		<u>80,322</u>	<u>95,821</u>

Details regarding restricted financial assets pertaining to Short Term Deposits are disclosed in Note 25.

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.

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:

<u>80,322</u>	<u>95,821</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>80,322</u>	<u>95,821</u>
<u>80,322</u>	<u>95,821</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>80,322</u>	<u>95,821</u>

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

South Eastern Sydney 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
18. Receivables				
Current				
50,739	38,145	Sale of Goods and Services	50,739	38,145
40,977	20,528	Intra Health Receivables	40,977	20,528
2,194	4,869	Goods and Services Tax	2,194	4,869
4,022	5,940	Other Debtors	4,022	5,940
<u>97,932</u>	<u>69,482</u>	Sub Total	<u>97,932</u>	<u>69,482</u>
(6,578)	(5,787)	Less Allowance for Impairment	(6,578)	(5,787)
91,354	63,695	Sub Total	91,354	63,695
4,764	4,767	Prepayments	4,764	4,767
<u>96,118</u>	<u>68,462</u>		<u>96,118</u>	<u>68,462</u>

Intra Health Receivables' include amounts receivable from the immediate parent and entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from the Sydney Children's Hospital Network, Illawarra Shoalhaven Local Health District, Health Administration Corporation, and the immediate parent.

a) Movement in the Allowance for Impairment

Sale of Goods and Services				
(5,407)	(4,937)	Balance at Commencement of Reporting Period	(5,407)	(4,937)
2,212	764	Amounts written off during the period	2,212	764
(3,260)	(1,234)	(Increase)/decrease in Allowance Recognised in the Net Result	(3,260)	(1,234)
<u>(6,455)</u>	<u>(5,407)</u>	Balance at 30 June	<u>(6,455)</u>	<u>(5,407)</u>

b) Movement in the Allowance for Impairment

Other Debtors				
(380)	(497)	Balance at Commencement of Reporting Period	(380)	(497)
281	124	Amounts written off during the period	281	124
(23)	(7)	(Increase)/decrease in Allowance Recognised in the Net Result	(23)	(7)
<u>(123)</u>	<u>(380)</u>	Balance at 30 June	<u>(123)</u>	<u>(380)</u>
<u>(6,578)</u>	<u>(5,787)</u>		<u>(6,578)</u>	<u>(5,787)</u>

c) The sale of goods and services balances above include the following patient fee receivables:

1,216	1,177	Patient Fees - Compensable	1,216	1,177
8,827	8,963	Patient Fees - Ineligible	8,827	8,963
16,853	14,841	Patient Fees - Inpatient & Other	16,853	14,841
<u>26,896</u>	<u>24,981</u>		<u>26,896</u>	<u>24,981</u>

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

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
19. Inventories				
8,027	9,368	Drugs	8,027	9,368
12,987	11,314	Medical and Surgical Supplies	12,987	11,314
<u>7</u>	<u>12</u>	Food and Hotel Supplies	<u>7</u>	<u>12</u>
<u><u>21,021</u></u>	<u><u>20,694</u></u>		<u><u>21,021</u></u>	<u><u>20,694</u></u>

South Eastern Sydney 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
20. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,956,427	1,810,964	Gross Carrying Amount	1,956,427	1,810,964
<u>782,388</u>	<u>748,151</u>	Less: Accumulated Depreciation and Impairment	<u>782,388</u>	<u>748,151</u>
<u>1,174,039</u>	<u>1,062,813</u>	Net Carrying Amount	<u>1,174,039</u>	<u>1,062,813</u>
Plant and Equipment - Fair Value*				
214,891	182,273	Gross Carrying Amount	214,891	182,273
<u>108,232</u>	<u>107,310</u>	Less: Accumulated Depreciation and Impairment	<u>108,232</u>	<u>107,310</u>
<u>106,659</u>	<u>74,963</u>	Net Carrying Amount	<u>106,659</u>	<u>74,963</u>
Infrastructure Systems - Fair Value				
164,650	164,550	Gross Carrying Amount	164,650	164,550
<u>101,743</u>	<u>97,629</u>	Less: Accumulated Depreciation and Impairment	<u>101,743</u>	<u>97,629</u>
<u>62,907</u>	<u>66,921</u>	Net Carrying Amount	<u>62,907</u>	<u>66,921</u>
Total Property, Plant and Equipment				
<u>1,343,605</u>	<u>1,204,697</u>	At Net Carrying Amount	<u>1,343,605</u>	<u>1,204,697</u>

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

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT & CONSOLIDATION

20. 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	Total \$000
2017					
Net carrying amount at start of year	193,849	868,964	74,963	66,921	1,204,697
Additions	----	197,039	29,454	100	226,593
Recognition of Assets Held for Sale	(745)	----	----	----	(745)
Disposals	(3,400)	(501)	(758)	----	(4,659)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	(29,500)	1,171	----	(28,329)
Depreciation Expense	----	(36,867)	(12,971)	(4,114)	(53,952)
Reclassifications	----	(14,800)	14,800	----	----
Net carrying amount at end of year	189,704	984,335	106,659	62,907	1,343,605

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2016					
Net carrying amount at start of year	193,849	783,959	72,389	71,036	1,121,233
Additions	----	124,322	11,737	----	136,059
Disposals	----	(9)	(435)	----	(444)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	985	----	985
Depreciation Expense	----	(36,452)	(12,569)	(4,115)	(53,136)
Reclassifications	----	(2,856)	2,856	----	----
Net carrying amount at end of year	193,849	868,964	74,963	66,921	1,204,697

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 24.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SESLHD [see note 1(k)].
- (ii) Indices provided by CBRE Valuations Pty Ltd were not applied as they were deemed immaterial.
- (iii) The following table details the indices for Land, Buildings and Infrastructure Systems as determined by CBRE Valuations Pty Ltd :

Year	Land	Buildings	Infrastructure Systems
2015/16	2 - 4%	3%	3%
2016/17	3 - 6%	3.3%	3.3%

The majority of 'Transfers within NSW Health Entities through Statement of Comprehensive Income' related to Levels 7-9 of the Bright Building transferred to the Sydney Children's Hospital Network, an entity controlled by the immediate parent.

South Eastern Sydney 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
21. Intangible Assets				
Intangibles				
484	503	Cost (Gross Carrying Amount)	484	503
364	341	Less Accumulated Amortisation and Impairment	364	341
<u>120</u>	<u>162</u>	Total Intangible Assets at Net Carrying Amount	<u>120</u>	<u>162</u>

PARENT & CONSOLIDATION

21. Intangible Assets - Reconciliation

	Intangibles \$000	Total \$000
2017		
Net carrying amount at start of year	162	162
Additions (From Internal Development or Acquired Separately)	(19)	(19)
Amortisation (Recognised in Depreciation and Amortisation)	(23)	(23)
Net carrying amount at end of year	120	120

	Intangibles \$000	Total \$000
2016		
Net carrying amount at start of year	181	181
Additions (From Internal Development or Acquired Separately)	19	19
Amortisation (Recognised in Depreciation and Amortisation)	(38)	(38)
Net carrying amount at end of year	162	162

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
		22. Other Assets		
		Non-Current		
		Emerging Rights to Assets (refer Note 1(ai))		
44,192	40,272		44,192	40,272
<u>44,192</u>	<u>40,272</u>		<u>44,192</u>	<u>40,272</u>
		23. Non-Current Assets Held for Sale		
		Assets Held for Sale		
		Land and Buildings		
745	-----		745	-----
<u>745</u>	<u>-----</u>		<u>745</u>	<u>-----</u>

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

Transport for NSW, an entity controlled by the ultimate parent, will be compulsorily acquiring 600 square metres of the Langton Centre car park within the next twelve months for the Sydney Light Rail project.

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

24. 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 20)				
- Land and Buildings	----	35,473	734,196	769,669
- Infrastructure Systems	----	----	62,907	62,907
Other Assets (Note 22) Emerging Assets	----	----	44,192	44,192
Non-Current Assets Held for Sale (Note 23)	----	745	----	745
	-----	-----	-----	-----
	-----	<u>36,218</u>	<u>841,295</u>	<u>877,513</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 9.

2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 20)				
- Land and Buildings	----	39,634	768,103	807,737
- Infrastructure Systems	----	----	66,921	66,921
Other Assets (Note 22) Emerging Assets	----	----	40,272	40,272
	-----	-----	-----	-----
	-----	<u>39,634</u>	<u>875,296</u>	<u>914,930</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 20.

b) Valuation Techniques, Inputs and Processes

For land, buildings, infrastructure systems, and other assets the SESLHD obtains external valuations by independent valuers at least every three years. The last revaluation was performed by CBRE Valuations Pty Ltd for the 2014/15 financial year. CBRE Valuations Pty Ltd is an independent entity and is not an associated entity of the SESLHD.

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 20 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:

PARENT & CONSOLIDATION

24. 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, infrastructure, and other assets, 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.

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

South Eastern Sydney Local Health District
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24. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2017	Land and Buildings \$000	Infrastructure Systems \$000	Other Assets \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2016	768,103	66,921	40,272	875,296
Additions	-----	100	4,043	4,143
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment and emerging assets revaluation surplus'	-----	-----	(123)	(123)
Disposals	(501)	-----	-----	(501)
Depreciation	(33,406)	(4,114)	-----	(37,520)
Fair value as at 30 June 2017	<u>734,196</u>	<u>62,907</u>	<u>44,192</u>	<u>841,295</u>

There were no transfers between Level 2 or 3 during the periods.

2016	Land and Buildings \$000	Infrastructure Systems \$000	Other Assets \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2015	798,151	71,036	36,514	905,701
Additions	-----	-----	3,772	3,772
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment and emerging assets revaluation surplus'	-----	-----	(14)	(14)
Transfers to Level 2	3,950	-----	-----	3,950
Disposals	(9)	-----	-----	(9)
Depreciation	(33,989)	(4,115)	-----	(38,104)
Fair value as at 30 June 2016	<u>768,103</u>	<u>66,921</u>	<u>40,272</u>	<u>875,296</u>

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CONSOLIDATION

2017
\$000

2016
\$000

2017
\$000

2016
\$000

25. Restricted Assets

The SESLHD'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		
37,358	40,247	Specific Purposes	37,358	40,247
16,775	17,254	Research Grants	16,775	17,254
32,674	31,150	Private Practice Funds	32,674	31,150
<u>86,807</u>	<u>88,651</u>		<u>86,807</u>	<u>88,651</u>

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
		26. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	23,231	20,578
-----	-----	Taxation and Payroll Deductions	5,577	5,159
28,808	25,737	Accrued Liability - Purchase of Personnel Services	-----	-----
48,282	50,782	Creditors	48,282	50,782
		Other Creditors		
23,512	13,878	- Payables to entities controlled by the immediate parent	23,512	13,878
12,337	11,742	- Other	12,337	11,742
<u>112,939</u>	<u>102,139</u>		<u>112,939</u>	<u>102,139</u>

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 immediate parent and 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 37.

South Eastern Sydney 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
27. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	110,459	104,833
----	----	Annual Leave - Long Term Benefit	41,435	42,480
----	----	Long Service Leave Consequential On-Costs	22,692	22,830
174,586	170,143	Provision for Personnel Services Liability	----	----
2,093	----	Other	2,093	----
<u>176,679</u>	<u>170,143</u>		<u>176,679</u>	<u>170,143</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	1,973	1,985
1,973	1,985	Provision for Personnel Services Liability	----	----
<u>1,973</u>	<u>1,985</u>		<u>1,973</u>	<u>1,985</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	176,679	170,143
----	----	Provisions - Non-Current	1,973	1,985
----	----	Accrued Salaries, Wages and On-Costs (Note 26)	28,808	25,737
207,460	197,865	Liability - Purchase of Personnel Services	----	----
<u>207,460</u>	<u>197,865</u>		<u>207,460</u>	<u>197,865</u>
28. Other Liabilities				
Current				
4,252	19,245	Income in Advance	4,252	19,245
<u>4,252</u>	<u>19,245</u>		<u>4,252</u>	<u>19,245</u>
Non-Current				
26,511	8,711	Income in Advance	26,511	8,711
<u>26,511</u>	<u>8,711</u>		<u>26,511</u>	<u>8,711</u>

Income in Advance was derived from the following:

In May 1995 \$5.5 million was received as income in advance from International Parking (Sydney) Pty Ltd and AIDC under the terms of contract to provide and operate a car park facility at the Sydney & Sydney Eye Hospitals campus for the 25 years ending May 2020.

In October 1996 \$5 million was received as income in advance from HCoA Operations (Australia) Pty Ltd under the terms of contract to provide and operate a private hospital facility at the Prince of Wales Hospital campus for the 40 years ending October 2036.

In June 1997 \$18.5 million was received as income in advance from International Parking (Randwick) Pty Ltd under the terms of contract to provide and operate a car park facility at the Prince of Wales Hospital campus for the 25 years ending June 2022.

In June 1999 \$4.5 million was received as income in advance from International Parking Pty Ltd under the terms of contract to provide and operate a car park facility at the St George Hospital campus for the 25.5 years ending December 2024.

In the financial years 2014/15, 2015/16 and 2016/17, \$23.8M was received as income in advance from the University of New South Wales under terms of the funding agreement for the Bright Alliance building for right of access to two floors for the 40 years ending March 2057.

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
29. Commitments for Expenditure				
a) Capital Commitments				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems, and intangible assets, contracted for at balance date and not provided for:				
87,595	310,278	Not later than one year	87,595	310,278
-----	22,620	Later than one year and not later than five years	-----	22,620
<u>87,595</u>	<u>332,898</u>	Total Capital Expenditure Commitments (Including GST)	<u>87,595</u>	<u>332,898</u>
The majority of 'capital commitments' contracted but not provided for related 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:				
3,788	3,406	Not later than one year	3,788	3,406
5,118	4,233	Later than one year and not later than five years	5,118	4,233
1,001	354	Later than five years	1,001	354
<u>9,907</u>	<u>7,993</u>	Total Operating Lease Commitments (Including GST)	<u>9,907</u>	<u>7,993</u>
The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.				
Some 'operating lease commitments' contracted but not provided for related to leases with the Department of Finance, Services and Innovation, an entity controlled by the ultimate parent.				
c) Contingent Asset Related to Commitments for Expenditure				
The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of \$97.5M million as at 30 June 2017 includes input tax credits of \$8.9M that are expected to be recoverable from the Australian Taxation Office (2016 \$31M).				

South Eastern Sydney Local Health District
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PARENT & CONSOLIDATION

30. Trust Funds

The SESLHD holds trust funds of \$3.9 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

These funds are excluded from the financial statements as the SESLHD 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	3,243	1,469	241	340	640	432	4,124	2,241
Revenue	1,992	5,759	68	-----	42,484	38,541	44,544	44,300
Expenses	(2,474)	(3,985)	(30)	(99)	(42,264)	(38,333)	(44,768)	(42,417)
Balance at the end of the financial year	2,761	3,243	279	241	860	640	3,900	4,124

South Eastern Sydney Local Health District
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PARENT AND CONSOLIDATED

31. Contingent Liabilities and Assets

Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2011/12 fund year and an interim adjustment for the 2013/14 fund year were not calculated until 2016/17.

As a result, the 2012/13 final and 2014/15 adjustments pertaining to the hospitals and community services now forming part of the SESLHD will be paid in 2017/18. It is not possible for the SESLHD to reliably quantify the benefit to be received or amount payable.

South Eastern Sydney Local Health District
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PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
32. Reconciliation of Cash Flows from Operating Activities to Net Result				
194,367	138,866	Net Cash Flows from Operating Activities	194,367	138,866
(53,975)	(53,174)	Depreciation and Amortisation	(53,975)	(53,174)
(3,283)	(1,241)	Impairment Expense	(3,283)	(1,241)
(2,806)	(15,148)	(Increase)/ Decrease Income in Advance	(2,806)	(15,148)
(6,524)	(2,013)	(Increase)/ Decrease in Provisions	(6,524)	(2,013)
37,525	20,517	Increase / (Decrease) in Prepayments and Other Assets	37,525	20,517
(13,017)	15	(Increase)/ Decrease in Payables from Operating Activities	(13,017)	15
10,615	(247)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	10,615	(247)
(26,895)	43	Assets donated or brought to account for the first time	(26,895)	43
<u>136,007</u>	<u>87,618</u>	Net Result	<u>136,007</u>	<u>87,618</u>
33. Non-Cash Financing and Investing Activities				
<u>1,505</u>	<u>43</u>	Assets Received by Donation	<u>1,505</u>	<u>43</u>
<u>1,505</u>	<u>43</u>		<u>1,505</u>	<u>43</u>
34. 2016/17 Voluntary Services				
<p>It is considered impracticable and immaterial to quantify the monetary value of voluntary services provided to the SESLHD. Services provided include:</p> <ul style="list-style-type: none"> - Chaplaincies and Pastoral Care - Pink Ladies/Hospital Auxiliaries - Patient Support Groups - Community Organisations - Patient & Family Support - Patient Services, Fund Raising - Practical Support to Patients and Relatives - Counselling, Health Education, Transport, Home Help & Patient Activities 				
35. Unclaimed Monies				
<p>Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the <i>Industrial Relations Act, 1996</i>.</p> <p>All money and personal effects of patients which are left in the custody of the SESLHD 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 SESLHD.</p> <p>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.</p>				

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

36. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$20 million, primarily due to:

The District received unbudgeted cash assistance of \$15M from the immediate parent and made a gain on disposal of \$11M on the sale of Primrose House at Dolls Point.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 21 Jun 2016 are as follows:

	\$000
Initial Allocation, 21 Jun 2016	1,219,716
Award Increases	18,063
Special Projects	
Organ Tissue Donation Service Commonwealth Funding	3,446
S100 Highly Specialised Drugs Co-payment	882
Nurse Midwife Strategy Reserve	812
Adult Public Dental Service - National Partnership Agreement	800
Transitional Research Grant	685
New South Wales Aged Care Assessment Programme	672
Bed Replacement Program	578
Sydney Downing Centre Drug Court	437
Non Government Organisation Grant Drug Summit	436
Integrated Care Programme	400
Workplace Safety & Culture	302
HIV & STI activity	297
National Mental Health Plan for Funding	289
Women & Children Residential Rehabilitation Service at Jarrah House Malabar	252
Whole of Health Program	180
Other Special Projects	1,752
Other	
Voluntary Redundancies, July 16 to December 16	2,828
Additional Activity	341
NSW Health Pathology Teaching Staff Costs	(2,200)
Transfer National Partnership Dental Service Fund	(500)
Balance as per Statement of Comprehensive Income	1,250,468

South Eastern Sydney Local Health District
Notes to and forming part of the Financial Statements
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37. Financial Instruments

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

The SESLHD's main risks arising from financial instruments are outlined below, together with the SESLHD'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 SESLHD, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2017 \$000	2016 \$000
Cash and Cash Equivalents (note 17)	N/A	80,322	95,821
Receivables (note 18)*	Loans and receivables (at amortised cost)	89,160	58,826
		<u>169,482</u>	<u>154,647</u>
Financial Liabilities			
Payables (note 26)**	Financial liabilities measured at amortised cost	84,131	96,980
		<u>84,131</u>	<u>96,980</u>

Notes

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

**Excludes statutory payables (i.e. not within scope of AASB7 Financial Instruments Disclosures). In addition Accrued Salaries, Wages and On-Costs are have been excluded as not within the scope of AASB7. Prior year comparatives have been restated as a result.

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

Credit risk associated with the SESLHD'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 2.4% in 2016/17 compared to 2.8% in the previous year.

South Eastern Sydney Local Health District
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37. Financial Instruments

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 SESLHD 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 SESLHD 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: \$40.9M ; 2016: \$29.2M) and not more than 3 months past due (2017: \$4M ; 2016: \$2.7M) 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 SESLHD's debtors are health insurance companies or compensation insurers settling claims in respect of inpatient treatments.

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

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2017			
<3 months overdue	4,772	4,032	740
3 months - 6 months overdue	1,937	872	1,065
> 6 months overdue	7,107	2,334	4,773
2016			
<3 months overdue	3,590	2,729	861
3 months - 6 months overdue	1,846	587	1,259
> 6 months overdue	4,557	890	3,667

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 SESLHD 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 2.49% (2016: 2.5%), while over the year the weighted average interest rate was 1.35% (2016: 1.3%) on a weighted average balance during the year of \$77.7M (2016: \$80.7M). None of these assets are past due or impaired.

South Eastern Sydney Local Health District
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37. Financial Instruments

(c) Liquidity Risk

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

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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37. Financial Instruments

The table below summarises the maturity profile of the SESLHD's financial liabilities together with the interest

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: ^{2,3}			
- Creditors	60,900	60,900	60,900
	60,900	60,900	60,900
	2016		
Payables: ^{2,3}			
- Creditors	76,402	76,402	76,402
	76,402	76,402	76,402
	76,402	76,402	76,402

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 SESLHD 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.

2 There are no payables with fixed and/or variable rates.

3 Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

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37. Financial Instruments

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The SESLHD's exposures to market risk are primarily through interest rate risk on the SESLHD's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The SESLHD 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 SESLHD 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 SESLHD's interest bearing liabilities.

However, the SESLHD 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 SESLHD 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 SESLHD'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	80,322	(803)	(803)	803	803
Receivables	89,160	----	----	----	----
Financial Liabilities					
Payables*	60,900	----	----	----	----
2016					
Financial Assets					
Cash and Cash Equivalents	95,821	(958)	(958)	958	958
Receivables	58,826	----	----	----	----
Financial Liabilities					
Payables*	76,402	----	----	----	----

*Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments Disclosures. Prior year comparatives have been restated as a result.

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38. Related Party Transactions

PARENT AND CONSOLIDATION

Key management personnel compensation is as follows:

	2017
	<u>\$000</u>
Short-term employee benefits	1,050
Post-employment benefits	97
	<u><u>1,147</u></u>

During the financial year, South Eastern Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$357K 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

There were no further transactions with key management personnel during the financial year.

Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial year.

39. Events After the Reporting Period

There has not been any matters arising subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS