

**Western Sydney
Local Health District**

Financial Statements

for the year ended 30 June 2017



INDEPENDENT AUDITOR'S REPORT

Western Sydney Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Western 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, and the service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the 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 their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Emphasis of Matter – Presentation of Budget Information

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

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive must assess the ability of the District and the consolidated entity to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the District or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Reiky Jiang
Director, Financial Audit Services

8 September 2017
SYDNEY

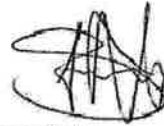
**Western Sydney Local Health District
Certification of the Financial Statements
for the year ended 30 June 2017**

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

- 1) The financial statements of the Western 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 Western 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.



Danny O. Connor
Chief Executive
5 September 2017



Leena Singh
Executive Director of Finance (Acting)
5 September 2017

Western Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2017

PARENT								CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual						Actual	Adjusted Budget Unaudited	Actual	
2017	2017	2016						2017	2017	2016	
\$000	\$000	\$000						\$000	\$000	\$000	
			Expenses excluding losses								
			Operating Expenses								
			Employee Related	2		1,129,639	1,094,012	1,081,906			
1,099,219	1,063,350	1,017,603	Personnel Services	3							
40,875	40,198	40,943	Visiting Medical Officers			40,875	40,198	40,943			
469,652	453,744	424,170	Other Operating Expenses	4		469,652	453,744	424,170			
64,149	66,689	57,515	Depreciation and Amortisation	1(m), 5		64,149	66,689	57,515			
10,924	12,562	11,315	Grants and Subsidies	6		10,924	12,562	11,315			
172	551	228	Finance Costs	1(g), 7		172	551	228			
1,684,991	1,637,094	1,551,774	Total Expenses excluding losses			1,715,411	1,667,756	1,616,077			
			Revenue								
1,350,537	1,291,276	1,227,165	NSW Ministry of Health Recurrent Allocations	1(h)		1,350,537	1,291,276	1,227,165			
183,001	182,572	197,709	NSW Ministry of Health Capital Allocations	1(h)		183,001	182,572	197,709			
			Acceptance by the Crown Entity of Employee Benefits	1(e)(ii), 11		30,420	30,662	64,303			
220,437	224,248	198,122	Sale of Goods and Services	1(h), 8		220,437	224,248	198,122			
2,692	2,446	1,856	Investment Revenue	1(h), 9		2,692	2,446	1,856			
41,424	39,900	41,606	Grants and Contributions	1(h), 10		41,424	39,900	41,606			
26,290	24,008	27,135	Other Revenue	12		26,290	24,008	27,135			
1,824,381	1,764,450	1,693,593	Total Revenue			1,854,801	1,795,112	1,757,896			
(10,949)	(10,851)	(10,420)	Gain / (Loss) on Disposal	13		(10,949)	(10,851)	(10,420)			
(4,511)	(3,826)	(1,546)	Other Gains / (Losses)	14		(4,511)	(3,826)	(1,546)			
123,930	112,679	129,853	Net Result		30	123,930	112,679	129,853			
			Other Comprehensive Income								
			Items that will not be reclassified to net result								
			Net Increase/(Decrease) in Property, Plant & Equipment Revaluation Surplus								
(78,844)				20		(78,844)					
(78,844)			Total Other Comprehensive Income			(78,844)					
45,086	112,679	129,853	TOTAL COMPREHENSIVE INCOME			45,086	112,679	129,853			

The accompanying notes form part of these financial statements.

Western 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 \$000	2017 \$000	2016 \$000					2017 \$000	2017 \$000	2016 \$000	
ASSETS										
Current Assets										
90,960	71,744	64,980	Cash and Cash Equivalents		16	90,960	71,744	64,980		
93,279	73,092	76,519	Receivables		17	93,279	73,092	76,519		
13,719	14,200	14,466	Inventories		18	13,719	14,200	14,466		
11,049	10,500	10,062	Financial Assets at Fair Value		19	11,049	10,500	10,062		
<u>209,007</u>	<u>169,536</u>	<u>166,027</u>				<u>209,007</u>	<u>169,536</u>	<u>166,027</u>		
<u>209,007</u>	<u>169,536</u>	<u>166,027</u>	Total Current Assets			<u>209,007</u>	<u>169,536</u>	<u>166,027</u>		
Non-Current Assets										
3,343	3,400	3,709	Receivables		17	3,343	3,400	3,709		
Property, Plant & Equipment										
1,226,183	1,248,284	1,198,025	- Land and Buildings		20	1,226,183	1,248,284	1,198,025		
73,403	58,190	70,633	- Plant and Equipment		20	73,403	58,190	70,633		
16,445	2,643	3,648	- Infrastructure Systems		20	16,445	2,643	3,648		
<u>1,316,031</u>	<u>1,309,117</u>	<u>1,272,306</u>	Total Property, Plant & Equipment			<u>1,316,031</u>	<u>1,309,117</u>	<u>1,272,306</u>		
1,480	365	612	Intangible Assets		21	1,480	365	612		
<u>1,320,854</u>	<u>1,312,882</u>	<u>1,276,627</u>	Total Non-Current Assets			<u>1,320,854</u>	<u>1,312,882</u>	<u>1,276,627</u>		
<u>1,529,861</u>	<u>1,482,418</u>	<u>1,442,654</u>	Total Assets			<u>1,529,861</u>	<u>1,482,418</u>	<u>1,442,654</u>		
LIABILITIES										
Current Liabilities										
131,399	112,385	110,298	Payables		24	131,399	112,385	110,298		
2,105	2,200	2,075	Borrowings		25	2,105	2,200	2,075		
179,768	169,660	166,701	Provisions		26	179,768	169,660	166,701		
11,769	4,800	1,812	Other		27	11,769	4,800	1,812		
<u>325,041</u>	<u>289,045</u>	<u>280,886</u>	Total Current Liabilities			<u>325,041</u>	<u>289,045</u>	<u>280,886</u>		
Non-Current Liabilities										
1,085	1,100	3,138	Borrowings		25	1,085	1,100	3,138		
2,039	2,039	2,020	Provisions		26	2,039	2,039	2,020		
<u>3,124</u>	<u>3,139</u>	<u>5,158</u>	Total Non-Current Liabilities			<u>3,124</u>	<u>3,139</u>	<u>5,158</u>		
<u>328,165</u>	<u>292,184</u>	<u>286,044</u>	Total Liabilities			<u>328,165</u>	<u>292,184</u>	<u>286,044</u>		
<u>1,201,696</u>	<u>1,190,234</u>	<u>1,156,610</u>	Net Assets			<u>1,201,696</u>	<u>1,190,234</u>	<u>1,156,610</u>		
EQUITY										
9,713	9,714	88,768	Reserves			9,713	9,714	88,768		
1,191,983	1,180,520	1,067,842	Accumulated Funds			1,191,983	1,180,520	1,067,842		
<u>1,201,696</u>	<u>1,190,234</u>	<u>1,156,610</u>	Total Equity			<u>1,201,696</u>	<u>1,190,234</u>	<u>1,156,610</u>		

The accompanying notes form part of these financial statements.

Western 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		1,067,842	88,768	1,156,610
Total Equity at 1 July 2016		<u>1,067,842</u>	<u>88,768</u>	<u>1,156,610</u>
Net Result for the year		123,930	----	123,930
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	20	----	(78,844)	(78,844)
Available for Sale Financial Assets:				
Transfers on Disposal		211	(211)	----
Total Other Comprehensive Income		<u>211</u>	<u>(79,055)</u>	<u>(78,844)</u>
Total Comprehensive Income for the year		<u>124,141</u>	<u>(79,055)</u>	<u>45,086</u>
Balance at 30 June 2017		<u><u>1,191,983</u></u>	<u><u>9,713</u></u>	<u><u>1,201,696</u></u>
Balance at 1 July 2015		937,913	88,844	1,026,757
Total Equity at 1 July 2015		<u>937,913</u>	<u>88,844</u>	<u>1,026,757</u>
Net Result for the year		129,853	----	129,853
Other Comprehensive Income:				
Available for Sale Financial Assets:				
Transfers on Disposal		76	(76)	----
Total Other Comprehensive Income		<u>76</u>	<u>(76)</u>	<u>----</u>
Total Comprehensive Income for the year		<u>129,929</u>	<u>(76)</u>	<u>129,853</u>
Balance at 30 June 2016		<u><u>1,067,842</u></u>	<u><u>88,768</u></u>	<u><u>1,156,610</u></u>

The accompanying notes form part of these financial statements.

Western 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		(1,099,363)	(1,076,815)	(1,027,992)		
(11,602)	(13,349)	(12,513)	Grants and Subsidies		(11,602)	(13,349)	(12,513)		
(51)	(551)	(84)	Finance Costs		(51)	(551)	(84)		
(1,649,985)	(1,622,621)	(1,521,066)	Other		(550,622)	(545,806)	(493,074)		
<u>(1,661,638)</u>	<u>(1,636,521)</u>	<u>(1,533,663)</u>	Total Payments		<u>(1,661,638)</u>	<u>(1,636,521)</u>	<u>(1,533,663)</u>		
Receipts									
1,350,537	1,291,276	1,227,165	NSW Ministry of Health Recurrent Allocations		1,350,537	1,291,276	1,227,165		
183,001	182,572	197,709	NSW Ministry of Health Capital Allocations		183,001	182,572	197,709		
17,641	17,641	18,671	Reimbursements from the Crown Entity		17,641	17,641	18,671		
226,406	230,024	192,067	Sale of Goods and Services		226,406	230,024	192,067		
2,691	2,404	1,856	Interest Received		2,691	2,404	1,856		
44,313	42,856	45,251	Grants and Contributions		44,313	42,856	45,251		
64,597	71,884	60,953	Other		64,597	71,884	60,953		
<u>1,889,186</u>	<u>1,838,657</u>	<u>1,743,672</u>	Total Receipts		<u>1,889,186</u>	<u>1,838,657</u>	<u>1,743,672</u>		
<u>227,548</u>	<u>202,136</u>	<u>210,009</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	30	<u>227,548</u>	<u>202,136</u>	<u>210,009</u>		
CASH FLOWS FROM INVESTING ACTIVITIES									
25	---	39	Proceeds from Sale of Property, Plant & Equipment and Intangibles		25	---	39		
(198,461)	(193,020)	(200,191)	Purchases of Property, Plant & Equipment and Intangibles		(198,461)	(193,020)	(200,191)		
(987)	(438)	(10,062)	Purchases of Investments		(987)	(438)	(10,062)		
<u>(199,423)</u>	<u>(193,458)</u>	<u>(210,214)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(199,423)</u>	<u>(193,458)</u>	<u>(210,214)</u>		
CASH FLOWS FROM FINANCING ACTIVITIES									
(2,145)	(1,914)	(2,265)	Repayment of Borrowings and Advances		(2,145)	(1,914)	(2,265)		
<u>(2,145)</u>	<u>(1,914)</u>	<u>(2,265)</u>	NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(2,145)</u>	<u>(1,914)</u>	<u>(2,265)</u>		
25,980	6,764	(2,470)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		25,980	6,764	(2,470)		
64,980	64,980	67,450	Opening Cash and Cash Equivalents	16	64,980	64,980	67,450		
<u>90,960</u>	<u>71,744</u>	<u>64,980</u>	CLOSING CASH AND CASH EQUIVALENTS	16	<u>90,960</u>	<u>71,744</u>	<u>64,980</u>		

The accompanying notes form part of these financial statements.

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

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

- * The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 15 and 23), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Western Sydney Local Health District Special Purpose Service Entity which was established as a Division of the District on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the District to exercise its functions.

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

The District 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 5 September 2017.

b) Basis of Preparation

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

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

The Secretary of Health, the Chair of the Western 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 District's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the District fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other circumstances why the going concern assumption is appropriate include:

- * Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The District has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.
- * The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the District and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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

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

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

c) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Western 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

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 16.7% are applied to the value of leave payable at 30 June 2017 (comparable on-costs for 30 June 2016 were 16.5%). The District has assessed the actuarial advice based on the District's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

ii) Long Service Leave and Superannuation

The District's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity, which is a controlled entity of the ultimate parent.

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 26.

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

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

iii) Consequential On-Costs

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

iv) Other Provisions

Other provisions exist when the District has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

f) Insurance

The District's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare), a controlled entity of the ultimate parent.

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.

Western 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

h) Income Recognition

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

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the District transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

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

Patient Fees

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

Highly Specialised Drugs

Revenue for highly specialised drugs is paid by the Commonwealth in accordance with the terms of the Commonwealth agreement through Medicare and reflects the recoupment of costs incurred under Section 100 of the National Health Act 1953 for highly specialised drugs. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria are met in respect of day admitted patients, non admitted patients or patients on discharge. Revenue is recognised when the drugs have been provided to the patient.

State Insurance Regulatory Authority (SIRA)

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

Department of Veterans' Affairs

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

Investment Revenue

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

Debt Forgiveness

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

Use of Hospital Facilities

Specialist doctors with rights of private practice are subject to an infrastructure charge for the use of hospital facilities at rates determined by the NSW Ministry of Health. Charges consist of two components:

- * a monthly charge raised by the District based on a percentage of receipts generated.
- * the residual of the Private Practice Trust Fund at the end of each financial year, such sum being credited for the District use in the advancement of the District or individuals within it.

Refer to Note 8(b) for further details.

Use of Outside Facilities

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

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

Grants and Contributions

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

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

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

i) Accounting for the Goods & Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

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

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

j) Interstate Patient Flows

Interstate patient flows are funded through the State Pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation received from the immediate parent.

k) Acquisition of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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.

Land and buildings are owned by the Health Administration Corporation, an entity controlled by the immediate parent. Land and buildings which are operated/occupied by the District are deemed to be controlled by the District and are reflected as such in the financial statements.

l) Capitalisation Thresholds

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

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

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

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

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

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

n) Revaluation of Non-Current Assets

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

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 20 and Note 22 for further information regarding fair value.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations.

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

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

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

Western 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

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

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

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

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

o) Impairment of Property, Plant and Equipment

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

p) Restoration Costs

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

q) Investment Properties

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

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

r) Intangible Assets

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

Computer software developed or acquired by the District 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.

Western 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

s) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

t) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

u) Inventories

Inventories 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.

v) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Net Result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

w) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The District determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

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

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

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

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

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

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

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

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

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

Western 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

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

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

x) Impairment of Financial Assets

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

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

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

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

y) De-recognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the District transfers the financial asset:

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

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

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

z) Payables

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

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the District.

aa) Borrowings

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

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

ab) Fair Value Hierarchy

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

- * Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.

Western 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

* Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

* Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

Refer to Note 22 and Note 36 for further disclosures regarding fair value measurements of financial and non-financial assets.

ac) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between entities controlled by the ultimate parent are recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Accounting Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the District recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the District does not recognise that asset.

ad) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

(ii) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 1(n).

(iii) Separate Reserves

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

ae) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 29.

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

af) Adjusted Budgeted Amounts

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

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 34.

ag) 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.

Western 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

AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* is applicable to reporting periods beginning on or after 1 July 2016. The Entity early adopted this standard in the financial year ended 30 June 2016, which allows for exemption from making certain Level 3 'Fair Value Measurement' disclosures held primarily for current service potential rather than the generation of future net cash inflows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to NSW Health, have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 *Statement of Cash Flows* to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

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

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

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

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

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

Western 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)	1,000,934	922,685
----	----	Superannuation - Defined Benefit Plans	10,078	10,758
----	----	Superannuation - Defined Contribution Plans	85,287	78,655
----	----	Long Service Leave	20,583	56,890
----	----	Redundancies	902	1,954
----	----	Workers' Compensation Insurance	11,415	10,659
----	----	Fringe Benefits Tax	440	305
----	----		1,129,639	1,081,906
----	----			
		The amounts below are capitalised and do not form part of the above total employee related costs:		
----	----	Employee Related Expenses Capitalised - Land and Buildings	3,205	----
		3. Personnel Services		
1,000,934	922,685	Salaries and Wages	----	----
85,287	78,655	Superannuation - Defined Contribution Plans	----	----
241	3,345	Long Service Leave	----	----
902	1,954	Redundancies	----	----
11,415	10,659	Workers' Compensation Insurance	----	----
440	305	Fringe Benefits Tax	----	----
1,099,219	1,017,603		----	----
		Personnel services of Western Sydney Local Health District was provided by its controlled entity, Western Sydney Local Health District Special Purpose Service Entity.		
		The amounts below are capitalised and do not form part of the above total personnel services:		
3,205	----	Personnel Services Expenses Capitalised - Land and Buildings	----	----
		4. Other Operating Expenses		
48	91	Advertising	48	91
206	202	Auditor's Remuneration - Audit of Financial Statements	206	202
10,233	9,777	Blood and Blood Products	10,233	9,777
3,340	5,678	Consultancies	3,340	5,678
392	146	Contractors	392	146
17,609	16,991	Domestic Supplies and Services	17,609	16,991
102,449	81,303	Drug Supplies	102,449	81,303
23,302	23,751	Food Supplies	23,302	23,751
11,481	9,603	Fuel, Light and Power	11,481	9,603
5,035	4,419	Hospital Ambulance Transport Costs	5,035	4,419
24,141	22,989	Information Management Expenses	24,141	22,989

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

4. Other Operating Expenses (continued)

2,249	2,488	Insurance	2,249	2,488
35,095	34,318	Maintenance (See 4(b) below)	35,095	34,318
80,600	77,051	Medical and Surgical Supplies	80,600	77,051
2,325	1,469	Motor Vehicle Expenses	2,325	1,469
4,169	3,968	Postal and Telephone Costs	4,169	3,968
4,561	4,420	Printing and Stationery	4,561	4,420
2,800	2,343	Rates and Charges	2,800	2,343
2,713	2,755	Rental	2,713	2,755
----	155	Hosted Services Purchased from entities controlled by the immediate parent	----	155
67,825	67,571	Special Service Departments (Dental, Radiology, Pathology, Dialysis)	67,825	67,571
23,260	9,051	Staff Related Costs	23,260	9,051
7,134	6,261	Travel Related Costs	7,134	6,261
38,685	37,370	Other (See 4(a) below)	38,685	37,370
<u>469,652</u>	<u>424,170</u>		<u>469,652</u>	<u>424,170</u>

Western 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
4. Other Operating Expenses				
a) Other Includes:				
20	26	Aircraft Expenses (Ambulance)	20	26
2,894	2,463	Contract for Patient Services	2,894	2,463
11,208	10,906	Corporate Support Services	11,208	10,906
636	617	Courier and Freight	636	617
9	7	Isolated Patient Travel and Accommodation Assistance Scheme	9	7
83	209	Legal Services	83	209
624	2,903	Membership/Professional Fees	624	2,903
2,301	2,581	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,301	2,581
4,696	4,531	Other Operating Lease Expense - Minimum Lease Payments	4,696	4,531
42	77	Quality Assurance/Accreditation	42	77
1,342	845	Security Services	1,342	845
14,830	12,205	Other Miscellaneous	14,830	12,205
38,685	37,370		38,685	37,370
b) Reconciliation of Total Maintenance				
12,938	10,893	Maintenance Contracts	12,938	10,893
9,965	11,995	New/Replacement Equipment under \$10,000	9,965	11,995
13,567	12,906	Repairs Maintenance/Non Contract	13,567	12,906
(1,375)	(1,476)	Other	(1,375)	(1,476)
35,095	34,318	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	35,095	34,318
4,621	4,235	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	4,621	4,235
39,716	38,553		39,716	38,553

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.

Some 'Maintenance' was 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.

Western 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				
47,495	43,826	Depreciation - Buildings	47,495	43,826
15,055	12,366	Depreciation - Plant and Equipment	15,055	12,366
1,441	1,124	Depreciation - Infrastructure Systems	1,441	1,124
158	199	Amortisation - Intangible Assets	158	199
<hr/>				
64,149	57,515		64,149	57,515
<hr/>				
6. Grants and Subsidies				
7,306	7,045	Non-Government Organisations	7,306	7,045
40	81	Grants to Research Organisations	40	81
----	5	Grants paid to entities controlled by the ultimate parent	----	5
2,769	2,125	Grants paid to entities controlled by the immediate parent	2,769	2,125
809	2,059	Other Grants	809	2,059
<hr/>				
10,924	11,315		10,924	11,315
<hr/>				
7. Finance Costs				
51	84	Interest on Loans	51	84
121	144	Other Interest Charges	121	144
<hr/>				
172	228		172	228
<hr/>				

Western 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
8. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
310	359	Pharmacy Sales	310	359
7,676	7,475	Sale of Prosthesis	7,676	7,475
103	100	Other	103	100
b) Rendering of Services comprise the following:-				
		Patient Fees		
60,259	60,174	- Inpatient Fees	60,259	60,174
1,142	1,288	- Nursing Home Fees	1,142	1,288
2,653	2,770	- Non Inpatient Fees	2,653	2,770
10,420	8,911	Department of Veterans' Affairs	10,420	8,911
325	336	Staff-Meals and Accommodation	325	336
26,564	26,299	Infrastructure Fees - Monthly Facility Charge	26,564	26,299
17,056	13,244	Infrastructure Fees - Annual Charge	17,056	13,244
164	170	Cafeteria/Kiosk	164	170
8,568	6,622	Car Parking	8,568	6,622
1,273	2,148	Child Care Fees	1,273	2,148
425	564	Clinical Services (excluding Clinical Drug Trials)	425	564
244	124	Commercial Activities	244	124
297	270	Fees for Medical Records	297	270
62,982	45,806	Highly Specialised Drugs	62,982	45,806
----	2	Linen Service Revenues - Non Health Services	----	2
14,699	16,979	Motor Accident Authority Third Party	14,699	16,979
(16)	(15)	Patient Transport Fees	(16)	(15)
73	111	Private Use of Motor Vehicles	73	111
471	182	Salary Packaging Fee	471	182
----	3	Hosted Services Provided to entities controlled by immediate parent	----	3
4	24	Services Provided to Non NSW Health Organisations	4	24
5	25	Shared Corporate Services	5	25
4,740	4,151	Other	4,740	4,151
220,437	198,122		220,437	198,122

Some 'Commercial Activities' revenue was earned from entities controlled by the immediate parent.

The majority of 'Motor Accident Authority Third Party' revenue was received from State Insurance Regulatory Authority, an entity controlled by the ultimate parent.

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

9. Investment Revenue

1,705	1,819	Interest	1,705	1,819
987	37	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	987	37
2,692	1,856		2,692	1,856

Western 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
10. Grants and Contributions				
8,578	7,520	Clinical Drug Trials	8,578	7,520
13,271	13,058	Commonwealth Government Grants	13,271	13,058
2,631	1,443	Industry Contributions/Donations	2,631	1,443
8,096	8,199	Cancer Institute Grants	8,096	8,199
2,069	1,887	Grants received from entities controlled by the ultimate parent	2,069	1,887
1,405	2,176	Grants received from entities controlled by the immediate parent	1,405	2,176
2,816	3,193	Research Grants	2,816	3,193
2,558	4,130	Other Grants	2,558	4,130
41,424	41,606		41,424	41,606

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 Cancer Institute NSW and Health Education & Training Institute.

11. Acceptance by the Crown Entity of Employee Benefits

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

----	----	Superannuation-defined benefit	10,078	10,758
----	----	Long Service Leave	20,342	53,545
----	----		30,420	64,303

12. Other Revenue

Other Revenue comprises the following:-

1	5	Bad Debts Recovered	1	5
375	379	Commissions	375	379
795	465	Conference and Training Fees	795	465
1,007	532	Discounts received	1,007	532
455	812	Insurance Refunds	455	812
7,354	6,858	Lease and Rental*	7,354	6,858
----	320	Property not Previously Recognised	----	320
98	113	Sale of Merchandise, Old Wares and Books	98	113
3	----	Sponsorship	3	----
5,329	7,546	Treasury Managed Fund Hindsight Adjustment	5,329	7,546
----	13	Unclaimed Deposits	----	13
3,807	4,327	IntraHealth Other Income**	3,807	4,327
7,066	5,765	Other	7,066	5,765
26,290	27,135		26,290	27,135

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

**Most 'Intra-Health Other Income' revenue was received from entities controlled by the immediate parent.

Western 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
		13. Gain / (Loss) on Disposal		
36,306	18,179	Property, Plant and Equipment	36,306	18,179
(25,332)	(7,732)	Accumulated Depreciation	(25,332)	(7,732)
<u>10,974</u>	<u>10,447</u>	Written Down Value	<u>10,974</u>	<u>10,447</u>
25	39	Proceeds from Disposal	25	39
<u>(10,949)</u>	<u>(10,408)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(10,949)</u>	<u>(10,408)</u>
----	12	Intangible Assets	----	12
<u>----</u>	<u>(12)</u>	Gain/(Loss) on Disposal of Intangible Assets	<u>----</u>	<u>(12)</u>
<u>(10,949)</u>	<u>(10,420)</u>	Total Gain/(Loss) on Disposal	<u>(10,949)</u>	<u>(10,420)</u>
		14. Other Gains / (Losses)		
(4,511)	(1,546)	Impairment of Receivables	(4,511)	(1,546)
<u>(4,511)</u>	<u>(1,546)</u>		<u>(4,511)</u>	<u>(1,546)</u>

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

PARENT & CONSOLIDATION

15. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date	307	17,010	255	17,572
Contributions recognised in previous years which were not expended in the current reporting period	4,368	74,450	1,006	79,824
Total amount of unexpended contributions as at reporting date	4,675	91,460	1,261	97,396

Comment on restricted assets appears in Note 23

Western 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
16. Cash and Cash Equivalents				
<u>90,960</u>	<u>64,980</u>	Cash at Bank and On Hand	<u>90,960</u>	<u>64,980</u>
<u>90,960</u>	<u>64,980</u>		<u>90,960</u>	<u>64,980</u>
<p>For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>				
<u>90,960</u>	<u>64,980</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>90,960</u>	<u>64,980</u>
<u>90,960</u>	<u>64,980</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>90,960</u>	<u>64,980</u>

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

Western 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. Receivables				
Current				
26,831	30,833	Sale of Goods and Services	26,831	30,833
18,664	11,898	Intra Health Receivables	18,664	11,898
3,972	5,723	Goods and Services Tax	3,972	5,723
44,607	30,146	Other Debtors	44,607	30,146
<u>94,074</u>	<u>78,600</u>	Sub Total	<u>94,074</u>	<u>78,600</u>
(6,713)	(4,659)	Less Allowance for Impairment	(6,713)	(4,659)
87,361	73,941	Sub Total	87,361	73,941
5,918	2,578	Prepayments	5,918	2,578
<u>93,279</u>	<u>76,519</u>		<u>93,279</u>	<u>76,519</u>
<p>Intra Health Receivables' include amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from Health Administration Corporation.</p> <p>The majority of the 'Prepayments' balance is made up of amounts paid in advance to Health Administration Corporation, which is an entity control controlled by the immediate parent.</p>				
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(4,382)	(4,517)	Balance at Commencement of Reporting Period	(4,382)	(4,517)
2,410	1,661	Amounts written off during the period	2,410	1,661
(3,561)	(1,526)	(Increase)/decrease in Allowance Recognised in the Net Result	(3,561)	(1,526)
(5,533)	(4,382)	Balance at 30 June	(5,533)	(4,382)
b) Movement in the Allowance for Impairment				
Other Debtors				
(277)	(548)	Balance at Commencement of Reporting Period	(277)	(548)
46	292	Amounts written off during the period	46	292
(950)	(21)	(Increase)/decrease in Allowance Recognised in the Net Result	(950)	(21)
(1,180)	(277)	Balance at 30 June	(1,180)	(277)
<u>(6,713)</u>	<u>(4,659)</u>		<u>(6,713)</u>	<u>(4,659)</u>
Non-Current				
3,343	3,709	Prepayments	3,343	3,709
<u>3,343</u>	<u>3,709</u>		<u>3,343</u>	<u>3,709</u>

Western 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
		17. Receivables		
		c)		
		The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
1,935	2,748	Patient Fees - Compensable	1,935	2,748
9,363	8,893	Patient Fees - Ineligible	9,363	8,893
7,818	7,438	Patient Fees - Inpatient & Other	7,818	7,438
19,116	19,079		19,116	19,079
			19,116	19,079

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

Western 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
		18. Inventories		
10,039	9,539	Drugs	10,039	9,539
3,662	4,085	Medical and Surgical Supplies	3,662	4,085
----	120	Engineering Supplies	----	120
18	722	Other Including Goods in Transit	18	722
<u>13,719</u>	<u>14,466</u>		<u>13,719</u>	<u>14,466</u>
		19. Financial Assets at Fair Value		
		Current		
<u>11,049</u>	<u>10,062</u>	NSW Treasury Corporation - Hour-Glass Investment Facilities	<u>11,049</u>	<u>10,062</u>
<u>11,049</u>	<u>10,062</u>		<u>11,049</u>	<u>10,062</u>

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

Western 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		
2,339,424	2,400,532	Gross Carrying Amount	2,339,424	2,400,532
1,113,241	1,202,507	Less: Accumulated Depreciation and Impairment	1,113,241	1,202,507
<u>1,226,183</u>	<u>1,198,025</u>	Net Carrying Amount	<u>1,226,183</u>	<u>1,198,025</u>
		Plant and Equipment - Fair Value*		
190,377	188,814	Gross Carrying Amount	190,377	188,814
116,974	118,181	Less: Accumulated Depreciation and Impairment	116,974	118,181
<u>73,403</u>	<u>70,633</u>	Net Carrying Amount	<u>73,403</u>	<u>70,633</u>
		Infrastructure Systems - Fair Value		
54,141	47,823	Gross Carrying Amount	54,141	47,823
37,696	44,175	Less: Accumulated Depreciation and Impairment	37,696	44,175
<u>16,445</u>	<u>3,648</u>	Net Carrying Amount	<u>16,445</u>	<u>3,648</u>
<u>1,316,031</u>	<u>1,272,306</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,316,031</u>	<u>1,272,306</u>

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

Western 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	345,649	852,376	70,633	3,648	1,272,306
Additions	----	182,893	14,317	122	197,332
Reclassifications from Intangibles	----	----	169	----	169
Disposals	----	(10,606)	(368)	----	(10,974)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	33	----	33
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	(54,509)	(24,335)	----	----	(78,844)
Depreciation Expense	----	(47,495)	(15,055)	(1,441)	(63,991)
Reclassifications	----	(17,790)	3,674	14,116	----
Net carrying amount at end of year	291,140	935,043	73,403	16,445	1,316,031

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2016					
Net carrying amount at start of year	305,646	779,431	50,138	4,545	1,139,760
Additions	----	166,765	32,150	227	199,142
Disposals	----	(10,231)	(216)	----	(10,447)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	----	1,167	----	1,167
Depreciation Expense	----	(43,826)	(12,366)	(1,124)	(57,316)
Reclassifications	40,003	(39,763)	(240)	----	----
Net carrying amount at end of year	345,649	852,376	70,633	3,648	1,272,306

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 22.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 1(k)].
- (ii) Indices provided by Liquid Pacific Holdings Pty Ltd were not applied as they were deemed immaterial.

The following table details the indices for Land, Buildings and Infrastructure Systems as determined by Liquid Pacific Holdings Pty Ltd :

Year	Land	Buildings	Infrastructure Systems
2015/16	6.99%	3.54%	2.45%
2016/17	13.82%	9.68%	9.64%

- (iii) The Revaluation Decrement recognised in Reserves relates to the write-down of The East Cumberland Hospital site to \$1, which was the fair value to Urban Growth NSW, prior to the transfer.

Western 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		
2,131	3,078	Cost (Gross Carrying Amount)	2,131	3,078
651	2,466	Less Accumulated Amortisation and Impairment	651	2,466
<u>1,480</u>	<u>612</u>	Net Carrying Amount	<u>1,480</u>	<u>612</u>
<u>1,480</u>	<u>612</u>	Total Intangible Assets at Net Carrying Amount	<u>1,480</u>	<u>612</u>

PARENT & CONSOLIDATION

21. Intangible Assets - Reconciliation

	Intangibles \$000	Total \$000
2017		
Net carrying amount at start of year	612	612
Additions (From Internal Development or Acquired Separately)	1,195	1,195
Reclassifications to Plant & Equipment	(169)	(169)
Amortisation (Recognised in Depreciation and Amortisation)	(158)	(158)
Net carrying amount at end of year	1,480	1,480

	Intangibles \$000	Total \$000
2016		
Net carrying amount at start of year	445	445
Additions (From Internal Development or Acquired Separately)	378	378
Disposals	(12)	(12)
Amortisation (Recognised in Depreciation and Amortisation)	(199)	(199)
Net carrying amount at end of year	612	612

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

PARENT & CONSOLIDATION

22. 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 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 20)			
- Land and Buildings	76,523	868,990	945,513
- Infrastructure Systems	----	16,445	16,445
	<u>76,523</u>	<u>885,435</u>	<u>961,958</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 8.

2016	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 20)			
- Land and Buildings	412,605	785,417	1,198,022
- Infrastructure Systems	----	3,648	3,648
	<u>412,605</u>	<u>789,065</u>	<u>1,201,670</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 and infrastructure systems the District obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Liquid Pacific Holdings Pty Ltd for the 2014/15 financial year. Liquid Pacific Holdings Pty Ltd is an independent entity and is not an associated entity of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These indices are an indicator of whether a full revaluation should be considered.

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

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

PARENT & CONSOLIDATION

22. Fair Value Measurement of Non-Financial Assets

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.

All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs although these lands are not identical.

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

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

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

PARENT & CONSOLIDATION

22. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2017	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2016	785,417	3,648	789,065
Additions	231,832	14,238	246,070
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	(73,807)	----	(73,807)
Disposals	(21,547)	----	(21,547)
Depreciation	(52,904)	(1,441)	(54,345)
Fair value as at 30 June 2017	868,990	16,445	885,435

There were no transfers between Level 1 or 2 during the periods.

2016	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2015	786,517	4,545	791,062
Additions	42,340	227	42,567
Disposals	(1,665)	----	(1,665)
Depreciation	(41,775)	(1,124)	(42,899)
Fair value as at 30 June 2016	785,417	3,648	789,065

There were no transfers between Level 1 or 2 during the periods.

Western 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

23. Restricted Assets

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

Category

35,277	35,212	Specific Purposes	35,277	35,212
6,647	6,304	Research Grants	6,647	6,304
54,602	40,537	Private Practice Funds	54,602	40,537
870	846	Other	870	846
97,396	82,899		97,396	82,899

Western 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
		24. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	25,893	21,455
----	----	Taxation and Payroll Deductions	6,365	5,499
32,258	26,954	Accrued Liability - Purchase of Personnel Services	----	----
50,029	56,814	Creditors	50,029	56,814
		Other Creditors		
19,523	8,855	- Payables to entities controlled by the immediate parent	19,523	8,855
29,589	17,675	- Other	29,589	17,675
<u>131,399</u>	<u>110,298</u>		<u>131,399</u>	<u>110,298</u>

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

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

25. Borrowings

		Current		
2,105	2,075	Other Loans and Deposits	2,105	2,075
<u>2,105</u>	<u>2,075</u>		<u>2,105</u>	<u>2,075</u>
		Non-Current		
1,085	3,138	Other Loans and Deposits	1,085	3,138
<u>1,085</u>	<u>3,138</u>		<u>1,085</u>	<u>3,138</u>

Other Loans and Deposits' include balances due to the immediate parent itself, and the NSW Treasury, which is controlled by the ultimate parent.

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

Final Repayment of loan is scheduled for June 2020

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

Western 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
26. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	107,147	100,651
----	----	Annual Leave - Long Term Benefit	47,035	42,822
----	----	Long Service Leave Consequential On-Costs	23,451	23,229
177,633	166,702	Provision for Personnel Services Liability	----	----
2,135	(1)	Other	2,135	(1)
<u>179,768</u>	<u>166,701</u>		<u>179,768</u>	<u>166,701</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	2,039	2,020
2,039	2,020	Provision for Personnel Services Liability	----	----
<u>2,039</u>	<u>2,020</u>		<u>2,039</u>	<u>2,020</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	177,633	166,702
----	----	Provisions - Non-Current	2,039	2,020
----	----	Accrued Salaries, Wages and On-Costs (Note 24)	32,258	26,954
211,930	195,676	Liability - Purchase of Personnel Services	----	----
<u>211,930</u>	<u>195,676</u>		<u>211,930</u>	<u>195,676</u>
27. Other Liabilities				
Current				
11,769	1,812	Income in Advance	11,769	1,812
<u>11,769</u>	<u>1,812</u>		<u>11,769</u>	<u>1,812</u>

Some of income in advance balance is made up of amounts received in advance from Health Administration Corporation, which is an entity controlled by the immediate parent.

Income in Advance also includes funds received in advance from the University of Sydney for the Westmead Education and Conference Upgrade and the Expansion of Central Acute Services Building.

Western 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
28. 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:				
215,645	72,625	Not later than one year	215,645	72,625
79,639	---	Later than one year and not later than five years	79,639	---
3,198	---	Later than five years	3,198	---
<u>298,482</u>	<u>72,625</u>	Total Capital Expenditure Commitments (Including GST)	<u>298,482</u>	<u>72,625</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:				
6,626	5,122	Not later than one year	6,626	5,122
14,247	6,803	Later than one year and not later than five years	14,247	6,803
1,563	213	Later than five years	1,563	213
<u>22,436</u>	<u>12,138</u>	Total Operating Lease Commitments (Including GST)	<u>22,436</u>	<u>12,138</u>

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

On 2 December 1991, the District entered into a 99 year operating lease with New South Wales Land and Housing Corporation, a company wholly owned by the ultimate parent, for the use of land at 32 Birdside Ave, Doonside. The District is the lessee, lease payment of \$1 is payable per annum.

On 4 November 1973, the District entered into a 77 year operating lease with New South Wales Planning and Environment Commission, a company wholly owned by the ultimate parent, for the use of land located at Lots 29 and 30 Rooty Hill, Cumberland County. The District is the lessee, lease payment of \$1 is payable per annum.

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of \$320.92 million as at 30 June 2017 includes input tax credits of \$29.17m that are expected to be recoverable from the Australian Taxation Office (2016 \$7.71m).

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

PARENT & CONSOLIDATION

29. Trust Funds

The District holds trust funds of \$27.4 million which are held for the safe keeping of patients' monies and Private Practice Trusts.

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

	Patient Trust		Private Practice Trust Funds		Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Balance at the beginning of the financial year	433	270	22,889	22,512	23,322	22,782
Administrative Restructures -Transfers In/(Out)	9	163	----	---	9	163
Revenue	----	---	67,316	58,206	67,316	58,206
Expenses	----	---	(63,290)	(57,829)	(63,290)	(57,829)
Balance at the end of the financial year	442	433	26,915	22,889	27,357	23,322

Western 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
30. Reconciliation of Cash Flows from Operating Activities to Net Result				
227,548	210,009	Net Cash Flows from Operating Activities	227,548	210,009
(64,149)	(57,515)	Depreciation and Amortisation	(64,149)	(57,515)
(4,511)	(1,546)	Allowance for Impairment	(4,511)	(1,546)
(9,956)	152	(Increase)/ Decrease Income in Advance	(9,956)	152
(13,085)	(9,069)	(Increase)/ Decrease in Provisions	(13,085)	(9,069)
22,951	20,160	Increase / (Decrease) in Prepayments and Other Assets	22,951	20,160
(24,018)	(22,413)	(Increase)/ Decrease in Payables from Operating Activities	(24,018)	(22,413)
(10,949)	(10,420)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(10,949)	(10,420)
99	495	Assets donated or brought to account for the first time	99	495
123,930	129,853	Net Result	123,930	129,853
31. Non-Cash Financing and Investing Activities				
99	495	Assets Received by Donation	99	495
99	495		99	495
32. 2016/17 Voluntary Services				
<p>It is considered impracticable and immaterial to quantify the monetary value of voluntary services provided to the District. 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 				
33. 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 District by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of the District.</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>				

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

PARENT AND CONSOLIDATION

34. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$11 million, primarily due to:

Increased Employee Related Costs due to increased headcount (\$36m), Other Operating Expenses (\$16m), Depreciation Expense \$2m and Grants Expense \$2m, offset by subsidy variance of \$59m due to Cash Assistance, Own Source Revenue (\$4m) and Other Revenue \$3m.

Assets and Liabilities

Cash is higher than budget by \$19m due to receipt of HPG trust funds from the Ministry of \$13m and the minimum cash balance requirement of \$5m. Receivables are above budget by \$20m due to HPG transfer recognised in RFA balance sheet \$12m and normal fluctuation. Plant & Equipment exceeds budget by \$15m and Infrastructure exceeds budget by \$14m due to increasing WIP transfers from Health Infrastructure and Blacktown equipment purchases. Payables are higher than budget by \$19m due to transfer to HPG trust recognised in General Fund liabilities and normal fluctuation. Provisions are above budget by \$10m due to higher than anticipated closing annual leave balances.

Cash Flows

Cash Flows from Operating Activities are higher than budget by \$26m primarily due to Cash Assistance received from the Ministry \$59m which is offset by Employee Related cash outflows being above budget by \$22m due to increased headcount. The remainder consists of a number of smaller variances.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 31/07/2016

	\$000
Initial Allocation	1,365,998
Special Projects	
2016_17 Integrated Care Demonstrator Program	6,933
Nationally Funded Islet Programme	6,183
Integrated Care Demonstrator Program	2,800
Allowed Day Off Accrual (amended accounting treatment)	2,135
2016_17 Bed Replacement Programme	1,585
Nursing and Midwifery Enhancements	1,462
Voluntary Redundancy Reimbursement	895
Transitional Research Grants Scheme	870
Mens Behaviour Change NSW Workforce Development Strategy	706
Adjustment to superannuation on annual leave	601
Nurse_Midwife Strategy Reserve	499
2016_17 NSW Aged Care Assessment Program Funding Allocation	480
National Partnership Agreement on Adult Public Dental Services	400
Chair of Population Oral Health	353
Organ and Tissue Donation Service Funding	345
2016_17 TMF Budget Adjustments	330
Workplace Culture and Safety	310
Substance Use in Pregnancy Services	272
Transfer of Delivery of Tackling Violence Program from Women NSW to NSW ECAV	260
ECAV Programs	231
Prior Year 2015_16 Revenue Washups_DVA-MVA_RAS_TACP	226

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

PARENT AND CONSOLIDATION

34. Adjusted Budget Review - Parent and Consolidated (Continued)

	\$000
Other	
Retraction of Recurrent Funding for Education Centre against Violence	(337)
High Cost Drugs Price Revenue Increase	(410)
2014/15 TMF Budget Adjustments	(422)
Translational Research Grant Funding	(441)
Tfr Child and Youth Mental Health	(485)
Budget Recoup from WSLHD to MoH Aboriginal Health NGO Program	(610)
Withdrawal of allocation for NSW Health Pre-Trial Diversion of Offenders Program	(758)
Rebase Food Services Budget - HealthShare	(793)
High Cost Drugs Volume Revenue Increase	(877)
High Cost Drugs Escalation	(1,087)
Realignment of the 2014_15 AEP (PADP) Budgets	(1,270)
Alignment of LSL and Crown Acceptance	(1,466)
Transfer SMHSPOS Mental Health	(1,500)
Transfer Mental Health Exec and Support WSLHD to NBMLHD	(1,663)
NMB_WS Budget Adjustments	(2,146)
Treasury Managed Fund escalation	(2,516)
Direct Funding of NSW Health Pathology Teaching_Training_Research Staff Costs	(2,551)
Long Service Leave 2015-16 Final Adjustments	(3,319)
Depreciation Budget 2013/14	(3,840)
Transfer of Information Technology Service Funding	(4,315)
Integrated Care Demonstrator Sites	(6,170)
2016-17 Depreciation Budget Adjustments	(6,918)
Transfer Imaging from WSLHD to NBMLHD	(8,970)
2015-16 Revenue Adjustments	(14,530)
2014-15 Revenue Adjustments	(15,848)
Adjustment of Commonwealth Sourced NPA Funding	(19,054)
Other small items	(303)
Balance as per Statement of Comprehensive Income	1,291,276

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

35. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2015/16 year were:

Nil equity transfers were effected in 2015/16.

Equity transfers effected in the 2016/17 year were:

The NSW Government approved the transfer of the East Cumberland Hospital site to UrbanGrowth NSW, an entity controlled by the ultimate parent, via an equity transfer at \$1 for the Parramatta North Urban Transformation. The transfer was completed on 13 January 2017.

The East Cumberland Hospital site consisted the following assets:

	2017
	\$000
Land	54,509
Buildings	24,335
Infrastructure	-
Carrying Amount as at 13 January 2017	<u><u>78,844</u></u>

The value of the East Cumberland Hospital site was adjusted to \$1, which was the fair value to UGNSW, prior to the transfer (i.e. net asset of \$1 was transferred to UGNSW). The revaluation decrement was adjusted to the asset revaluation surplus.

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

36. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2017	2016
		\$000	\$000
Cash and Cash Equivalents (note 16)	N/A	90,960	64,980
Receivables (note 17)*	Loans and receivables (at amortised cost)	83,389	68,218
Financial Assets at Fair Value (note 19)	At fair value through profit or loss (designated as such upon initial recognition)	11,049	10,062
		185,398	143,260
Financial Liabilities			
Borrowings (note 25)	Financial liabilities measured at amortised cost	3,190	5,213
Payables (note 24)**	Financial liabilities measured at amortised cost	131,399	104,799
		134,589	110,012

Notes

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

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

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2017	2016
		\$000	\$000
Cash and Cash Equivalents (note 16)	N/A	90,960	64,980
Receivables (note 17)*	Loans and receivables (at amortised cost)	83,389	68,218
Financial Assets at Fair Value (note 19)	At fair value through profit or loss (designated as such upon initial recognition)	11,049	10,062
		185,398	143,260

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

36. Financial Instruments

Financial Liabilities

Borrowings (note 25)		3,190	5,213
Payables (note 24)**	Financial liabilities measured at amortised cost	99,141	104,799
		102,331	110,012

Notes

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

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). 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 District. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

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

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.35% in 2016/17 compared to 2.85% in the previous year.

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

Receivables - trade debtors

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2017: \$8.59M ; 2016: \$5.38M) and not more than 3 months past due (2017: \$4.30M ; 2016: \$3.81M) are not considered impaired.

In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are health insurance companies or compensation insurers settling claims in respect of inpatient treatments.

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

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

36. Financial Instruments

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2017	\$000	\$000	\$000
<3 months overdue	12,890	12,890	----
3 months - 6 months overdue	1,796	332	1,464
> 6 months overdue	6,583	1,334	5,249
2016			
<3 months overdue	11,127	11,127	----
3 months - 6 months overdue	1,054	497	558
> 6 months overdue	5,582	1,481	4,101

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.

(c) Liquidity Risk

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

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

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

The District has exposure to liquidity risk. However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the District fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

36. Financial Instruments

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure			Maturity Dates	
	Nominal Amount ¹	Fixed Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	2017 \$000	\$000	\$000	\$000	\$000
Payables:					
Payroll Deductions	25,893	----	25,893	25,893	----
- Creditors	73,248	----	73,248	73,248	----
Borrowings:					
- Loans and Deposits	3,190	3,190	----	2,105	1,085
	102,331	3,190	99,141	101,246	1,085
	2016				
Payables:					
- Accrued Salaries Wages, On-Costs and Payroll Deductions	21,455	----	21,455	21,455	----
- Creditors	83,344	----	83,344	83,344	----
Borrowings:					
- Loans and Deposits	5,213	5,213	----	2,075	3,139
	110,012	5,213	104,799	106,874	3,139

Notes:

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

2 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.

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

36. Financial Instruments

(d) Market Risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2016. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

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

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

	Carrying Amount	-1% Net Result	Equity	+1% Net Result	Equity
2017	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and Cash Equivalents	90,960	(910)	(910)	910	910
Receivables	83,389	---	---	---	---
Financial Assets at Fair Value	11,049	(110)	(110)	110	110
Financial Liabilities					
Payables*	99,141	---	---	---	---
Borrowings	3,190	32	32	(32)	(32)
2016					
Financial Assets					
Cash and Cash Equivalents	64,980	(650)	(650)	650	650
Receivables	68,218	---	---	---	---
Financial Assets at Fair Value	10,062	(101)	(101)	101	101
Financial Liabilities					
Payables*	104,799	---	---	---	---
Borrowings	5,213	52	52	(52)	(52)

*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.

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

Other price risk - TCorp Hour-Glass Investment facilities

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

Facility	Investment Sectors	Investment Horizon	2017 \$000	2016 \$000
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	3 years to 7 years	5,409	5,074
Long-term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	5,640	4,988

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

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

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

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

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

Impact on net result	Change in unit price	2017 \$000	2016 \$000
Hour-Glass Investment - Medium-term growth facility	+/- 7%	+/- 379	74
Hour-Glass Investment - Long-term growth facility	+/- 16%	+/- 902	(12)

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

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

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

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

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

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

	Level 2 \$'000	Level 3 \$'000	2017 Total \$'000
TCorp Hour-Glass Invst.Facility	11,049	----	11,049
	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
TCorp Hour-Glass Invst.Facility	10,062	----	10,062

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

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

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

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

37. Related Party Transactions

PARENT AND CONSOLIDATION

Key management personnel compensation is as follows:

	2017
	\$000
Short-term employee benefits	1,012
Post-employment benefits	110
	<u>1,122</u>

During the financial year, Western Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$470k 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 transactions with the ultimate parent during the financial year.

38. 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

Annual Financial Statements

of

Western Sydney Local Health District Special Purpose Service Entity

for the year ended 30 June 2017

Western Sydney Local Health District Special Purpose Service Entity
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 Western Sydney Local Health District Special Purpose Service Entity for the year ended 30 June 2017 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations);
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Western Sydney Local Health District Special Purpose Service Entity; and
- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Danny O. Connor
Chief Executive
5 September 2017



Leena Singh
Executive Director of Finance (Acting)
5 September 2017

**Western Sydney Local Health District Special Purpose Service Entity
Statement of Comprehensive Income for the year ended 30 June 2017**

	Actual	Actual
	2017	2016
	\$000	\$000
Revenue		
Personnel Services	1,099,219	1,017,603
Acceptance by the Crown Entity of Employee Benefits	30,420	64,303
Total Revenue	1,129,639	1,081,906
Expenses		
Salaries and Wages	1,000,934	922,685
Defined Benefit Superannuation	10,078	10,758
Defined Contribution Superannuation	85,287	78,655
Long Service Leave	20,583	56,890
Redundancies	902	1,954
Workers Compensation Insurance	11,415	10,659
Fringe Benefits Tax	440	305
Total Expenses	1,129,639	1,081,906
Net Result	-	-
Total Comprehensive Income	-	-

The accompanying notes form part of these Financial Statements.

**Western Sydney Local Health District Special Purpose Service Entity
Statement of Financial Position as at 30 June 2017**

		Actual	Actual
	Notes	2017	2016
		\$000	\$000
ASSETS			
Current Assets			
Receivables	2	209,891	193,656
Total Current Assets		209,891	193,656
Non-Current Assets			
Receivables	2	2,039	2,020
Total Non-Current Assets		2,039	2,020
Total Assets		211,930	195,676
LIABILITIES			
Current Liabilities			
Payables	3	32,258	26,954
Provisions	4	177,633	166,702
Total Current Liabilities		209,891	193,656
Non-Current Liabilities			
Provisions	4	2,039	2,020
Total Non-Current Liabilities		2,039	2,020
Total Liabilities		211,930	195,676
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these Financial Statements

**Western Sydney Local Health District Special Purpose Service Entity
Statement of Changes in Equity for the year ended 30 June 2017**

	Actual	Actual
	2017	2016
	\$000	\$000
Balance at 1 July 2016	-	-
Net Result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2017	-	-

The accompanying notes form part of these Financial Statements.

**Western Sydney Local Health District Special Purpose Service Entity
Statement of Cash Flows for the year ended 30 June 2017**

	Actual	Actual
	2017	2016
	\$000	\$000
Net Cash Flows from Operating Activities	-	-
Net Cash Flows from Investing Activities	-	-
Net Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents	-	-
Opening Cash and Cash Equivalents	-	-
Closing Cash and Cash Equivalents	-	-

The Western Sydney Local Health District Special Purpose Service Entity does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

The accompanying notes form part of these Financial Statements.

Western Sydney Local Health District Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Western Sydney Local Health District Special Purpose Service Entity

The Western Sydney Local Health District Special Purpose Service Entity (the Entity) is a Division of the NSW Health Service, established pursuant to section 116(4) of the Health Services Act 1997. It is a not-for-profit Entity as profit is not its principal objective.

The Entity is controlled by the Western Sydney Local Health District, which is the immediate parent. The Entity is also controlled by NSW Ministry of Health (the senior parent) and the State of New South Wales (the ultimate parent).

The Entity's objective is to provide personnel services to the Western Sydney Local Health District.

The financial statements were authorised for issue by the Chief Executive on 5 September 2017.

b) Basis of Preparation

The Entity's financial statements are general purpose financial statements and have been prepared on an accrual basis, in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations. The statements have been prepared in accordance with the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015 and Treasurer's Directions.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See Note (1)(h).

Judgments, key assumptions and estimates are disclosed in the relevant notes to the financial statements.

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

c) Statement of Compliance

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

d) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

e) Receivables

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, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the net result for the year 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.

f) 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 Entity transfers the financial asset:

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

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

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

g) Payables

Payables include accrued wages, salaries and related on costs (such as payroll deduction liability, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

Payables are recognised initially at fair value, usually based on the transaction cost or face 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 entity.

Western Sydney Local Health District Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

h) Employee Benefits

i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury, a controlled entity of the ultimate parent, has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.7% are applied to the value of leave payable at 30 June 2017 (comparable on-costs for 30 June 2016 were 16.5%). The Entity has assessed the actuarial advice based on the Entity'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 Entity'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 an entity controlled by the ultimate parent. The Entity 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 entity as shown in Note 4.

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 year is determined by using the formulae specified in the NSW Health Ministry Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and Superannuation Guarantee Charge) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Consequential On-Costs

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

i) New Australian Accounting Standards Issued But Not Effective

(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 Treasury determines otherwise. There have been no new Australian Accounting Standards issued which will impact the Entity.

Western Sydney Local Health District Special Purpose Service Entity
Notes to and forming part of the Financial Statements for the year ended 30 June 2017

	Actual	Actual
	2017	2016
	\$000	\$000
2. RECEIVABLES		
Current		
Accrued Income - Personnel Services Provided	209,891	193,656
Non-Current		
Accrued Income - Personnel Services Provided	2,039	2,020
Total Receivables	211,930	195,676

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.

3. PAYABLES		
Current		
Accrued Salaries, Wages and On Costs	25,893	21,455
Taxation and Payroll Deductions	6,365	5,499
Total Payables	32,258	26,954

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.

Western Sydney Local Health District Special Purpose Service Entity
Notes to and forming part of the Financial Statements for the year ended 30 June 2017

	Actual	Actual
	2017	2016
	\$000	\$000
4. PROVISIONS		
Current Employee Benefits and Related On Costs		
Annual Leave - Short Term Benefit	107,147	100,651
Annual Leave - Long Term Benefit	47,035	42,822
Long Service Leave - Consequential On Costs	23,451	23,229
Other	-	-
Total Current Provisions	177,633	166,702
Non-Current Employee Benefits and Related On Costs		
Long Service Leave - Consequential On costs	2,039	2,020
Total Non-Current Provisions	2,039	2,020
Aggregate Employee Benefits and Related On Costs		
Provisions - Current	177,633	166,702
Provisions - Non-Current	2,039	2,020
Accrued Salaries, Wages and On Costs	32,258	26,954
Total	211,930	195,676

Western Sydney Local Health District Special Purpose Service Entity

**Notes to and forming part of the Financial Statements for the
year ended 30 June 2017**

5. Financial Instruments

The Entity's principal financial instruments are outlined below. The Entity's financial instruments arise directly from the Entity's operations or are required to finance the entity's operations.

The Entity does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Entity's main risks arising from financial instruments are outlined below, together with the Entity'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. The Entity carries minimal risks within its operation as it carries only the value of employee provisions and accrued salaries and wages offset in full by accounts receivable from the Parent Entity. Risk management policies are established by the Parent Entity to identify and analyse the risk faced by the Entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Entity on a continuous basis.

a) Financial Instruments Categories

		Actual	Actual
Financial Assets Class:	Category	2017	2016
		\$000	\$000
Receivables (note 2) ¹	Receivables measured at amortised cost	211,930	195,676
		211,930	195,676
		211,930	195,676
Financial Liabilities Class:	Category		
Payables (note 3) ²	Financial liabilities measured at amortised cost	25,893	21,455
		25,893	21,455
		25,893	21,455

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

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

b) Credit Risk

Credit risk arises when there is the possibility of the Entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the Entity. 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 Entity i.e. receivables. No collateral is held by the Entity nor has it granted any financial guarantees.

Receivables - trade debtors

Receivables are restricted to accrued income for personnel services provided and employee leave provisions and are recognised as amounts receivable at balance date. The parent entity of the Western Sydney Local Health District Special Purpose Service Entity is the sole debtor of the Entity and it is assessed that there is no risk of default. No accounts receivables are classified as past due but not Impaired or 'Considered Impaired'.

c) Liquidity Risk

Liquidity risk is the risk that the Entity will be unable to meet its payment obligations when they fall due. No such risk exists with the Entity not having any cash flows. All movements that occur in Payables are fully offset by an increase in Receivables from the Western Sydney Local Health District.

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 Entity's exposures to market risk are considered to be minimal and the Entity has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities.

However the Entity has no such liabilities and the interest rate is assessed as Nil. Similarly it is considered that the Entity is not exposed to other price risks.

Western Sydney Local Health District Special Purpose Service Entity

**Notes to and forming part of the Financial Statements for the
year ended 30 June 2017**

5. Financial Instruments

e) Fair Value

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short term nature of the financial instruments.

6. Related Party Transactions

All transactions and outstanding balances in these financial statements relate to the Entity's function as the provider of personnel services to the immediate parent. The Entity's total income is sourced from the immediate parent, and cash receipts and payments are affected by the immediate parent on the Entity's behalf.

Key management personnel compensation are borne by the immediate parent and the senior parent. There were no transactions with the ultimate parent during the financial year.

7. Events After the Reporting Period

No matters have arisen subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS