

**Western Sydney
Local Health District**

Financial Statements

for the year ended 30 June 2018



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 the Western Sydney Local Health District (the District), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement 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 2018, 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 the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the District 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 fulfilled my other ethical responsibilities in accordance with APES 110.

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

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

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

Other Information

Other information comprises the information included in the annual report of the District and the consolidated entity for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the signed Statement pursuant to Section 45F of the PF&A Act.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive is responsible for assessing the ability of the District and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will cease as a result of an administrative restructure.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

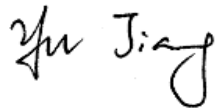
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does not provide assurance:

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

A handwritten signature in black ink, appearing to read "Yu Jiang". The signature is written in a cursive, flowing style.


Reiky Jiang
Director, Financial Audit Service

20 September 2018
SYDNEY

**Western Sydney Local Health District
Certification of the Financial Statements
for the year ended 30 June 2018**

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 2018 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 (PFAA)*, the *Public Finance and Audit Regulation 2015 (Regulation)*; and
 - c) Financial Reporting Directions mandated by the Treasurer.
- 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
17 September 2018



Barry Mitrevski
Acting Executive Director of Finance
17 September 2018

Western Sydney Local Health District
Statement of Financial Position as at 30 June 2018

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2018 \$000	2018 \$000	2017 \$000		2018 \$000	2018 \$000	2017 \$000
ASSETS						
Current Assets						
94,962	96,817	90,960		94,962	96,817	90,960
81,364	92,783	93,279	15	81,364	92,783	93,279
12,818	13,453	13,719	16	12,818	13,453	13,719
14,007	11,487	11,049	17	14,007	11,487	11,049
203,151	214,540	209,007	18	203,151	214,540	209,007
Total Current Assets						
Non-Current Assets						
4,159	4,132	3,343		4,159	4,132	3,343
1,904,036	1,453,418	1,226,183	16	1,904,036	1,453,418	1,226,183
65,469	65,972	73,403	19	65,469	65,972	73,403
38,866	15,440	16,445	19	38,866	15,440	16,445
2,008,371	1,534,830	1,316,031		2,008,371	1,534,830	1,316,031
244	1,232	1,480	19	244	1,232	1,480
2,012,774	1,540,194	1,320,854	20	2,012,774	1,540,194	1,320,854
2,215,925	1,754,734	1,529,861		2,215,925	1,754,734	1,529,861
Total Non-Current Assets						
Total Assets						
LIABILITIES						
Current Liabilities						
132,277	133,487	131,399		132,277	133,487	131,399
1,425	1,229	2,105	23	1,425	1,229	2,105
185,441	188,170	179,768	24	185,441	188,170	179,768
3,123	14,757	11,769	25	3,123	14,757	11,769
322,266	337,643	325,041	26	322,266	337,643	325,041
Total Current Liabilities						
Non-Current Liabilities						
7,509	46	1,085		7,509	46	1,085
2,413	2,414	2,039	24	2,413	2,414	2,039
9,922	2,460	3,124	25	9,922	2,460	3,124
332,188	340,103	328,165		332,188	340,103	328,165
1,883,737	1,414,631	1,201,696		1,883,737	1,414,631	1,201,696
Total Non-Current Liabilities						
Total Liabilities						
Net Assets						
EQUITY						
477,723	9,714	9,713		477,723	9,714	9,713
1,406,014	1,404,917	1,191,983		1,406,014	1,404,917	1,191,983
1,883,737	1,414,631	1,201,696		1,883,737	1,414,631	1,201,696
Total Equity						

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 2018

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Revaluation Surplus \$000	Total \$000
Balance at 1 July 2017		1,191,983	9,713	1,201,696
Total Equity at 1 July 2017		1,191,983	9,713	1,201,696
Net Result for the year		212,670	---	212,670
Other Comprehensive Income:				
Net Change in Revaluation Surplus of Property, Plant and Equipment Available for Sale Financial Assets:	19	---	469,371	469,371
Transfers on Disposal		1,361	(1,361)	---
Total Other Comprehensive Income		1,361	468,010	469,371
Total Comprehensive Income for the year		214,031	468,010	682,041
Balance at 30 June 2018		1,406,014	477,723	1,883,737
Balance at 1 July 2016		1,067,842	88,768	1,156,610
Total Equity at 1 July 2016		1,067,842	88,768	1,156,610
Net Result for the year		123,930	---	123,930
Other Comprehensive Income:				
Net Change in Revaluation Surplus of Property, Plant and Equipment Available for Sale Financial Assets:	19	---	(78,844)	(78,844)
Transfers on Disposal		211	(211)	---
Total Other Comprehensive Income		211	(79,055)	(78,844)
Total Comprehensive Income for the year		124,141	(79,055)	45,086
Balance at 30 June 2017		1,191,983	9,713	1,201,696

The accompanying notes form part of these financial statements.

Western Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2018

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2018 \$000	2018 \$000	2017 \$000		2018 \$000	2018 \$000	2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
—	—	—		(1,150,924)	(1,136,316)	(1,099,363)
(567,948)	(565,317)	(550,622)		(567,948)	(565,317)	(550,622)
(10,737)	(12,685)	(11,602)		(10,737)	(12,685)	(11,602)
(96)	(250)	(51)		(96)	(250)	(51)
(1,150,924)	(1,136,316)	(1,099,363)		—	—	—
(1,729,705)	(1,714,568)	(1,661,638)		(1,729,705)	(1,714,568)	(1,661,638)
Receipts						
1,385,990	1,373,606	1,350,537		1,385,990	1,373,606	1,350,537
277,156	277,661	183,001		277,156	277,661	183,001
21,247	21,247	17,641		21,247	21,247	17,641
183,740	227,209	226,406		183,740	227,209	226,406
3,129	1,500	2,691		3,129	1,500	2,691
55,543	48,920	44,313		55,543	48,920	44,313
90,063	61,076	64,597		90,063	61,076	64,597
2,016,868	2,011,219	1,889,186		2,016,868	2,011,219	1,889,186
287,163	296,651	227,548		287,163	296,651	227,548
CASH FLOWS FROM INVESTING ACTIVITIES						
58	—	25		58	—	25
(286,005)	(288,442)	(198,461)		(286,005)	(288,442)	(198,461)
(2,958)	(438)	(987)		(2,958)	(438)	(987)
(288,905)	(288,880)	(199,423)		(288,905)	(288,880)	(199,423)
CASH FLOWS FROM FINANCING ACTIVITIES						
7,849	7,849	—		7,849	7,849	—
(2,105)	(9,763)	(2,145)		(2,105)	(9,763)	(2,145)
5,744	(1,914)	(2,145)		5,744	(1,914)	(2,145)
4,002	5,857	25,980		4,002	5,857	25,980
90,960	90,960	64,980		90,960	90,960	64,980
94,962	96,817	90,960		94,962	96,817	90,960

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 2018

1. Statement 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 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).

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 Note 22), 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.

These consolidated financial statements for the year ended 30 June 2018 have been authorised for issue by the Chief Executive on 17 September 2018.

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 the Public Finance and Audit Regulation 2015, and Financial Reporting Directions mandated by the Treasurer. 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(a).

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

The Secretary of NSW 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 NSW 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 NSW Ministry of Health.

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 NSW Ministry of Health throughout the financial year.

Property, plant and equipment and financial assets at 'fair value through profit and loss' 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.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

c) Comparative Information

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

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

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 and Wages, Annual Leave, Sick Leave, Allocated Days Off (ADO) 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 and ADO are not expected to be settled wholly before 12 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 18.1% are applied to the value of leave payable at 30 June 2018 (comparable on-costs for 30 June 2017 were 16.7%). The District has assessed the actuarial advice based on the District's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity does not have an unconditional right to defer settlement.

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 25.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year 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.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

g) Grants and Subsidies

Grant and subsidies expense generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grant and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

h) 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.

i) 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).

Grants and Other Contributions

Grants and other contributions, comprising mainly cash and in-kind contributions, are recognised as revenues when control passes to the District and the contractual obligations have been satisfied. In-kind contributions are measured at fair value on transfer 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.

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

Interest revenue is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

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 including service charges where applicable 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.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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.

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 NSW Ministry of Health. Allocations are normally recognised upon the receipt of cash.

j) 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.

k) 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.

l) Acquisition of Property, Plant and Equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

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

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

m) Capitalisation Thresholds

Property, plant and equipment and Intangibles costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

n) 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:

Artwork	5.0%
Buildings	2.5%
Infrastructure Systems	2.5%
Plant and Equipment	
- Computer Equipment	20.0%
- Electro Medical Equipment	
* Costing less than \$200,000	10.0%
* Costing more than or equal to \$200,000	12.5%
- Furniture, Fittings and Furnishings	5.0%
- Linen	25.0%
- Motor Vehicle Sedans	12.5%
- Motor Vehicles, Trucks & Vans	20.0%
- Office Equipment	10.0%
- Plant and Machinery	10.0%

"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.

o) Revaluation of Non-Current Assets

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 19 and Note 21 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.

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 a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss 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.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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.

p) 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 Impairment of Assets 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.

q) Restoration Costs

On initial recognition, the present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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 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 immediate 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.

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.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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 stated 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. Cost is calculated using the weighted average cost method.

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.

TCorpIM Funds 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 1987.

TCorpIM Funds investment are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

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 certain categories of financial assets, such as trade receivables, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. 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

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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

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

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

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

z) Payables

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

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

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

aa) Borrowings

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

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

ab) Fair Value Hierarchy

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

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

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

Refer to Note 21 and Note 36 for further disclosures regarding fair value measurements of non-financial and financial assets.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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(o).

(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 28.

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 Budget 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.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 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 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 Statement of Cash Flows applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows. A reconciliation of liabilities arising from financing activities has been added to Note 31 of these financial statements.

(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 the District have not been applied and are not yet effective. The possible impact of these Accounting Standards in the period of initial application includes:

AASB 9 Financial Instruments applies to annual periods beginning on or after 1 January 2018. AASB 9 Financial Instruments 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 Financial Instruments also introduces a forward-looking 'expected credit losses' impairment model, which may impact the timing and amount of impairment recognition.

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 Leases will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117 Leases. Lessors will continue to classify all leases using the same classification as in AASB 117 Leases and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

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 Revenue from Contracts with Customers 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 Income of Not-for-Profit Entities 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 these financial statements.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

AASB 1059 Service Concession Arrangements is applicable to public sector entities only and requires the grantor to recognise a service concession asset in a service concession arrangement where it controls the asset. A corresponding financial liability and/or grant of right liability is also recognised depending on the nature of the consideration exchanged. Service concession assets (including those provided by the operator, an upgrade to or a major component replacement of an existing asset of the grantor; and existing assets of the grantor – also applicable to previously unrecognised intangible assets except goodwill) are initially measured at current replacement cost based on AASB 13 Fair Value Measurement principles. They are subsequently accounted for under AASB 116 Property, Plant & Equipment or AASB 138 Intangible Assets. Service concession liabilities are initially measured at the same amount as the service concession asset and subsequently measured using either the “financial liability” model applying AASB 9 Financial Instruments or, the “grant of right” model under AASB 1059 Service Concession Arrangements. AASB 1059 Service Concession Arrangements requires retrospective application.

Overview of Assessment Activities

NSW Health designed a project roadmap to implement the above five new accounting standards by its application date. The project consists of 4 phases: Scoping, Data gathering, In Depth Analysis and Implementation. Scoping phase was completed and data gathering has begun. An external project consultant and project manager will be appointed, and various steering committees and project teams will be internally formed as part of the implementation project. Central high level estimates on the impact of the new accounting standards were also calculated and reported to NSW Treasury by the central team at the NSW Ministry of Health. Further details are available in the NSW Ministry of Health's consolidated financial statements.

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

Potential Impact on The District's Financial Report

While the consolidated entity is yet to undertake a detailed assessment of the classification and measurement of all of the accounting standards, the following general impacts are expected from the work conducted so far:

Leases

- * The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.
- * Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.
- * Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.
- * Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

- * The deferral of some revenues of The District.
- * Impact on the estimates and judgements involved in the unbilled revenue process.
- * Specific quantitative and qualitative disclosures may be required under AASB 15 Revenue from Contracts with Customers.

Financial Instruments

- * The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred impairment losses. This may result in earlier recognition of credit loss provisions.

Service Concession Arrangements

- * No significant impact expected on The District.

Application Date

The District plans to adopt the new standards on the required effective date in line with the NSW Treasury's instructions.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
2. Employee Related Expenses				
---	---	Salaries and Wages (including annual leave and ADO)	1,027,357	1,000,934
---	---	Superannuation - Defined Benefit Plans	9,051	10,078
---	---	Superannuation - Defined Contribution Plans	88,762	85,287
---	---	Long Service Leave	46,381	20,583
---	---	Redundancies	5,491	902
---	---	Workers' Compensation Insurance	10,827	11,415
---	---	Fringe Benefits Tax	240	440
<u>----</u>	<u>----</u>		<u>1,188,109</u>	<u>1,129,639</u>
The amounts below are capitalised and do not form part of the above total employee related costs:				
---	---	Employee Related Expenses Capitalised - Land and Buildings	5,554	3,205
<u>----</u>	<u>----</u>		<u>5,554</u>	<u>3,205</u>
3. Personnel Services				
1,027,357	1,000,934	Salaries and Wages	---	---
---	---	Superannuation - Defined Benefit Plans	---	---
88,762	85,287	Superannuation - Defined Contribution Plans	---	---
4,690	241	Long Service Leave	---	---
5,491	902	Redundancies	---	---
10,827	11,415	Workers' Compensation Insurance	---	---
240	440	Fringe Benefits Tax	---	---
<u>1,137,367</u>	<u>1,099,219</u>		<u>----</u>	<u>----</u>
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:				
<u>5,554</u>	<u>3,205</u>	Personnel Services Expenses Capitalised - Land and Buildings	<u>----</u>	<u>----</u>

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		4. Other Expenses		
68	48	Advertising	68	48
225	206	Auditor's Remuneration - Audit of Financial Statements	225	206
10,758	10,233	Blood and Blood Products	10,758	10,233
458	3,340	Consultancies	458	3,340
248	392	Contractors	248	392
17,396	17,609	Domestic Supplies and Services	17,396	17,609
80,396	102,449	Drug Supplies	80,396	102,449
23,740	23,302	Food Supplies	23,740	23,302
12,681	11,481	Fuel, Light and Power	12,681	11,481
9,630	5,035	Patient Transport Costs	9,630	5,035
31,432	24,141	Information Management Expenses	31,432	24,141
2,163	2,249	Insurance	2,163	2,249
55,247	35,095	Maintenance (See 4(b) below)	55,247	35,095
82,072	80,600	Medical and Surgical Supplies	82,072	80,600
2,055	2,325	Motor Vehicle Expenses	2,055	2,325
4,282	4,169	Postal and Telephone Costs	4,282	4,169
4,130	4,561	Printing and Stationery	4,130	4,561
1,235	2,800	Rates and Charges	1,235	2,800
2,028	2,713	Rental	2,028	2,713
14	—	Hosted Services Purchased from entities controlled by the immediate parent	14	—
69,216	67,825	Specialised Services (Dental, Radiology, Pathology, Dialysis)	69,216	67,825
26,550	23,260	Staff Related Costs	26,550	23,260
7,077	7,134	Travel Related Costs	7,077	7,134
42,768	38,685	Other (See 4(a) below)	42,768	38,685
485,869	469,652		485,869	469,652

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		4. Other Expenses		
		a) Other Includes:		
—	20	Aircraft Expenses (Ambulance)	—	20
4,797	2,894	Contract for Patient Services	4,797	2,894
10,372	11,208	Corporate Support Services	10,372	11,208
580	636	Courier and Freight	580	636
14	9	Isolated Patient Travel and Accommodation Assistance Scheme	14	9
146	83	Legal Services	146	83
1,161	624	Membership/Professional Fees	1,161	624
1,893	2,301	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,893	2,301
4,702	4,696	Other Operating Lease Expense - Minimum Lease Payments	4,702	4,696
50	42	Quality Assurance/Accreditation	50	42
2,079	1,342	Security Services	2,079	1,342
10,766	10,311	Other Miscellaneous	10,766	10,311
1,975	2,037	Data Records & Storage	1,975	2,037
670	651	Chaplaincy	670	651
2,450	857	Other Management Services	2,450	857
1,114	973	IntraHealth Other Expense	1,114	973
42,768	38,685		42,768	38,685
		b) Reconciliation of Total Maintenance		
15,164	12,938	Maintenance Contracts	15,164	12,938
13,601	9,965	New/Replacement Equipment under \$10,000	13,601	9,965
27,617	13,567	Repairs Maintenance/Non Contract	27,617	13,567
(1,135)	(1,375)	Other	(1,135)	(1,375)
55,247	35,095	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	55,247	35,095
4,426	4,621	Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	4,426	4,621
59,673	39,716		59,673	39,716

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

'Patient 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' and 'Food Supplies' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

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

The majority of 'IntraHealth Other Expense' were paid to entities controlled by the immediate parent.

Some 'Repairs Maintenance/Non Contract' was paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some 'Rental' expenses were paid to 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 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
45,527	47,495	Depreciation - Buildings	45,527	47,495
14,995	15,055	Depreciation - Plant and Equipment	14,995	15,055
1,962	1,441	Depreciation - Infrastructure Systems	1,962	1,441
131	158	Amortisation - Intangible Assets	131	158
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62,615	64,149		62,615	64,149
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6. Grants and Subsidies				
7,097	7,306	Non-Government Organisations	7,097	7,306
34	40	Grants to Research Organisations	34	40
1,772	2,769	Grants paid to entities controlled by the immediate parent	1,772	2,769
1,063	809	Other Grants	1,063	809
<hr/>				
9,966	10,924		9,966	10,924
<hr/>				
7. Finance Costs				
51	51	Interest on Loans	51	51
45	121	Other Interest Charges	45	121
<hr/>				
96	172		96	172
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Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
8. Sale of Goods and Services				
a) Sale of Goods comprise the following:-				
548	310	Pharmacy Sales	548	310
6,555	7,676	Sale of Prosthesis	6,555	7,676
99	103	Other	99	103
b) Rendering of Services comprise the following:-				
		Patient Fees		
68,594	60,259	- Inpatient Fees	68,594	60,259
987	1,142	- Nursing Home Fees	987	1,142
3,148	2,653	- Non Inpatient Fees	3,148	2,653
10,247	10,420	Department of Veterans' Affairs	10,247	10,420
272	325	Staff-Meals and Accommodation	272	325
27,377	26,564	Infrastructure Fees - Monthly Facility Charge	27,377	26,564
15,516	17,056	Infrastructure Fees - Annual Charge	15,516	17,056
96	164	Cafeteria/Kiosk	96	164
12,979	8,568	Car Parking	12,979	8,568
1,479	1,273	Child Care Fees	1,479	1,273
397	425	Clinical Services (excluding Clinical Drug Trials)	397	425
91	244	Commercial Activities	91	244
279	297	Fees for Medical Records	279	297
44,802	62,982	Highly Specialised Drugs	44,802	62,982
16,083	14,699	Motor Accident Authority Third Party	16,083	14,699
—	(16)	Patient Transport Fees	—	(16)
62	73	Private Use of Motor Vehicles	62	73
(3)	471	Salary Packaging Fee	(3)	471
11	4	Services Provided to Non NSW Health Organisations	11	4
—	5	Shared Corporate Services	—	5
2,690	4,740	Other	2,690	4,740
212,309	220,437		212,309	220,437

Some of '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 (SIRA) an entity controlled by the ultimate parent.

9. Investment Revenue

2,171	1,705	Interest	2,171	1,705
958	987	TCorp/IM Funds Investment Facilities Designated at Fair Value through Profit or Loss	958	987
3,129	2,692		3,129	2,692

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
10. Grants and Other Contributions				
10,421	8,578	Clinical Drug Trials	10,421	8,578
13,302	13,271	Commonwealth Government Grants	13,302	13,271
9,984	2,631	Industry Contributions/Donations	9,984	2,631
8,709	8,096	Cancer Institute Grants	8,709	8,096
905	2,069	Grants & Contributions received from entities controlled by the ultimate parent	905	2,069
3,445	1,405	Grants & Contributions received from entities controlled by the immediate parent	3,445	1,405
3,069	2,816	Research Grants	3,069	2,816
2,412	2,558	Other Grants	2,412	2,558
52,247	41,424		52,247	41,424
<p>The Cancer Institute is an entity controlled by the immediate parent.</p> <p>The majority of grants that were received from entities controlled by the ultimate parent were received from The Department of Family & Community Services and NSW Health Registered Training Organisation.</p> <p>The majority of grants that were received from entities controlled by the immediate parent were received from Health Administration Corporation.</p>				
11. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
---	---	Superannuation-defined benefit	9,051	10,078
---	---	Long Service Leave	41,691	20,342
---	---		50,742	30,420
12. Other Income				
Other Income comprises the following:-				
---	1	Bad Debts Recovered	---	1
350	375	Commissions	350	375
734	795	Conference and Training Fees	734	795
587	1,007	Discounts received	587	1,007
211	455	Insurance Refunds	211	455
6,915	7,354	Lease and Rental*	6,915	7,354
101	98	Sale of Merchandise, Old Wares and Books	101	98
---	3	Sponsorship	---	3
2,085	5,329	Treasury Managed Fund Hindsight Adjustment	2,085	5,329
4,402	3,807	IntraHealth Other Income**	4,402	3,807
8,766	7,066	Other	8,766	7,066
24,151	26,290		24,151	26,290

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

** Most 'Intra-Health Other Income' 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 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
13. Gain / (Loss) on Disposal				
4,138	36,306	Property, Plant and Equipment	4,138	36,306
<u>(2,429)</u>	<u>(25,332)</u>	Accumulated Depreciation	<u>(2,429)</u>	<u>(25,332)</u>
1,709	10,974	Written Down Value	1,709	10,974
59	25	Proceeds from Disposal	59	25
Gain/(Loss) on Disposal of				
<u>(1,650)</u>	<u>(10,949)</u>	Property, Plant and Equipment	<u>(1,650)</u>	<u>(10,949)</u>
Total Gain/(Loss) on Disposal				
<u>(1,650)</u>	<u>(10,949)</u>		<u>(1,650)</u>	<u>(10,949)</u>
14. Other Gains / (Losses)				
(1,904)	(4,511)	Impairment of Receivables	(1,904)	(4,511)
<u>(1,904)</u>	<u>(4,511)</u>		<u>(1,904)</u>	<u>(4,511)</u>

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
15. Cash and Cash Equivalents				
<u>94,962</u>	<u>90,960</u>	Cash at Bank and On Hand	<u>94,962</u>	<u>90,960</u>
<u>94,962</u>	<u>90,960</u>		<u>94,962</u>	<u>90,960</u>
<p>For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.</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>94,962</u>	<u>90,960</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>94,962</u>	<u>90,960</u>
<u>94,962</u>	<u>90,960</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>94,962</u>	<u>90,960</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 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		16. Receivables		
		Current		
32,807	26,831	Sale of Goods and Services	32,807	26,831
41,931	18,664	Intra Health Receivables	41,931	18,664
5,739	3,972	Goods and Services Tax	5,739	3,972
7,099	44,607	Other Debtors	7,099	44,607
<u>87,576</u>	<u>94,074</u>	Sub Total	<u>87,576</u>	<u>94,074</u>
(6,674)	(6,713)	Less Allowance for Impairment	(6,674)	(6,713)
80,902	87,361	Sub Total	80,902	87,361
462	5,918	Prepayments	462	5,918
<u>81,364</u>	<u>93,279</u>		<u>81,364</u>	<u>93,279</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>				
a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(5,533)	(4,382)	Balance at Commencement of Reporting Period	(5,533)	(4,382)
1,926	2,410	Amounts written off during the year	1,926	2,410
(2,188)	(3,561)	(Increase)/decrease in Allowance Recognised in the Net Result	(2,188)	(3,561)
(5,794)	(5,533)	Balance at 30 June 2018	(5,794)	(5,533)
b) Movement in the Allowance for Impairment				
Other Debtors				
(1,180)	(277)	Balance at Commencement of Reporting Period	(1,180)	(277)
17	46	Amounts written off during the year	17	46
284	(950)	(Increase)/decrease in Allowance Recognised in the Net Result	284	(950)
(880)	(1,180)	Balance at 30 June 2018	(880)	(1,180)
<u>(6,674)</u>	<u>(6,713)</u>		<u>(6,674)</u>	<u>(6,713)</u>
Non-Current				
4,159	3,343	Prepayments	4,159	3,343
<u>4,159</u>	<u>3,343</u>		<u>4,159</u>	<u>3,343</u>

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		16. 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:		
3,071	1,935	Patient Fees - Compensable	3,071	1,935
12,865	9,363	Patient Fees - Ineligible	12,865	9,363
7,898	7,818	Patient Fees - Inpatient & Other	7,898	7,818
23,834	19,116		23,834	19,116

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 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		17. Inventories		
9,129	10,039	Drugs	9,129	10,039
3,664	3,662	Medical and Surgical Supplies	3,664	3,662
25	18	Other Including Goods in Transit	25	18
<u>12,818</u>	<u>13,719</u>		<u>12,818</u>	<u>13,719</u>
		18. Financial Assets at Fair Value		
		Current		
14,007	11,049	TCorplM Funds Investment Facilities	14,007	11,049
<u>14,007</u>	<u>11,049</u>		<u>14,007</u>	<u>11,049</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 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
19. Property, Plant and Equipment				
Land and Buildings - Fair Value				
2,692,655	2,339,424	Gross Carrying Amount	2,692,655	2,339,424
788,619	1,113,241	Less: Accumulated Depreciation and Impairment	788,619	1,113,241
<u>1,904,036</u>	<u>1,226,183</u>	Net Carrying Amount	<u>1,904,036</u>	<u>1,226,183</u>
Plant and Equipment - Fair Value*				
194,983	190,377	Gross Carrying Amount	194,983	190,377
129,514	116,974	Less: Accumulated Depreciation and Impairment	129,514	116,974
<u>65,469</u>	<u>73,403</u>	Net Carrying Amount	<u>65,469</u>	<u>73,403</u>
Infrastructure Systems - Fair Value				
76,636	54,141	Gross Carrying Amount	76,636	54,141
37,770	37,696	Less: Accumulated Depreciation and Impairment	37,770	37,696
<u>38,866</u>	<u>16,445</u>	Net Carrying Amount	<u>38,866</u>	<u>16,445</u>
<u>2,008,371</u>	<u>1,316,031</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>2,008,371</u>	<u>1,316,031</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 2018

PARENT & CONSOLIDATION

19. Property, Plant and Equipment - Reconciliation

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

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2018				
Net carrying amount at start of year	1,226,183	73,403	16,445	1,316,031
Additions	277,783	7,836	298	285,917
Reclassifications from Intangibles	----	1,193	----	1,193
Disposals	(1,700)	(9)	----	(1,709)
Transfers within NSW Health Entities through Statement of Comprehensive Income	----	52	----	52
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	467,035	----	2,336	469,371
Depreciation Expense	(45,527)	(14,995)	(1,962)	(62,484)
Reclassifications	(19,738)	(2,011)	21,749	----
Net carrying amount at end of year	1,904,036	65,469	38,866	2,008,371
2017				
Net carrying amount at start of year	1,198,025	70,633	3,648	1,272,306
Additions	182,893	14,317	122	197,332
Reclassifications to 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	(78,844)	----	----	(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	1,226,183	73,403	16,445	1,316,031

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 21.

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

(ii) The Revaluation Decrement recognised in Reserves in FY16/17 relates to the write-down of The East Cumberland Hospital site to \$1, which was the fair value to Urban Growth NSW, prior to transfer.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
20. Intangible Assets				
Intangibles				
1,026	2,131	Cost (Gross Carrying Amount)	1,026	2,131
782	651	Less Accumulated Amortisation and Impairment	782	651
<u>244</u>	<u>1,480</u>	Net Carrying Amount	<u>244</u>	<u>1,480</u>
<u>244</u>	<u>1,480</u>	Total Intangible Assets at Net Carrying Amount	<u>244</u>	<u>1,480</u>

PARENT & CONSOLIDATION

20. Intangible Assets - Reconciliation

	Total \$000
2018	
Net carrying amount at start of year	1,480
Additions (From Internal Development or Acquired Separately)	88
Reclassifications to Plant & Equipment	(1,193)
Amortisation (Recognised in Depreciation and Amortisation)	(131)
Net carrying amount at end of year	244

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

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT & CONSOLIDATION

21. 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

2018	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)			
- Land and Buildings	97,949	1,302,703	1,400,652
- Infrastructure Systems	---	38,866	38,866
	<u>97,949</u>	<u>1,341,569</u>	<u>1,439,518</u>

There were no transfers between level 1 and 2 during the year ended 30 June 2018.

2017	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 19)			
- 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.

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 comprehensive revaluation was performed by CBRE Valuations Pty. Ltd. for the 2017/18 financial year. CBRE Valuations Pty. Ltd. is an independent entity and is not an associated entity of the District.

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

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:

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
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PARENT & CONSOLIDATION

21. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2018	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2017	868,990	16,445	885,435
Additions	33,475	22,047	55,522
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment'	443,687	2,336	446,023
Transfers from Level 2	---	---	---
Transfers to Level 2	---	---	---
Depreciation	(43,449)	(1,962)	(45,411)
Fair value as at 30 June 2018	<u>1,302,703</u>	<u>38,866</u>	<u>1,341,569</u>

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

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 'Changes in revaluation surplus of property, plant and equipment'	(73,807)	---	(73,807)
Disposals	(21,547)	---	(21,547)
Depreciation	(52,904)	(1,441)	(54,345)
Fair value as at 30 June 2017	<u>868,990</u>	<u>16,445</u>	<u>885,435</u>

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
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PARENT & CONSOLIDATION

22. Restricted Assets

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

Category	Opening Equity 1 July 2017 \$000	Expense 2018 \$000	Revenue 2018 \$000	Closing Equity 30 June 2018 \$000
Community Welfare	809	61	67	815
Facility Improvements	7,268	1,305	10,609	16,572
Patient Welfare	1,775	264	(55)	1,456
Private Practice Disbursements (No.2 Accounts)	53,632	9,248	17,607	61,991
Public Contributions	993	----	43	1,036
Research	18,184	3,549	2,727	17,362
Staff Welfare	86	----	----	86
Training and Education incl. Conferences	13,689	1,123	1,116	13,682
Other	960	960	----	----
	97,396	16,510	32,114	113,000

Restricted Financial Asset categories have been expanded in the 2017/18 financial year to provide more clarity to the users of the financial statements. As a result, comparative figures have been adjusted to conform to the current year's presentation.

Restricted assets are held for the following purpose and cannot be used for any other purpose.

Category	Purpose
Community Welfare	Improvements to service access, health literacy, public and preventative health care.
Facility Improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Patient Welfare	Improvements such as medical needs, financial needs and standards for patients' privacy and dignity.
Private Practice Disbursements (No.2 Accounts)	Staff specialists' private practice arrangements to improve the level of clinical services provided.
Public Contributions	Donations or legacies received without any donor-specified conditions as to its use.
Research	Research to gain knowledge, understanding and insight.
Staff Welfare	Staff benefits such as staff recognition awards, functions and staff amenities improvements.
Training and Education incl. Conferences	Professional training, education and conferences.
Other	Doesn't meet the definition of any of the above categories.

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
23. Payables				
Current				
—	—	Accrued Salaries, Wages and On-Costs	27,639	25,893
—	—	Taxation and Payroll Deductions	6,567	6,365
34,206	32,258	Accrued Liability - Purchase of Personnel Services	—	—
56,014	50,029	Creditors	56,014	50,029
Other Creditors				
20,301	19,523	- Payables to entities controlled by the immediate parent	20,301	19,523
21,756	29,589	- Other	21,756	29,589
132,277	131,399		132,277	131,399

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.

24. Borrowings				
Current				
1,425	2,105	Other Loans and Deposits	1,425	2,105
1,425	2,105		1,425	2,105
Non-Current				
7,509	1,085	Other Loans and Deposits	7,509	1,085
7,509	1,085		7,509	1,085

'Other Loans and Deposits' include balances due to the NSW Treasury, an entity 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 30 June 2028

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 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		25. Provisions		
		Current		
----	----	Annual Leave - Short Term Benefit	116,405	107,147
----	----	Annual Leave - Long Term Benefit	37,847	47,035
----	----	Long Service Leave Consequential On-Costs	27,766	23,451
----	----	Provision for Other Employee Benefits*	3,423	2,135
185,441	179,768	Provision for Personnel Services Liability	----	----
<u>185,441</u>	<u>179,768</u>		<u>185,441</u>	<u>179,768</u>
		*ADO liabilities have been reclassified from 'Other' to 'Provision for Other Employee Benefits'. Prior year comparatives have been restated as a result.		
		Non-Current		
----	----	Long Service Leave Consequential On-Costs	2,413	2,039
2,413	2,039	Provision for Personnel Services Liability	----	----
<u>2,413</u>	<u>2,039</u>		<u>2,413</u>	<u>2,039</u>
		Aggregate Employee Benefits and Related On-Costs		
----	----	Provisions - Current	185,441	179,768
----	----	Provisions - Non-Current	2,413	2,039
----	----	Accrued Salaries, Wages and On-Costs (Note 23)	34,206	32,258
222,060	211,930	Liability - Purchase of Personnel Services	----	----
<u>222,060</u>	<u>211,930</u>		<u>222,060</u>	<u>214,065</u>
		26. Other Liabilities		
		Current		
3,123	11,769	Income in Advance*	3,123	11,769
<u>3,123</u>	<u>11,769</u>		<u>3,123</u>	<u>11,769</u>
		*Some of 'Income in Advance' is made up of amounts received in advance from the University of Sydney for the Central Acute Services Building.		

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
27. 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:				
356,679	215,645	Within one year	356,679	215,645
217,384	79,639	Later than one year and not later than five years	217,384	79,639
<u>—</u>	3,198	Later than five years	<u>—</u>	3,198
<u>574,063</u>	<u>298,482</u>	Total Capital Expenditure Commitments (Including GST)	<u>574,063</u>	<u>298,482</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:				
6,639	6,626	Within one year	6,639	6,626
10,986	14,247	Later than one year and not later than five years	10,986	14,247
<u>149</u>	1,563	Later than five years	<u>149</u>	1,563
<u>17,774</u>	<u>22,436</u>	Total Operating Lease Commitments (Including GST)	<u>17,774</u>	<u>22,436</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 \$591.84 million as at 30 June 2018 includes input tax credits of \$53.80 million that are expected to be recoverable from the Australian Taxation Office (2017 \$29.17m).

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

28. Trust Funds

The District holds trust funds of \$2.9 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Third Party Funds		Total	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Balance at the beginning of the financial year	442	433	---	---	26,915	22,889	---	---	27,357	23,322
Revenue	3	9	156	---	42,904	67,316	29	---	43,092	67,325
Expenses	45	---	---	---	(67,621)	(63,290)	---	---	(67,576)	(63,290)
Balance at the end of the financial year	490	442	156	---	2,198	26,915	29	---	2,873	27,357

Trust Fund categories have been expanded in the 2017/18 financial year to provide more clarity to the users of the financial statements. As a result, comparative figures have been adjusted to conform to the current year's presentation.

The following list provides a brief description of the purpose of the trust fund categories.

Category	Purpose
Patient Trust	The safe custody of patients' valuables including monies.
Refundable Deposit	A sum of money held in trust as a security deposit.
Private Practice Trusts	The revenue derived from private patient and other billable services provided by Staff Specialists.
Third Party Funds	A sum of money held in trust on behalf of external parties, e.g. external foundations, volunteer groups and auxiliaries.

Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
29. Reconciliation of Cash Flows from Operating Activities to Net Result				
287,163	227,548	Net Cash Flows from Operating Activities	287,163	227,548
(62,615)	(64,149)	Depreciation and Amortisation	(62,615)	(64,149)
(1,904)	(4,511)	Impairment of Receivables	(1,904)	(4,511)
8,646	(9,956)	(Increase)/ Decrease Income in Advance	8,646	(9,956)
(6,048)	(13,085)	(Increase)/ Decrease in Provisions	(6,048)	(13,085)
(11,677)	22,951	Increase / (Decrease) in Prepayments and Other Assets	(11,677)	22,951
703	(24,018)	(Increase)/ Decrease in Payables from Operating Activities	703	(24,018)
(1,650)	(10,949)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(1,650)	(10,949)
52	99	Assets donated or brought to account for the first time	52	99
212,670	123,930	Net Result	212,670	123,930
30. Non-Cash Financing and Investing Activities				
52	99	Assets Received by Donation	52	99
52	99		52	99

PARENT & CONSOLIDATION

31. Changes in Liabilities arising from Financing Activities

	2017	Cash Flow	Non-cash Changes Other	2018
	\$000	\$000	\$000	\$000
Borrowings and Advances	3,190	5,744	----	8,934

32. 2017/18 Voluntary Services

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

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - Chaplaincies and Pastoral Care - Pink Ladies/Hospital Auxiliaries - Patient Support Groups - Community Organisations | <ul style="list-style-type: none"> - Patient & Family Support - Patient Services, Fund Raising - Practical Support to Patients and Relatives - Counselling, Health Education, Transport, Home Help & Patient Activities |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

33. Unclaimed Monies

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

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

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

34. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was lower than adjusted budget by \$265 thousand, primarily due to:

Over budget expenses of \$12m (Employee Related \$11m, Goods & Services \$8m offset by Depreciation -\$5m and Grants Expense -\$2m) and over budget revenue of \$11m (Recurrent Subsidy \$12m and Grants Revenue \$8m offset by lower than budget own source revenue of \$9m).

Assets and Liabilities

Receivables were lower than budget by \$11m primarily due to the release of prepaid capital costs for Westmead Education and Conference Centre of \$8.5m. Financial Assets at Fair Value were higher than budget due to T Corp additional investment \$2m and increase in unit value. Borrowings were over budget by \$7m mainly due to addition Energy Efficiency Project loans of \$7.8m.

Cash Flows

Operating cash flows were lower than budget by \$10m due to Employee Payments -\$14m, Goods & Services -\$4m, Grants & Subsidy Disbursements \$2m, Recurrent Allocation \$13m, receipts from Sales of Goods & Services -\$15m and Grant Receipts \$7m.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 31/07/2017 are as follows:

	\$000
Initial Allocation	1,345,421
Special Projects	
Nationally Funded Centres Program	6,744
Voluntary Redundancy Reimbursement	5,407
Integrated Care Initiative	5,000
Critical Fire Safety Works	2,374
Winter 2017 Activity	1,617
Keep Them Safe Funding Allocations 2017-18	1,488
NSW Mental Health Reform Tranche 2 funding 2017-18	1,412
Allocated Day Off Accrual Increase	1,288
Nurse Midwife Strategy Reserves	717
Mount Druitt Hospital Supportive and Palliative Care Unit	658
Pathology Tests Performed At Correctional Facilities	639
Violence Abuse and Neglect VAN Workforce Development Programs for Domestic Violence and Medical Forensic	540
Bed Replacement Program	492
2017/18 for Hospital In Home Services	440
VMO Fee For Service Increase	400
Supplementation for Winter Funding	376
Workplace Culture and Safety	337
S100 Highly Specialised Drugs Co-Payments	275
Meningococcal ACWY Vaccination program	267
Critical Maintenance Works	254
S100 Highly Specialised Drugs Co-Payments	238
ECAV Programs	231
Transfer of Salary Packaging service funding	220
Resolve Social Impact Investment	200
Revenue from Department of Family and Community Services regarding Tackling Violence Program	(260)
Reversal of Year 2 Drug & Alcohol Package budget - Previously Allocated	(283)
Recoup to accelerate the reduction of waiting time for Orthodontic Care	(400)
Aged Care Assessment Program (ACAP) 2017-18	(416)
Translational Research Grant Scheme	(649)
National Disability Insurance Scheme (NDIS)-Aids and Equipment Program	(1,364)
Other Adjustments Individually Less Than \$200,000	(57)
	<hr/>
Balance as per Statement of Comprehensive Income	1,373,606

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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35. Increase/(Decrease) In Net Assets from Equity Transfers

Equity transfers effected in the 2016/17 year were:

The NSW Government approved the transfer of the East Cumberland Hospital site to UrbanGrowth NSW (UGNSW), 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 of the following assets:

	2018	2017
	\$000	\$000
Land	-	54,509
Buildings	-	24,335
Infrastructure	-	-
Carrying Amount as at 13 January 2017	<u>-</u>	<u>78,844</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.

Equity transfers effected in the 2017/18 year were:

Nil equity transfers were effected in 2017/18.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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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 AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2018	2017
		\$000	\$000
Cash and Cash Equivalents (note 15)	N/A	94,962	90,960
Receivables (note 16)*	Loans and receivables (at amortised cost)	75,163	83,389
Financial Assets at Fair Value (note 18)	At fair value through profit or loss (designated as such upon initial recognition)	14,007	11,049
		184,132	185,398
Financial Liabilities			
Borrowings (note 24)	Financial liabilities measured at amortised cost	8,934	3,190
Payables (note 23)**	Financial liabilities measured at amortised cost	125,710	125,034
		134,644	128,224

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). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

(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 2017/18 compared to 2.35% in the previous year.

The TCorpIM Funds Investment facility is discussed in paragraph (d) below.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

36. Financial Instruments

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the 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 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.

	2018	2017
	\$000	\$000
Neither past due nor impaired	66,609	68,833
Past due but not impaired ^{1,2}		
< 3 months overdue	4,960	12,890
3 - 6 months overdue	1,676	332
> 6 months overdue	1,917	1,334
Impaired ^{1,2}		
< 3 months overdue	----	----
3 - 6 months overdue	142	1,464
> 6 months overdue	6,532	5,249
Total^{1,2}	81,836	90,102

Notes

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

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments Disclosures. 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 NSW 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
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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	> 5Yr
	\$000	\$000	\$000	\$000	\$000	\$000
2018						
Payables:						
- Creditors ²	125,710	-----	125,710	125,710	-----	-----
Borrowings:						
- Loans and Deposits	8,934	8,934	-----	1,425	3,274	4,235
	<u>134,644</u>	<u>8,934</u>	<u>125,710</u>	<u>127,135</u>	<u>3,274</u>	<u>4,235</u>
2017						
Payables:						
- Creditors ²	125,034	-----	125,034	125,034	-----	-----
Borrowings:						
- Loans and Deposits	3,190	3,190	-----	2,105	1,085	-----
	<u>128,224</u>	<u>3,190</u>	<u>125,034</u>	<u>127,139</u>	<u>1,085</u>	<u>-----</u>

Notes:

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

2 **Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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36. Financial Instruments

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The 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 TCorpIM Funds 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 2017. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

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

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

	Carrying Amount	-1% Net Result	Equity	+1% Net Result	Equity
	\$000	\$000	\$000	\$000	\$000
2018					
Financial Assets					
Cash and Cash Equivalents	94,962	(950)	(950)	950	950
Receivables	75,163	---	---	---	---
Financial Assets at Fair Value	14,007	(140)	(140)	140	140
Financial Liabilities					
Payables*	125,710	---	---	---	---
Borrowings	8,934	89	89	(89)	(89)
2017					
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*	125,034	---	---	---	---
Borrowings	3,190	32	32	(32)	(32)

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Western Sydney Local Health District
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Other price risk - TCorpIM Funds investment facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM Funds 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 TCorpIM Funds:

Facility	Investment Sector	Investment Horizon	2018 \$000	2017 \$000
Medium term growth fund	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	3 years to 7 years	5,663	5,409
Long-term growth fund	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	8,344	5,640

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.

TCorpIM, 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, TCorpIM has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. TCorpIM has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM Funds Investment facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds investment 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.

TCorpIM Funds investment 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). TCorpIM Funds 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 TCorpIM Funds) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM Funds Investment Statement).

Impact on net result	Change in unit price	2018	2017
		\$000	\$000
TCorpIM - Medium-term growth fund	+/- 6%	+/-340	+/-379
TCorpIM - Long-term growth fund	+/- 15%	+/-1,252	+/-902

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorpIM Funds investment 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
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(ii) Fair Value recognised in the Statement of Financial Position

	Level 2	Level 3	2018 Total
	\$'000	\$'000	\$'000
TCorplM Funds	14,007	----	14,007
	Level 2	Level 3	2017 Total
	\$'000	\$'000	\$'000
TCorplM Funds	11,049	----	11,049

(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 2018.

As discussed, the value of the TCorplM Funds investment 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 TCorplM Funds investment facilities are valued using 'redemption' pricing.

Western Sydney Local Health District
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37. Related Party Transactions

PARENT AND CONSOLIDATION

Key management personnel compensation is as follows:

	2018	2017
	\$000	\$000
Short-term employee benefits	1,164	1,012
Post-employment benefits	117	110
	1,281	1,122

During the financial year, Western Sydney Local Health District obtained key management personnel services from the immediate parent and incurred \$ 472K (2017: \$ 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.

Any amounts drawn down from the trust funds under the private practice arrangements are not included in the key management personnel compensation amounts or disclosed as a related party transaction.

Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2017: \$Nil).

Transactions with ultimate parent

There were no transactions with the ultimate parent during the financial year (2017: \$Nil).

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