Far West
Local Health District

Financial Statements
for the year ended 30 June 2019

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Far West Local Health District

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Far West Local Health District (the District), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, 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 entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity as at 30 June 2019, 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.

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(ae). 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.

S Bond.

Sally Bond
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 August 2019
SYDNEY

Far West Local Health District
Certification of the Financial Statements
for the year ended 30 June 2019

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

1) The financial statements of the Far West Local Health District for the year ended 30 June 2019 have been prepared in accordance with:

   a) Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);

   b) the requirements of the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance* and *Audit Regulation 2015*;

   c) NSW Treasurer's Directions issued under the Act.

2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Far West 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.

Stephen Rodwell
Chief Executive
28 August 2019

Noni Inglis
Director of Finance and Corporate Services
28 August 2019

Far West Local Health District
Statement of Comprehensive Income for the year ended 30 June 2019

PARENT					CONSOLIDATION		
Actual 2019 $000	Adjusted Budget Unaudited 2019 $000	Actual 2018 $000		Notes	Actual 2019 $000	Adjusted Budget Unaudited 2019 $000	Actual 2018 $000
			Continuing Operations				
			Expenses excluding losses				
-	-	-	Employee Related Expenses	2	77,951	78,478	73,111
73,040	73,567	69,298	Personnel Services	3	-	-	-
7,861	6,542	6,745	Visiting Medical Officers		7,861	6,542	6,745
35,122	33,310	29,332	Other Expenses	4	35,122	33,310	29,332
6,408	6,432	5,399	Depreciation and Amortisation	1(o), 5	6,408	6,432	5,399
2,378	2,384	2,396	Grants and Subsidies	6	2,378	2,384	2,396
124,809	**122,235**	**113,170**	**Total Expenses excluding losses**		**129,720**	**127,146**	**116,983**
			Revenue				
97,683	96,783	91,782	NSW Ministry of Health Recurrent Allocations	1(j)	97,683	96,783	91,782
8,981	9,228	22,369	NSW Ministry of Health Capital Allocations	1(j)	8,981	9,228	22,369
-	-	-	Acceptance by the Crown Entity of Employee Benefits	1(e)(ii),10	4,911	4,911	3,813
11,747	11,651	11,855	Sale of Goods and Services	1(j), 7	11,747	11,651	11,855
17	-	20	Investment Revenue	1(j),8	17	-	20
2,923	2,914	2,275	Grants and Other Contributions	1(j),9	2,923	2,914	2,275
3,316	1,304	1,404	Other Income	11	3,316	1,304	1,404
124,667	**121,880**	**129,705**	**Total Revenue**		**129,578**	**126,791**	**133,518**
(142)	**(355)**	**16,535**	**Operating Result**		**(142)**	**(355)**	**16,535**
30	-	(26)	Gains / (Losses) on Disposal	12	30	-	(26)
(31)	-	-	Impairment Losses on Financial Assets	15	(31)	-	-
-	-	(259)	Other Gains / (Losses)	13	-	-	(259)
(143)	**(355)**	**16,250**	**Net Result from Continuing Operations**	26	**(143)**	**(355)**	**16,250**
-	-	-	Net Result from Discontinued Operations		-	-	-
(143)	**(355)**	**16,250**	**Net Result**		**(143)**	**(355)**	**16,250**
			Other Comprehensive Income				
			Items that will not be reclassified to Net Result in subsequent periods				
-	-	9,171	Changes in Revaluation Surplus of Property, Plant and Equipment	17	-	-	9,171
-	**-**	**9,171**	**Total Other Comprehensive Income**		**-**	**-**	**9,171**
(143)	**(355)**	**25,421**	**TOTAL COMPREHENSIVE INCOME**		**(143)**	**(355)**	**25,421**

The accompanying notes form part of these financial statements.

Far West Local Health District
Statement of Financial Position as at 30 June 2019

PARENT					CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual
2019	2019	2018			2019	2019	2018
$000	$000	$000			$000	$000	$000
			ASSETS				
			Current Assets				
856	1,577	1,575	Cash and Cash Equivalents	14	856	1,577	1,575
3,059	2,972	2,625	Receivables	15	3,059	2,972	2,625
239	221	221	Inventories	16	239	221	221
4,154	**4,770**	**4,421**	**Total Current Assets**		**4,154**	**4,770**	**4,421**
			Non-Current Assets				
5	3	3	Receivables	15	5	3	3
			Property, Plant & Equipment	17			
123,483	121,370	122,848	- Land and Buildings		123,483	121,370	122,848
7,426	7,456	6,025	- Plant and Equipment		7,426	7,456	6,025
2,340	2,298	2,454	- Infrastructure Systems		2,340	2,298	2,454
133,249	**131,124**	**131,327**	**Total Property, Plant & Equipment**		**133,249**	**131,124**	**131,327**
122	122	178	Intangible Assets	18	122	122	178
133,376	**131,249**	**131,508**	**Total Non-Current Assets**		**133,376**	**131,249**	**131,508**
137,530	**136,019**	**135,929**	**Total Assets**		**137,530**	**136,019**	**135,929**
			LIABILITIES				
			Current Liabilities				
6,920	5,986	5,842	Payables	21	6,920	5,986	5,842
10,514	10,317	10,038	Provisions	22	10,514	10,317	10,038
17,434	**16,303**	**15,880**	**Total Current Liabilities**		**17,434**	**16,303**	**15,880**
			Non-Current Liabilities				
151	151	127	Provisions	22	151	151	127
151	**151**	**127**	**Total Non-Current Liabilities**		**151**	**151**	**127**
17,585	**16,454**	**16,007**	**Total Liabilities**		**17,585**	**16,454**	**16,007**
119,945	**119,565**	**119,922**	**Net Assets**		**119,945**	**119,565**	**119,922**
			EQUITY				
26,781	26,780	26,781	Reserves		26,781	26,780	26,781
93,164	92,785	93,141	Accumulated Funds		93,164	92,785	93,141
119,945	**119,565**	**119,922**	**Total Equity**		**119,945**	**119,565**	**119,922**

The accompanying notes form part of these financial statements.

Far West Local Health District

Statement of Changes in Equity for the year ended 30 June 2019

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds $000	Revaluation Surplus $000	Total $000
Balance at 1 July 2018		**93,141**	**26,781**	**119,922**
Changes in Accounting Policy	1(af)(i)	19	-	19
Restated balance at 1 July 2018		**93,160**	**26,781**	**119,941**
Net Result for the Year		(143)	-	(143)
Total Comprehensive Income for the Year		**(143)**	**-**	**(143)**
Transactions With Owners In Their Capacity As Owners				
Increase / (Decrease) in Net Assets From Equity Transfers	30	147	-	147
Balance at 30 June 2019		**93,164**	**26,781**	**119,945**
Balance at 1 July 2017		**76,891**	**17,610**	**94,501**
Net Result for the Year		16,250	-	16,250
Other Comprehensive Income:				
Net Change in Revaluation Surplus of Property, Plant and Equipment	17	-	9,171	9,171
Total Other Comprehensive Income		**-**	**9,171**	**9,171**
Total Comprehensive Income for the Year		**16,250**	**9,171**	**25,421**
Balance at 30 June 2018		**93,141**	**26,781**	**119,922**

The accompanying notes form part of these financial statements.

Far West Local Health District
Statement of Cash Flows for the year ended 30 June 2019

PARENT					CONSOLIDATION		
Actual 2019 $000	Adjusted Budget Unaudited 2019 $000	Actual 2018 $000		Notes	Actual 2019 $000	Adjusted Budget Unaudited 2019 $000	Actual 2018 $000
			CASH FLOWS FROM OPERATING ACTIVITIES				
			Payments				
-	-	-	Employee Related		(73,532)	(74,555)	(69,655)
(46,701)	(44,442)	(43,664)	Suppliers for Goods and Services		(46,701)	(44,442)	(43,664)
(2,645)	(2,651)	(2,691)	Grants and Subsidies		(2,645)	(2,651)	(2,691)
(73,532)	(74,555)	(69,655)	Other		-	-	-
(122,878)	**(121,648)**	**(116,010)**	**Total Payments**		**(122,878)**	**(121,648)**	**(116,010)**
			Receipts				
97,683	96,783	91,782	NSW Ministry of Health Recurrent Allocations		97,683	96,783	91,782
8,981	9,228	22,369	NSW Ministry of Health Capital Allocations		8,981	9,228	22,369
1,279	1,279	1,249	Reimbursements from the Crown Entity		1,279	1,279	1,249
11,901	11,862	12,128	Sale of Goods and Services		11,901	11,862	12,128
17	-	20	Interest Received		17	-	20
3,053	3,043	2,365	Grants and Other Contributions		3,053	3,043	2,365
7,489	5,628	6,306	Other		7,489	5,628	6,306
130,403	**127,823**	**136,219**	**Total Receipts**		**130,403**	**127,823**	**136,219**
7,525	**6,175**	**20,209**	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	26	**7,525**	**6,175**	**20,209**
			CASH FLOWS FROM INVESTING ACTIVITIES				
41	-	-	Proceeds from Sale of Property, Plant & Equipment and Intangibles		41	-	-
(8,285)	(6,173)	(22,266)	Purchases of Property, Plant & Equipment and Intangibles		(8,285)	(6,173)	(22,266)
(8,244)	**(6,173)**	**(22,266)**	**NET CASH FLOWS FROM INVESTING ACTIVITIES**		**(8,244)**	**(6,173)**	**(22,266)**
			CASH FLOWS FROM FINANCING ACTIVITIES				
-	-	-	**NET CASH FLOWS FROM FINANCING ACTIVITIES**		-	-	-
(719)	2	(2,057)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		(719)	2	(2,057)
1,575	1,575	3,632	Opening Cash and Cash Equivalents	14	1,575	1,575	3,632
856	**1,577**	**1,575**	**CLOSING CASH AND CASH EQUIVALENTS**	14	**856**	**1,577**	**1,575**

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

a) The Reporting Entity

The Far West 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 20), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.

* The Far West 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 2019 have been authorised for issue by the Chief Executive on 28 August 2019.

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 (AAS) (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 (the Act) and the Public Finance and Audit Regulation 2015, and the NSW Treasurer's Directions issued under the Act. The financial statements comply with the NSW Treasury mandates circular for NSW General Government Sector Entities.

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

The Secretary of NSW Health, the Chair of the Far West 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 cash flows 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, assets held for sale and certain financial assets and liabilities 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, which is the District's presentation and functional currency.

c) Comparative Information

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

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, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

1. Statement of Significant Accounting Policies

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 19.04% are applied to the value of leave payable at 30 June 2019 (comparable on-costs for 30 June 2018 were 18.7%). 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 22.

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

f) Insurance

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

g) 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) Payments to Affiliated Health Organisations

Payments to non-government affiliated health organisations generally comprise contributions in cash or in kind. Non-government affiliated health organisations support the NSW Ministry of Health's role of 'system manager' in relation to the NSW public health system. The payments are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

i) Finance Costs

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing 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.

j) 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 goods, usually on delivery of the goods.

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).

1. Statement of Significant Accounting Policies

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 calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the District's right to receive payment is established.

Forgiveness of Liabilities

The gross amount of a liability forgiven by a credit provider is recognised by the borrower as other income.

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.

Refer to Note 7 (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.

Other Income

Other income includes lease income from operating leases where the District is the lessor. Income is recognised on a straight-line basis over the lease term.

1. Statement of Significant Accounting Policies

k) 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.

l) Interstate Patient Flows

Interstate patient flows are funded through the NSW State Pool Account, 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.

m) 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.

Health Administration Corporation, a controlled entity of the immediate parent, manages the approved major capital works program for the NSW Ministry of Health and its controlled entities. Health Administration Corporation receives NSW Ministry of Health Capital Allocations and grants on behalf of the District and makes payments to contractors and suppliers. Health Administration Corporation initially records all costs incurred as work in progress or expenses and subsequently transfers to the District. The costs are then accordingly reflected in the District financial statements. The District acquires most assets in this manner.

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

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

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

Land and buildings are owned by the Health Administration Corporation. 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.

n) Capitalisation Thresholds

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

o) 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%
Leasehold Improvements	10.0%
Infrastructure Systems	2.5%
Plant and Equipment	
- Computer Equipment	20.0%
- Electro Medical Equipment	
* Costing less than $200 thousand	10.0%
* Costing more than or equal to $200 thousand	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.

1. Statement of Significant Accounting Policies

p) 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 participant's 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 17 and Note 19 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 District 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 recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same 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, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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

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

q) 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.

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

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.

As a lessee:

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.

As a lessor:

The District, as the lessor, classifies its leases as finance leases if it transfers to the lessee substantially all the risks and rewards incidental to ownership of the leased asset. The leased assets are recognised as current and non-current receivables at amounts equal to the net investment in the lease.

Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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) Receivables

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Other financial assets are initially measured at fair value plus any transaction costs. Other financial assets include intra health loans and deposits with a maturity of three months or more.

Subsequent measurement under AASB 9 Financial Instruments (from 1 July 2018)

The District holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as a separate line item in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains / (losses) together with foreign exchange gains and losses.

Amounts due from lessees under finance leases are classified at amortised cost and recognised at the amount of the District's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the District's net investment outstanding in respect of the leases.

Classification and measurement under AASB 139 Financial Instruments: Recognition and Measurement (for comparative period ended 30 June 2018)

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or though the amortisation process.

Amounts due from lessees under finance leases are classified as loans and receivables and recognised at the amount of the consolidated entity's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the consolidated entity's net investment outstanding in respect of the leases.

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

w) Financial Assets at Fair Value

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and measurement under AASB 9 (from 1 July 2018)

The District's financial assets at fair value are classified, at fair value through profit or loss. The classification was based on the purpose of acquiring such assets.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. TCorpIM Funds are managed and their performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at fair value through profit or loss.

1. Statement of Significant Accounting Policies

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains / (losses), except for TCorpIM Funds that are presented in 'investment revenue' in the period in which it arises.

Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)

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 or repurchasing 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 movement in the fair value of the TCorpIM Funds investment incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

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

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

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

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

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

x) Impairment of Financial Assets

Impairment under AASB 9 (from 1 July 2018)

The District recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the District expects to receive, discounted at the original effective interest rate.

Receivables

For trade receivables, the District applies a simplified approach in calculating ECLs. The District recognises a loss allowance based on lifetime ECLs at each reporting date. The District has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

Other Financial Assets

ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e. a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. a lifetime ECL). In addition, the District considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The District term deposits are issued by financial institutions that have strong credit ratings and therefore considered to be low credit risk investments. Hence the District measures the loss allowance for term deposits at an amount equal to 12-month ECL. However, when there is a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The District uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the deposits and to estimate ECLs. These estimates are performed at every reporting date.

For lease receivables, the District applies the simplified approach permitted by AASB 9, where the loss allowance is based on lifetime ECLs.

1. Statement of Significant Accounting Policies

Impairment of financial assets under AASB 139 (for the comparative period ended 30 June 2018)

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the District will not be able to collect all amounts due, as a result of one or more events that occurred after the initial recognition of the asset, the estimated cash flows have been affected.

For certain categories of financial assets, such as trade receivables,the District first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Further, receivables 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

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

* the District has transferred substantially all the risks and rewards of the asset; or
* the District has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the District has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the District has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the District continuing involvement in the asset. In that case, the District also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

z) Payables

These amounts represent liabilities for goods and services provided to the District and other amounts. Payables are recognised initially at fair value, net of directly attributable transaction costs.

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) 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 (unadjusted) 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 19 and Note 31 for further disclosures regarding fair value measurements of non-financial and financial assets.

ab) 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.

1. Statement of Significant Accounting Policies

ac) 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(p).

ad) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 24.

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.

ae) 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 29.

af) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The District has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The District applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The effect of adopting AASB 9 on the Statement of Financial Position (increase / (decrease)) as at 1 July 2018 is set out below:

	Notes	1 July 2018 $'000
Assets		
Receivables	15	19
Total Adjustment on equity		**19**
Accumulated funds		(19)

a) Classification and measurement of financial instruments

On 1 July 2018 (the date of initial application of AASB 9), the District's management has assessed which business models apply to the financial assets by the District and has classified its financial instruments into the appropriate AASB 9 categories. The classification and measurement requirements of AASB 9 did not have a material impact to the District.

The impact of transition to AASB 9 on reserves and accumulated funds is, as follows:

	Notes	Accumulated funds $'000	Total change in equity $'000
Closing balance 30 June 2018 - AASB 139		93,141	93,141
Recognition of AASB 9 expected credit losses	15	19	19
Total impact		**19**	**19**
Opening balance 1 July 2018 - AASB 9		93,160	93,160

The District continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the District's financial assets:

1. Statement of Significant Accounting Policies

- Trade receivables and other financial assets (i.e., term deposits) classified as 'Loans and receivables' (L&R) under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.

- Investments in TCorpIM Funds are managed on a fair value basis and hence were designated at fair value through profit or loss (FVPL) under AASB 139 as at 30 June 2018. Under AASB 9, these are now mandatorily required at transition date of 1 July 2018 and going forward to be classified and measured as fair value through profit or loss.

- The District has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the District's financial liabilities.

In summary, upon the adoption of AASB 9, the District had the following required or elected reclassifications as at 1 July 2018:

	Measurement category		Carrying amount		
AASB 139 measurement category	**AASB 139**	**AASB 9**	**Original $'000**	**New $'000**	**Difference $'000**
Receivables	L&R	Amortised cost	2,628	2,647	19

b) Impairment

The adoption of AASB 9 has changed the District's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the District to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss.

Set out below is the reconciliation of the closing impairment allowances under AASB 139 to the opening loss allowances determined under AASB 9:

	Allowance for impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	$'000	**$'000**	**$'000**
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	(48)	19	(29)

(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 16 Leases replaces all existing lease 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 thousand) 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 new standard will gross up the Statement of Financial Position and change Statement of Comprehensive Income and cash flow presentation. Rent and lease expense will be replaced by depreciation and interest expense in Statement of Comprehensive Income. This results in a front-loaded lease expense, decreasing the net result and equity position. The Statement of Cash Flows for lessees will also 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 a 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.

1. Statement of Significant Accounting Policies

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.

AASB 1059 Service Concession Arrangements is applicable to public sector entities only and is effective for annual periods beginning on or after 1 January 2020. This standard 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

The Ministry of Health has formed a project team to lead the implementation of the new accounting standards. The objective of the project is to continuously analyse and assess 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.

The project team has conducted various data gathering tasks with health entities around leases and certain revenue streams.

Work currently underway includes:

* implementation of an IT solution for lease management and accounting
* comprehensive review and capture of lease information
* review of accounting policies and processes surrounding leases and revenue.

Potential Impact on the District's Financial Report

While the consolidated entity, controlled by the ultimate parent, is yet to complete full implementation and adoption of the new accounting standards, the following summaries work undertaken by the District so far and the known and expected impacts:

Leases

The District has compiled a lease register and calculated the likely impact of the new leasing standards, to be as follows.

* The total assets and liabilities on the Statement of Financial Position will increase by approximately $471 thousand on the date of transition (on 1 July 2019). In subsequent years, total equity is expected to decrease due to a reduction in capitalised assets being on a straight line basis whilst the liability reduces the principal amount of repayments.
* Interest expenses will increase by approximately $9 thousand in the 2019-2020 financial year 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 leases life.This effect may be partially mitigated due to the number of leases held by the District 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. For 2019-2020 financial year, depreciation expense is expected to be higher by approximately $228 thousand.
* Operating lease expense recognised under AASB 17 Leases will decrease by approximately $229 thousand in the 2019-2020 financial year.
* Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.
* The assessment outcomes are based on certain assumptions and are indicative only. There are likely to be variances with the actual impacts to be reported in 2019-2020 financial year and onwards.

Revenue and Income of Not-for-Profit Entities

District in consultation with the NSW Ministry of Health has performed a preliminary impact assessment by the major revenue lines. The review has not indicated any material impact arising from the adoption of the new revenue accounting standard. The likely impacts are:

* Deferral of 'Grants and Other Contributions' revenue. The impacts are not expected to be material as most funds received correlates to the level of activities performed during the year and most contracts are short to medium term only. Some timing differences is expected between inflow of funds and the level of activity, which may require some deferral or accrual of grant and other contribution revenue.
* Specific quantitative and qualitative disclosures will be required under AASB 15 Revenue from Contracts with Customers.

1. Statement of Significant Accounting Policies

Service Concession Arrangements

The work on Service Concession Arrangements is in progress.The District expects the following impacts from the preliminary work performed so far:

* No significant impact expected on the District.

Application Date

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

PARENT			CONSOLIDATION	
2019	2018		2019	2018
$000	$000		$000	$000
		2. Employee Related Expenses		
-	-	Salaries and Wages (including Annual Leave and ADO)	66,092	62,832
-	-	Superannuation - Defined Benefit Plans	813	814
-	-	Superannuation - Defined Contribution Plans	5,480	5,209
-	-	Long Service Leave	4,402	3,309
-	-	Redundancies	-	337
-	-	Workers' Compensation Insurance	1,162	607
-	-	Fringe Benefits Tax	2	3
-	**-**		**77,951**	**73,111**
		3. Personnel Services		
66,092	62,832	Salaries and Wages (including Annual Leave and ADO)	-	-
5,480	5,209	Superannuation - Defined Contribution Plans	-	-
304	310	Long Service Leave	-	-
-	337	Redundancies	-	-
1,162	607	Workers' Compensation Insurance	-	-
2	3	Fringe Benefits Tax	-	-
73,040	**69,298**		**-**	**-**

Personnel services of Far West Local Health District were provided by its controlled entity, Far West Local Health District Special Purpose Service Entity.

PARENT			CONSOLIDATION	
2019	2018		2019	2018
$000	$000		$000	$000
		4. Other Expenses		
73	78	Advertising	73	78
154	150	Auditor's Remuneration - Audit of Financial Statements	154	150
162	115	Blood and Blood Products	162	115
61	80	Consultancies	61	80
1	14	Contractors	1	14
613	638	Domestic Supplies and Services	613	638
1,743	1,684	Drug Supplies	1,743	1,684
575	524	Food Supplies	575	524
1,379	1,336	Fuel, Light and Power	1,379	1,336
1,764	1,556	Patient Transport Costs	1,764	1,556
2,705	2,049	Information Management Expenses	2,705	2,049
201	143	Insurance	201	143
35	-	Interstate Patient Outflows	35	-
2,375	2,701	Maintenance (See Note 4(b))	2,375	2,701
2,326	2,080	Medical and Surgical Supplies	2,326	2,080
343	387	Motor Vehicle Expenses	343	387
227	226	Postal and Telephone Costs	227	226
289	293	Printing and Stationery	289	293
263	225	Rates and Charges	263	225
139	137	Rental	139	137
237	236	Hosted Services Purchased from Entities Controlled by the Immediate Parent	237	236
7,660	6,910	Specialised Services (Dental, Radiology, Pathology, Cardiology, Fast Track Clinic, Mental Health)	7,660	6,910
1,933	1,722	Staff Related Costs	1,933	1,722
1,883	1,751	Travel Related Costs	1,883	1,751
7,981	4,297	Other (See Note 4(a))	7,981	4,297
35,122	**29,332**		**35,122**	**29,332**

PARENT 2019 $000	PARENT 2018 $000			CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		4.	**Other Expenses**		
		a)	**Other Includes:**		
894	966		Corporate Support Services	894	966
80	72		Courier and Freight	80	72
2,301	2,128		Isolated Patient Travel and Accommodation Assistance Scheme	2,301	2,128
94	98		Legal Services	94	98
41	75		Membership/Professional Fees	41	75
378	424		Motor Vehicle Operating Lease Expense - Minimum Lease Payments	378	424
16	16		Other Operating Lease Expense - Minimum Lease Payments	16	16
12	43		Quality Assurance/Accreditation	12	43
134	100		Security Services	134	100
2,912	-		Demolition Expenses	2,912	-
1,119	375		Other Miscellaneous	1,119	375
7,981	**4,297**			**7,981**	**4,297**
		b)	**Reconciliation of Total Maintenance**		
735	762		Maintenance Contracts	735	762
1,143	1,359		New/Replacement Equipment under $10,000	1,143	1,359
497	580		Repairs Maintenance/Non Contract	497	580
2,375	2,701		Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	2,375	2,701
961	1,002		Employee Related/Personnel Services Maintenance Expense included in Notes 2 and 3	961	1,002
3,336	**3,703**			**3,336**	**3,703**

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

The majority of 'Patient Transport Costs' were paid to Health Administration Corporation, 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 'Corporate Support Services' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some of 'Specialised Services' were paid to the entities controlled by the immediate parent.

Some 'Rental' were paid to entities controlled by the ultimate parent.

Majority of 'Legal Services' were paid to the Crown Solicitors Office, an entity controlled by the ultimate parent.

Majority of 'Other Miscellaneous' were paid to entities controlled by the immediate parent.

PARENT			CONSOLIDATION	
2019	2018		2019	2018
$000	$000		$000	$000
		5. Depreciation and Amortisation		
5,004	4,277	Depreciation - Buildings	5,004	4,277
1,234	956	Depreciation - Plant and Equipment	1,234	956
114	110	Depreciation - Infrastructure Systems	114	110
56	56	Amortisation - Intangible Assets	56	56
6,408	**5,399**		**6,408**	**5,399**
		6. Grants and Subsidies		
2,144	2,090	Non-Government Organisations	2,144	2,090
29	34	Grants Paid to Entities Controlled by the Immediate Parent	29	34
205	272	Other Grants	205	272
2,378	**2,396**		**2,378**	**2,396**

PARENT 2019 $000	PARENT 2018 $000			CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		7.	**Sale of Goods and Services**		
		a)	**Sale of Goods comprise the following:-**		
66	53		Pharmacy Sales	66	53
76	64		Sale of Prosthesis	76	64
25	22		Other	25	22
		b)	**Rendering of Services comprise the following:-**		
			Patient Fees:		
4,539	4,425		- Inpatient Fees	4,539	4,425
34	29		- Nursing Home Fees	34	29
409	262		- Non Inpatient Fees	409	262
1,059	1,002		Department of Veterans' Affairs	1,059	1,002
168	199		Staff Meals and Accommodation	168	199
2,891	3,261		Infrastructure Fees - Monthly Facility Charge	2,891	3,261
410	306		Infrastructure Fees - Annual Charge	410	306
3	9		Cafeteria/Kiosk	3	9
2	5		Clinical Services (excluding Clinical Drug Trials)	2	5
20	20		Commercial Activities	20	20
5	9		Fees for Medical Records	5	9
3	4		Information Retrieval	3	4
599	619		Highly Specialised Drugs	599	619
84	83		Linen Service Revenues - Non Health Services	84	83
14	21		Meals on Wheels	14	21
232	214		Motor Accident Authority Third Party	232	214
14	22		Private Use of Motor Vehicles	14	22
28	28		Salary Packaging Fee	28	28
36	107		Services Provided to Non NSW Health Organisations	36	107
381	379		Multi Purpose Service Centre Fees	381	379
649	712		Other	649	712
11,747	**11,855**			**11,747**	**11,855**

Motor Accident Authority Third Party ' revenue was received from the State Insurance Regulatory Authority (SIRA), an entity controlled by the ultimate parent.

PARENT 2019 $000	PARENT 2018 $000			CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		8.	**Investment Revenue**		
17	20		Interest	17	20
17	**20**			**17**	**20**

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		9. Grants and Other Contributions		
459	485	Commonwealth Government Grants	459	485
298	408	Industry Contributions / Donations	298	408
412	431	Cancer Institute Grants Received from an Entity Controlled by the Immediate Parent	412	431
1,223	388	Grants & Contributions Received from Entities Controlled by the Ultimate Parent	1,223	388
8	12	Grants & Contributions Received from Entities Controlled by the Immediate Parent	8	12
523	551	Other Grants	523	551
2,923	**2,275**		**2,923**	**2,275**

The majority of 'Grants & Contributions Received from Entities Controlled by the Ultimate Parent' were received from Crown Finance Entity.

The majority of 'Grants & Contributions Received from Entities Controlled by the Immediate Parent' were received from Health Education and Training Institute.

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		10. Acceptance by the Crown Entity of Employee Benefits		
		The following liabilities and expenses have been assumed by the Crown Entity:		
-	-	Superannuation - Defined Benefit Plans	813	814
-	-	Long Service Leave Provision	4,098	2,999
-	**-**		**4,911**	**3,813**

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		11. Other Income		
		Other Income comprises the following:-		
-	1	Bad Debts Recovered	-	1
5	-	Conference and Training Fees	5	-
12	-	Discounts	12	-
2,187	93	Insurance Refunds	2,187	93
51	67	Lease and Rental	51	67
328	280	Treasury Managed Fund Hindsight Adjustment	328	280
733	963	Other	733	963
3,316	**1,404**		**3,316**	**1,404**

Most of the 'Lease and Rental' income was received from entities controlled by the immediate parent.

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

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		12. Gains / (Losses) on Disposal		
6,119	1,072	Property, Plant and Equipment	6,119	1,072
(6,108)	(1,046)	Less: Accumulated Depreciation	(6,108)	(1,046)
11	**26**	**Written Down Value**	**11**	**26**
41	-	Less: Proceeds from Disposal	41	-
30	**(26)**	**Gain / (Loss) on Disposal of Property, Plant and Equipment**	**30**	**(26)**
30	**(26)**	**Total Gains / (Losses) on Disposal**	**30**	**(26)**
		13. Other Gains / (Losses)		
-	(259)	Impairment of Receivables	-	(259)
-	**(259)**		**-**	**(259)**

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		14. Cash and Cash Equivalents		
856	1,575	Cash at Bank and On Hand	856	1,575
856	**1,575**		**856**	**1,575**

For the purposes of the Statement of Cash Flows, 'Cash and Cash Equivalents' includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and 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:

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
856	1,575	Cash and Cash Equivalents (per Statement of Financial Position)	856	1,575
856	**1,575**	**Closing Cash and Cash Equivalents (per Statement of Cash Flows)**	**856**	**1,575**

Refer to Note 31 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		15. Receivables		
		Current		
652	517	Sale of Goods and Services	652	517
576	540	Intra Health Receivables	576	540
630	635	Goods and Services Tax	630	635
774	775	Other Debtors	774	775
2,632	**2,467**	**Sub Total**	**2,632**	**2,467**
(25)	-	Less: Allowance for Expected Credit Losses *	(25)	-
-	(48)	Less: Allowance for Impairment **	-	(48)
2,607	**2,419**	**Sub Total**	**2,607**	**2,419**
452	206	Prepayments	452	206
3,059	**2,625**		**3,059**	**2,625**

'Intra Health Receivables' includes amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from Health Administration Corporation.

'Prepayments' includes amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from Health Administration Corporation.

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		a) * Movement in the Allowance for Expected Credit Losses		
		Sale of Goods and Services		
(27)	-	Balance as at 30 June 2018 under AASB 139	(27)	-
(1)	-	Amounts restated through opening Accumulated Funds	(1)	-
(28)	-	Balance at 1 July 2018 under AASB 9	(28)	-
(17)	-	Amounts Written Off During the Year	(17)	-
-	-	Amounts Recovered During the Year	-	-
-	-	Administrative Restructures - Transfers (In) / Out	-	-
20	-	(Increase) / Decrease in Allowance Recognised in the Net Result	20	-
(25)	**-**	**Balance at 30 June 2019**	**(25)**	**-**
		Other Debtors		
(21)	-	Balance as at 30 June 2018 under AASB 139	(21)	-
20	-	Amounts restated through opening Accumulated Funds	20	-
(1)	-	Balance at 1 July 2018 under AASB 9	(1)	-
52	-	Amounts Written Off During the Year	52	-
-	-	Amounts Recovered During the Year	-	-
-	-	Administrative Restructures - Transfers (In) / Out	-	-
(51)	-	(Increase) / Decrease in Allowance Recognised in the Net Result	(51)	-
-	**-**	**Balance at 30 June 2019**	**-**	**-**
(25)	**-**		**(25)**	**-**
		b) ** Movement in the Allowance for Impairment		
		Sale of Goods and Services		
-	(46)	Balance at 1 July 2017	-	(46)
-	20	Amounts Written Off During the Year	-	20
-	**(26)**	**Balance at 30 June 2018**	**-**	**(26)**
		Other Debtors		
-	(13)	Balance at 1 July 2017	-	(13)
-	250	Amounts Written Off During the Year	-	250
-	(259)	(Increase) / Decrease in Allowance Recognised in the Net Result	-	(259)
-	**(22)**	**Balance at 30 June 2018**	**-**	**(22)**
-	**(48)**		**-**	**(48)**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
$000	$000		$000	$000
		15. Receivables		
		Non-Current		
5	3	Sale of Goods and Services	5	3
5	**3**		**5**	**3**
		c) The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		Current and Non-Current include:		
41	45	Patient Fees - Compensable	41	45
15	14	Patient Fees - Ineligible	15	14
406	354	Patient Fees - Inpatient & Other	406	354
462	**413**		**462**	**413**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 31.

16. Inventories

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
118	98	Drug Supplies	118	98
121	123	Other Including Goods in Transit	121	123
239	**221**		**239**	**221**

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		17. Property, Plant and Equipment		
		Land and Buildings - Fair Value		
205,756	205,383	Gross Carrying Amount	205,756	205,383
82,273	82,535	*Less:* Accumulated Depreciation and Impairment	82,273	82,535
123,483	**122,848**	**Net Carrying Amount**	**123,483**	**122,848**
		Plant and Equipment - Fair Value*		
15,267	13,473	Gross Carrying Amount	15,267	13,473
7,841	7,448	*Less:* Accumulated Depreciation and Impairment	7,841	7,448
7,426	**6,025**	**Net Carrying Amount**	**7,426**	**6,025**
		Infrastructure Systems - Fair Value		
4,570	4,570	Gross Carrying Amount	4,570	4,570
2,230	2,116	*Less:* Accumulated Depreciation and Impairment	2,230	2,116
2,340	**2,454**	**Net Carrying Amount**	**2,340**	**2,454**
133,249	**131,327**	**Total Property, Plant and Equipment at Net Carrying Amount**	**133,249**	**131,327**

* 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.

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17. 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
2019				
Net Carrying Amount at Beginning of Year	122,848	6,025	2,454	131,327
Additions	5,672	2,613	-	8,285
Disposals	(11)	-	-	(11)
Depreciation Expense	(5,004)	(1,234)	(114)	(6,352)
Reclassifications	(22)	22	-	-
Net Carrying Amount at End of Year	**123,483**	**7,426**	**2,340**	**133,249**

	Land and Buildings $000	Plant and Equipment $000	Infrastructure Systems $000	Total $000
2018				
Net Carrying Amount at Beginning of Year	96,899	6,026	2,334	105,259
Additions	21,303	963	-	22,266
Disposals	(18)	(8)	-	(26)
Net Revaluation Increment Less Revaluation Decrements	8,941	-	230	9,171
Depreciation Expense	(4,277)	(956)	(110)	(5,343)
Net Carrying Amount at End of Year	**122,848**	**6,025**	**2,454**	**131,327**

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 19.

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

(ii) Indices provided by Corporeal Pty Ltd were not applied as they were deemed immaterial.

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		18. Intangible Assets		
		Intangibles		
281	281	Cost (Gross Carrying Amount)	281	281
159	103	Less: Accumulated Amortisation and Impairment	159	103
122	**178**	**Total Intangible Assets at Net Carrying Amount**	**122**	**178**

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18. Intangible Assets - Reconciliation

	Total $000
2019	
Net Carrying Amount at Beginning of Year	178
Amortisation (Recognised in Depreciation and Amortisation)	(56)
Net Carrying Amount at End of Year	**122**

	Total $000
2018	
Net Carrying Amount at Beginning of Year	234
Amortisation (Recognised in Depreciation and Amortisation)	(56)
Net Carrying Amount at End of Year	**178**

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19. 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

2019	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Property, Plant and Equipment (Note 17)				
- Land and Buildings	-	531	92,590	93,121
- Infrastructure Systems	-	-	2,340	2,340
	-	**531**	**94,930**	**95,461**

There were no transfers between level 1 and 2 during the year ended 30 June 2019.

The above figures exclude work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 17.

2018	Level 1 $000	Level 2 $000	Level 3 $000	Total Fair Value $000
Property, Plant and Equipment (Note 17)				
- Land and Buildings	-	618	96,842	97,460
- Infrastructure Systems	-	-	2,454	2,454
	-	**618**	**99,296**	**99,914**

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

The above figures exclude work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 17.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the District obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Corporeal Pty Ltd for the 2017/18 financial year. Corporeal Pty Ltd is an independent entity and is not an associated entity of the District.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 17 reconciliation.)

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

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

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

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

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

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19. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2019	Land and Buildings $000	Infrastructure Systems $000	Total Level 3 Recurring $000
Fair Value as at 1 July 2018	96,842	2,454	99,296
Disposals	(11)	-	(11)
Depreciation expense	(4,241)	(114)	(4,355)
Fair Value as at 30 June 2019	**92,590**	**2,340**	**94,930**

2018	Land and Buildings $000	Infrastructure Systems $000	Total Level 3 Recurring $000
Fair Value as at 1 July 2017	90,082	2,334	92,416
Additions	2,589	-	2,589
Revaluation Increments / (Decrements) recognised in Other Comprehensive Income – included in line item 'Changes in Revaluation Surplus of Property, Plant and Equipment' (Note 17)	8,941	230	9,171
Transfers to Level 2	(490)	-	(490)
Disposals	(18)	-	(18)
Depreciation expense	(4,262)	(110)	(4,372)
Fair Value as at 30 June 2018	**96,842**	**2,454**	**99,296**

During the revaluation process, some items of land and buildings were reclassified from Level 3 to Level 2.

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20. 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.They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2019.

Category	Opening Equity 1 July 2018 $000	Expense 2019 $000	Revenue 2019 $000	Closing Equity 30 June 2019 $000
Community Welfare	87	-	10	97
Facility Improvements	278	206	144	216
Holds Funds in Perpetuity	12	-	-	12
Patient Welfare	159	32	4	131
Public Contributions	290	96	121	315
Staff Welfare	2	-	-	2
Training and Education Including Conferences	35	4	1	32
	863	**338**	**280**	**805**

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.
Holds Funds in Perpetuity	Donor has explicitly requested funds be invested permanently and not otherwise expended.
Patient Welfare	Improvements such as medical needs, financial needs and standards for patients' privacy and dignity.
Public Contributions	Donations or legacies received without any donor-specified conditions as to its use.
Staff Welfare	Staff benefits such as staff recognition awards, functions and staff amenity improvements.
Training and Education Including Conferences	Professional training, education and conferences.

PARENT			CONSOLIDATION	
2019	2018		2019	2018
$000	$000		$000	$000
		21. Payables		
		Current		
-	-	Accrued Salaries, Wages and On-Costs	1,128	927
-	-	Taxation and Payroll Deductions	836	722
1,964	1,649	Accrued Liability - Purchase of Personnel Services	-	-
2,584	2,223	Creditors	2,584	2,223
		Other Creditors		
1,476	1,095	- Payables to Entities Controlled by the Immediate Parent	1,476	1,095
896	875	- Other	896	875
6,920	**5,842**		**6,920**	**5,842**

The majority of 'Payables to Entities Controlled by the Immediate Parent' relate to balances payable to the Health Administration Corporation and Western NSW Local Health District.

Some of 'Other Creditors - Other' relate to balances payable to The Audit Office of New South Wales.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 31.

PARENT 2019 $000	PARENT 2018 $000	22. Provisions	CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
		Current		
-	-	Annual Leave - Short Term Benefit	7,711	7,463
-	-	Annual Leave - Long Term Benefit	549	622
-	-	Long Service Leave Consequential On-Costs	1,737	1,457
-	-	Provision for Other Employee Benefits	517	496
10,514	10,038	Provision for Personnel Services Liability	-	-
10,514	**10,038**		**10,514**	**10,038**
		Non-Current		
-	-	Long Service Leave Consequential On-Costs	151	127
151	127	Provision for Personnel Services Liability	-	-
151	**127**		**151**	**127**
		Aggregate Employee Benefits and Related On-Costs		
-	-	Provisions - Current	10,514	10,038
-	-	Provisions - Non-Current	151	127
-	-	Accrued Salaries, Wages and On-Costs, Taxation and Payroll Deductions (Note 21)	1,964	1,649
12,629	11,814	Liability - Purchase of Personnel Services	-	-
12,629	**11,814**		**12,629**	**11,814**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
$000	$000		$000	$000

23. Commitments

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:

Parent 2019 $000	Parent 2018 $000		Consolidation 2019 $000	Consolidation 2018 $000
904	4,970	Within one year	904	4,970
114	10	Later than one year and not later than five years	114	10
1,018	**4,980**	**Total (Including GST)**	**1,018**	**4,980**

Some 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

Entity as Lessee

Future minimum rentals payable under non-cancellable operating leases at balance date are, as follows:

Parent 2019 $000	Parent 2018 $000		Consolidation 2019 $000	Consolidation 2018 $000
331	371	Within one year	331	371
207	291	Later than one year and not later than five years	207	291
538	**662**	**Total (Including GST)**	**538**	**662**

The 'Operating Lease Commitments' above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

c) Input Tax Receivable Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments (Entity as Lessee)' of $1.556 million as at 30 June 2019 includes input tax credits of $0.140 million that are expected to be recoverable from the Australian Taxation Office (2018 $0.512 million).

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24. Trust Funds

The District holds trust funds of $40 thousand (2018 : $38 thousand) 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		Total	
	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000
Balance at the Beginning of the Financial Year	36	35	2	94	38	129
Add : Receipts	3	1	-	3	3	4
Less : Expenditure	-	-	(1)	(95)	(1)	(95)
Balance at the End of the Financial Year	**39**	**36**	**1**	**2**	**40**	**38**

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 Deposits	A sum of money held in trust as a security deposit.

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25. Contingent Liabilities and Assets

The District is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

26. Reconciliation of Cash Flows from Operating Activities to Net Result

PARENT 2019 $000	PARENT 2018 $000		CONSOLIDATION 2019 $000	CONSOLIDATION 2018 $000
7,525	20,209	Net Cash Flows from Operating Activities	7,525	20,209
(6,408)	(5,399)	Depreciation and Amortisation Expense	(6,408)	(5,399)
(31)	(259)	Allowance for impairment	(31)	(259)
(648)	(745)	Decrease / (Increase) in Provisions	(648)	(745)
476	(1,158)	Increase / (Decrease) in Prepayments and Other Assets	476	(1,158)
(1,087)	3,628	Decrease / (Increase) in Payables	(1,087)	3,628
30	(26)	Net Gain / (Loss) on Sale of Property, Plant and Equipment	30	(26)
(143)	**16,250**	**Net Result**	**(143)**	**16,250**

PARENT AND CONSOLIDATION

27. 2018/19 Voluntary Services

It is considered impracticable to quantify the monetary value of voluntary services provided to the District. Services received free, or for nominal consideration include:

- Chaplaincies and Pastoral Care
- Pink Ladies / Hospital Auxiliaries
- Patient Support Groups
- Community Organisations
- Patient and Family Support
- Patient Services, Fund Raising
- Practical Support to Patients and Relatives
- Counselling, Health Education, Transport, Home Help and Patient Activities

28. 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.

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29. Adjusted Budget Review

Net Result

The actual Net Result was higher than adjusted budget by $212 thousand, primarily due to:

Employee Related Expenses - Favourable to adjusted budget by $528 thousand. Mitigation strategies including a continuous review of the staff establishment contributed to the favourable result. Visiting Medical Officers - exceeds adjusted budget by $1.319 million impacted by covering vacant staff specialists positions. Other Expenses - exceeds adjusted budget by $1.812 million. A reliance on an agency model for staff has driven up costs relating to agency usage. Other contributing factors were recruitment costs associated with hiring both medical and nursing staff. The following revenue items positively affected net result: NSW Ministry of Health Allocations - $653 thousand. Other Sources of Revenue - $2.135 million includes proceeds from insurance claim for replacement of hail damage roofing in Broken Hill.

Assets and Liabilities

Total Assets were $1.511 million higher than budget. This is due to the increase in land and builidings relating to the re-roofing of Broken Hill properties. Cash and cash equivalents was less than budget due to the change in cash management being adopted by MOH. Total Liabilities were $1.131 million higher than budget. The major contributor being payables.

Cash Flows

Total Receipts exceeded budget by $2.580million. Total payments exceeded budget by $1.230 million.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2018 are as follows:

	$000
Initial Allocation, 1 July 2018	94,491
Special Projects	
National Partnership Agreement on Adult Public Dental Services	150
Patient Reported Measures Project Officers	103
Nurse/Midwife Strategy Reserve	605
Emergency Drought Relief Mental Health Support	50
NSW Regional Assessment Services	144
2018-19 NSW Aged Care Assessment Program	60
Palliative Care Medicine Specialist position	340
Their Futures Matter- Formerly Keep Them Safe	49
Aboriginal Health Worker position in Palliative Care	57
Allied Health Worker position in Palliative Care	118
Palliative Care Education and Training Initiatives	23
Comprehensive Patient Care Services in Palliative Care	100
Maternal Transfers Redesign Project	7
National Disability Insurance Scheme AIDS and Equipment Program	(54)
Intellectual Disablity Health Program	60
New Street Service	78
Winter Funding	150
Workplace Culture & Safety	114
Nursing & Midwifery Enhancements	7
NSW Rural Generalist Medical and GP Procedural Training Program	58
Isolated Patients Travel and accommodation Assitance Scheme	99
Other	(26)
Balance as per Statement of Comprehensive Income	**96,783**

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

Equity transfers effected in the 2018/19 year were:

An equity transfer has been made between NSW Health entities to realign the annual leave liability to the current legal employer as held in the payroll system (StaffLink) for various employment arrangements, including staff on rotation and secondment. This has resulted in an increase in net assets of $147 thousand relating to the transfer of Annual Leave provision balances to other NSW Health entities.

Equity transfers effected in the 2017/18 year were:

Nil

	2019	2018
Equity transfers effected comprised:	$000	$000
Annual Leave Provision - Transfer of Annual Leave Provisions between NSW Health entities	147	-
	147	**-**

Assets and Liabilities transferred are as follows:

	2019	2018
	$000	$000
Assets		
Nil		-
Liabilities		
Annual Leave Provision	147	
Increase / (Decrease) in Net Assets From Equity Transfers	**147**	**-**

31. 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

i. As at 30 June 2019 under AASB 9

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2019 $000
Cash and Cash Equivalents (Note 14)	N/A	856
Receivables (Note 15) [1]	Amortised cost	1,982
Total Financial Assets		**2,838**
Financial Liabilities		
Payables (Note 21) [2]	Financial liabilities measured at amortised cost	6,084
Total Financial Liabilities		**6,084**

Notes

[1] *Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).*

[2] *Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).*

ii. As at 30 June 2018 under AASB 139 (comparative period)

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2018 $000
Cash and Cash Equivalents (Note 14)	N/A	1,575
Receivables (Note 15) [1]	Loans and receivables (at amortised cost)	1,787
Total Financial Assets		**3,362**
Financial Liabilities		
Payables (Note 21) [2]	Financial liabilities measured at amortised cost	5,120
Total Financial Liabilities		**5,120**

Notes

[1] *Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).*

[2] *Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).*

31. Financial Instruments

b) Financial Risk

i. 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 credit losses or 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.

The District considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the District may also consider a financial asset to be in default when internal or external information indicates that the District is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the District.

Cash and Cash Equivalents

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 0.00% (Restricted funds bank balance: 2.20%) in 2018/19 compared to 0.00% (Restricted funds bank balance: 2.35%) in the previous year.

Accounting policy for impairment of Trade Debtors and Other Financial Assets under AASB 9

Receivables - Trade Debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The District applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The District has not identified any relevant factors, and accordingly not adjusted the historical loss rates based on no expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade debtors (Sale of Goods and Services) as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

30 June 2019	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	1.74%	4.11%	8.62%	16.67%	13.21%	3.81%
Estimated total gross carrying amount at default	461	73	58	12	53	657
Expected credit loss	8	3	5	2	7	25

1 July 2018	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	1.99%	3.57%	16.67%	15.38%	20.75%	5.00%
Estimated total gross carrying amount at default	402	28	24	13	53	520
Expected credit loss	8	1	4	2	11	26

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

31. Financial Instruments

Accounting policy for impairment of Trade Debtors and Other Financial Assets under AASB 139 (comparative period only)

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.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	2018 $000
Neither past due nor impaired	785
Past due but not impaired [1,2]	
< 3 months overdue	997
3 - 6 months overdue	3
> 6 months overdue	2
Impaired [1,2]	
< 3 months overdue	-
3 - 6 months overdue	13
> 6 months overdue	35
Total [1,2]	**1,835**

Notes

1 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.

ii. 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 the use of overdrafts, loans and other advances.

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

During the current and prior year, 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).

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.

31. 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		
	Weighted Average Effective Interest Rate	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
		$000	$000	$000	$000	$000	$000	$000
2019								
Payables:								
- Creditors [2]		6,084	-	-	6,084	6,084	-	-
		6,084	**-**	**-**	**6,084**	**6,084**	**-**	**-**
2018								
Payables:								
- Creditors [2]		5,120	-	-	5,120	5,120	-	-
		5,120	**-**	**-**	**5,120**	**5,120**	**-**	**-**

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).

31. Financial Instruments

iii. 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 Hour Glass Investment Facilities. The District has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the District's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The District does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income or available for sale (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia 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.

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 following table demonstrates the sensitivity to a reasonably possible change in interest rates:

		-1%		+1%	
2019	Carrying Amount $000	Net Result $000	Equity $000	Net Result $000	Equity $000
Financial Assets					
Cash and Cash Equivalents	856	(9)	(9)	9	9
Receivables	1,982	-	-	-	-
Financial Liabilities					
Payables[1]	6,084	-	-	-	-
2018					
Financial Assets					
Cash and Cash Equivalents	1,575	(16)	(16)	16	16
Receivables	1,787	-	-	-	-
Financial Liabilities					
Payables[1]	5,120	-	-	-	-

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

32. Related Party Transactions

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Key management personnel compensation is as follows:

	2019	2018
	$000	$000
Short-Term Employee Benefits	168	145
Post-Employment Benefits	16	14
	184	**159**

During the financial year, Far West Local Health District obtained key management personnel services from the immediate parent and incurred $0.381 million (2018: $0.590 million) for these services.

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

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

Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2018: $Nil).

Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2018: $Nil).

33. Events After the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS