

# **Illawarra Shoalhaven Local Health District**

## **Financial Statements**

for the year ended 30 June 2019





## INDEPENDENT AUDITOR'S REPORT

### Illawarra Shoalhaven Local Health District

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Illawarra Shoalhaven 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(ad). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

### **The Chief Executive's 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](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

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

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

10 September 2019  
SYDNEY

D 719/77/198

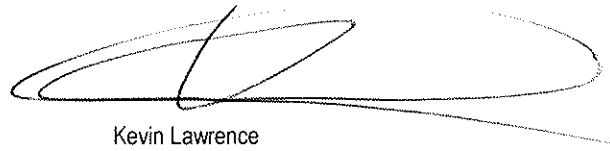
Illawarra Shoalhaven Local Health District  
Certification of the Financial Statements  
for the year ended 30 June 2019

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

- 1) The financial statements of Illawarra Shoalhaven 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 (Regulation)*; and
  - 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 Illawarra Shoalhaven 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.



Margot Mains  
Chief Executive  
3 September 2019



Kevin Lawrence  
A/Executive Director Finance  
3 September 2019

**Illawarra Shoalhaven Local Health District**  
**Statement of Comprehensive Income for the year ended 30 June 2019**

PARENT			CONSOLIDATION				
Actual 2019 \$000	Adjusted Budget Unaudited 2019 \$000	Restated Actual 2018 \$000	Notes	Actual 2019 \$000	Adjusted Budget Unaudited 2019 \$000	Restated Actual 2018 \$000	
<b>Continuing Operations</b>							
<b>Expenses excluding losses</b>							
-	-	-					
642,569	638,127	605,913	3	683,966	679,731	631,948	
47,208	44,100	44,540	4	-	-	-	
256,981	247,712	246,882		47,208	44,100	44,540	
32,596	32,440	31,504	5	256,981	247,712	246,882	
5,237	5,269	5,430	1(n), 6	32,596	32,440	31,504	
155	-	-	7	5,237	5,269	5,430	
<b>984,746</b>	<b>967,648</b>	<b>934,269</b>	1(h), 8	155	-	-	
				<b>1,026,143</b>	<b>1,009,252</b>	<b>960,304</b>	
<b>Revenue</b>							
819,755	813,241	760,131	1(i)	819,755	813,241	760,131	
41,964	43,451	9,817	1(i)	41,964	43,451	9,817	
-	-	-	1(e)(ii), 12	41,397	41,604	26,035	
110,643	109,560	110,993					
832	1,068	752	1(i), 9	110,643	109,560	110,993	
16,812	12,289	27,484	1(i), 10	832	1,068	752	
2,864	1,718	1,961	1(i), 11	16,812	12,289	27,484	
<b>992,870</b>	<b>981,327</b>	<b>911,138</b>	13	2,864	1,718	1,961	
				<b>1,034,267</b>	<b>1,022,931</b>	<b>937,173</b>	
<b>8,124</b>	<b>13,679</b>	<b>(23,131)</b>	<b>Operating Result</b>				
(77)	-	(212)	14	(77)	-	(212)	
(692)	(2)	-	17	(692)	(2)	-	
-	-	(668)	15	-	-	(668)	
<b>7,355</b>	<b>13,677</b>	<b>(24,011)</b>	31	<b>7,355</b>	<b>13,677</b>	<b>(24,011)</b>	
				<b>7,355</b>	<b>13,677</b>	<b>(24,011)</b>	
<b>Net Result</b>							
<b>Other Comprehensive Income</b>							
<i>Items that will not be reclassified to Net Result in subsequent periods</i>							
-	-	37,668	2,19	-	-	37,668	
7	-	1	21	7	-	1	
<b>7</b>	<b>-</b>	<b>37,669</b>	<b>Total Other Comprehensive Income</b>				
<b>7,362</b>	<b>13,677</b>	<b>13,658</b>	<b>TOTAL COMPREHENSIVE INCOME</b>				
				<b>7,362</b>	<b>13,677</b>	<b>13,658</b>	

The accompanying notes form part of these financial statements.

**Illawarra Shoalhaven Local Health District**  
**Statement of Financial Position as at 30 June 2019**

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Restated Actual		Notes	Actual	Adjusted Budget Unaudited	Restated Actual
2019 \$000	2019 \$000	2018 \$000			2019 \$000	2019 \$000	2018 \$000
<b>ASSETS</b>							
<b>Current Assets</b>							
37,316	39,789	44,408	Cash and Cash Equivalents	16	37,316	39,789	44,408
21,584	17,384	24,306	Receivables	17	21,584	17,384	24,306
9,059	9,091	9,008	Inventories	18	9,059	9,091	9,008
<b>67,959</b>	<b>66,264</b>	<b>77,722</b>	<b>Total Current Assets</b>		<b>67,959</b>	<b>66,264</b>	<b>77,722</b>
<b>Non-Current Assets</b>							
			Property, Plant & Equipment	2,19			
531,404	592,067	500,478	- Land and Buildings		531,404	592,067	500,478
46,020	53,871	52,155	- Plant and Equipment		46,020	53,871	52,155
58,688	76,048	61,349	- Infrastructure Systems		58,688	76,048	61,349
131	-	-	- Leasehold Improvements		131	-	-
<b>636,243</b>	<b>721,986</b>	<b>613,982</b>	<b>Total Property, Plant &amp; Equipment</b>		<b>636,243</b>	<b>721,986</b>	<b>613,982</b>
66	22	22	Intangible Assets	20	66	22	22
223	210	210	Other Non-Current Assets	21	223	210	210
<b>636,532</b>	<b>722,218</b>	<b>614,214</b>	<b>Total Non-Current Assets</b>		<b>636,532</b>	<b>722,218</b>	<b>614,214</b>
<b>704,491</b>	<b>788,482</b>	<b>691,936</b>	<b>Total Assets</b>		<b>704,491</b>	<b>788,482</b>	<b>691,936</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
57,588	62,582	60,607	Payables	24	57,588	62,582	60,607
464	447	447	Borrowings	25	464	447	447
95,282	90,335	87,937	Provisions	26	95,282	90,335	87,937
<b>153,334</b>	<b>153,364</b>	<b>148,991</b>	<b>Total Current Liabilities</b>		<b>153,334</b>	<b>153,364</b>	<b>148,991</b>
<b>Non-Current Liabilities</b>							
4,253	4,717	4,717	Borrowings	25	4,253	4,717	4,717
1,355	1,355	1,147	Provisions	26	1,355	1,355	1,147
<b>5,608</b>	<b>6,072</b>	<b>5,864</b>	<b>Total Non-Current Liabilities</b>		<b>5,608</b>	<b>6,072</b>	<b>5,864</b>
<b>158,942</b>	<b>159,436</b>	<b>154,855</b>	<b>Total Liabilities</b>		<b>158,942</b>	<b>159,436</b>	<b>154,855</b>
<b>545,549</b>	<b>629,046</b>	<b>537,081</b>	<b>Net Assets</b>		<b>545,549</b>	<b>629,046</b>	<b>537,081</b>
<b>EQUITY</b>							
111,957	190,240	111,950	Reserves	2	111,957	190,240	111,950
433,592	438,806	425,131	Accumulated Funds		433,592	438,806	425,131
<b>545,549</b>	<b>629,046</b>	<b>537,081</b>	<b>Total Equity</b>		<b>545,549</b>	<b>629,046</b>	<b>537,081</b>

The accompanying notes form part of these financial statements.



**Illawarra Shoalhaven 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
<b>Balance at 1 July 2018</b>		425,131	111,950	537,081
Changes in Accounting Policy	1af)(i)	278	-	278
<b>Restated balance at 1 July 2018</b>		<b>425,409</b>	<b>111,950</b>	<b>537,359</b>
<b>Net Result for the Year</b>		7,355	-	7,355
<b>Other Comprehensive Income:</b>				
Net Change in Revaluation Surplus of Other Assets	21	-	7	7
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>7</b>	<b>7</b>
<b>Total Comprehensive Income for the Year</b>		<b>7,355</b>	<b>7</b>	<b>7,362</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase / (Decrease) in Net Assets From Equity Transfers	37	828	-	828
<b>Balance at 30 June 2019</b>		<b>433,592</b>	<b>111,957</b>	<b>545,549</b>
<b>Balance at 1 July 2017</b>		449,142	74,281	523,423
<b>Net Result for the Year</b>		(24,011)	-	(24,011)
<b>Other Comprehensive Income:</b>				
Net Change in Revaluation Surplus of Property, Plant and Equipment (restated)	2,19	-	37,668	37,668
Net Change in Revaluation Surplus of Other Assets	21	-	1	1
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>37,669</b>	<b>37,669</b>
<b>Total Comprehensive Income for the Year</b>		<b>(24,011)</b>	<b>37,669</b>	<b>13,658</b>
<b>Balance at 30 June 2018 (restated)</b>		<b>425,131</b>	<b>111,950</b>	<b>537,081</b>

The accompanying notes form part of these financial statements.

**Illawarra Shoalhaven 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
-	-	-		(646,251)	(647,691)	(609,179)
(332,832)	(314,022)	(324,262)		(332,832)	(314,022)	(324,262)
(5,803)	(5,844)	(5,946)		(5,803)	(5,844)	(5,946)
(155)	-	-		(155)	-	-
(646,251)	(647,691)	(609,179)		-	-	-
<b>(985,041)</b>	<b>(967,557)</b>	<b>(939,387)</b>		<b>(985,041)</b>	<b>(967,557)</b>	<b>(939,387)</b>
<b>Receipts</b>						
819,755	813,241	760,131		819,755	813,241	760,131
41,964	43,451	9,817		41,964	43,451	9,817
12,110	12,110	10,391		12,110	12,110	10,391
111,038	111,149	108,123		111,038	111,149	108,123
832	1,067	752		832	1,067	752
18,134	13,640	25,329		18,134	13,640	25,329
29,521	30,432	38,481		29,521	30,432	38,481
<b>1,033,354</b>	<b>1,025,090</b>	<b>953,024</b>		<b>1,033,354</b>	<b>1,025,090</b>	<b>953,024</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>48,313</b>	<b>57,533</b>	<b>13,637</b>	31	<b>48,313</b>	<b>57,533</b>	<b>13,637</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
106	-	320		106	-	320
(55,064)	(62,152)	(17,049)		(55,064)	(62,152)	(17,049)
<b>(54,958)</b>	<b>(62,152)</b>	<b>(16,729)</b>		<b>(54,958)</b>	<b>(62,152)</b>	<b>(16,729)</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
-	-	5,164		-	-	5,164
(447)	-	-		(447)	-	-
<b>(447)</b>	<b>-</b>	<b>5,164</b>		<b>(447)</b>	<b>-</b>	<b>5,164</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
(7,092)	(4,619)	2,072		(7,092)	(4,619)	2,072
44,408	44,408	42,336	16	44,408	44,408	42,336
<b>37,316</b>	<b>39,789</b>	<b>44,408</b>	16	<b>37,316</b>	<b>39,789</b>	<b>44,408</b>

The accompanying notes form part of these financial statements.

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**a) The Reporting Entity**

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

ISLHD 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).

ISLHD, 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 23), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- \* Illawarra Shoalhaven Local Health District Special Purpose Service Entity, which was established as a Division of the ISLHD on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable ISLHD 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 3 September 2019.

**b) Basis of Preparation**

ISLHD'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 ISLHD have been prepared on a going concern basis.

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

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**d) Statement of Compliance**

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

**e) Employee Benefits and Other Provisions**

*i) Salaries 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).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 18.5% are applied to the value of leave payable at 30 June 2019 (comparable on-costs for 30 June 2018 were 18.4%). ISLHD has assessed the actuarial advice based on the ISLHD'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*

ISLHD'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.

ISLHD 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 not assumed by the Crown Entity are borne by ISLHD as shown in Note 26.

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 ISLHD 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**

ISLHD'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.

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**h) 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.

**i) Income Recognition**

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

*Sale of Goods*

Revenue from the sale of goods is recognised as revenue when ISLHD 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).

*Grants and Other Contributions*

Grants and other contributions, comprising mainly cash and in-kind contributions, are recognised as revenues when control passes to ISLHD 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. ISLHD 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 ISLHD 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).

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

Refer to Note 9 (b) for further details.

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

*Use of Outside Facilities*

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

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

**j) Accounting for the Goods & Services Tax (GST)**

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

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

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

**k) Interstate Patient Flows**

Interstate patient flows are funded through the 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.

**l) Acquisition of Property, Plant and Equipment**

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

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 ISLHD 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 ISLHD. The costs are then accordingly reflected in ISLHD financial statements. ISLHD 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. Refer to Note 1(aa) for assets transferred as a result of equity transfer.

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

**m) Capitalisation Thresholds**

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

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**n) Depreciation of Property, Plant and Equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to ISLHD. 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 \$200,000	10.0%
* Costing more than or equal to \$200,000	12.5%
- Furniture, Fittings and Furnishings	5.0%
- Linen	25.0%
- Motor Vehicle Sedans	12.5%
- Motor Vehicles, Trucks & Vans	20.0%
- Office Equipment	10.0%
- Plant and Machinery	10.0%

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

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

**o) Revaluation of Non-Current Assets**

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

Property, Plant and Equipment is measured at the highest and best use by market 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 19 and Note 22 for further information regarding fair value.

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

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. ISLHD 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.

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**p) Impairment of Property, Plant and Equipment**

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

**q) Restoration Costs**

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

**r) Intangible Assets**

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

Computer Software developed or acquired by ISLHD 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.

**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.

**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.



**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**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.

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

ISLHD 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 ISLHD'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 ISLHD'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 an allowance for any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through 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) 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:

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

When ISLHD 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 ISLHD has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of ISLHD continuing involvement in the asset. In that case, ISLHD 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.

**x) Payables**

These amounts represent liabilities for goods and services provided to ISLHD 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 ISLHD.

**y) Borrowings**

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Finance lease liabilities are determined in accordance with AASB 117 Leases.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 1w) for derecognition policy.

**Illawarra Shoalhaven Local Health District**  
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**1. Statement of Significant Accounting Policies**

**z) Fair Value Hierarchy**

A number of ISLHD'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, ISLHD 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).

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

Refer to Note 22 and Note 38 for further disclosures regarding fair value measurements of non-financial and financial assets.

**aa) Equity Transfers**

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

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

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

**ab) Equity and Reserves**

(i) Accumulated Funds

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

(ii) Revaluation Surplus

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

(iii) Separate Reserves

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

**ac) Trust Funds**

ISLHD receives monies in a trustee capacity for various trusts as set out in Note 28.

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

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

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

**ae) Emerging Asset**

ISLHD's emerging interest in the Grand Pacific Health Centre at 107 Scenic Drive, Nowra has been valued in accordance with the NSW Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required ISLHD to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the asset's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 30 years using the annuity method and the Government Bond rate of 2.98% at commencement of the concession period.

**Illawarra Shoalhaven Local Health District**  
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**1. Statement of Significant Accounting Policies**

**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:

ISLHD 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).

ISLHD 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.

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	17	278
<b>Total Adjustment on equity</b>		<b>278</b>
Accumulated funds		(278)

**a) Classification and measurement of financial instruments**

On 1 July 2018 (the date of initial application of AASB 9), ISLHD's management has assessed which business models apply to the financial assets by ISLHD 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 ISLHD.

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		425,131		425,131
Recognition of AASB 9 expected credit losses	17	278		278
<b>Total impact</b>		<b>278</b>		<b>278</b>
Opening Balance 1 July 2018 - AASB 9		425,409		425,409

ISLHD 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 ISLHD's financial assets:

- 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.

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

**Illawarra Shoalhaven Local Health District**  
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**1. Statement of Significant Accounting Policies**

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

AASB 139 measurement category	Measurement Category		Carrying Amount		Difference \$'000
	AASB 139	AASB 9	Original \$'000	New \$'000	
Receivables	L&R	Amortised cost	24,306	24,584	278
Term deposits	L&R	Amortised cost	-	-	-
Other receivables	L&R	Amortised cost	-	-	-
TCorpIM funds	FVPL	FVPL	-	-	-

**b) Impairment**

The adoption of AASB 9 has changed ISLHD'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 ISLHD 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 \$'000	Re-measurement \$'000	ECL under AASB 9 as at 1 July 2018 \$'000
Loans and Receivables under AASB 139 / Financial assets at amortised cost under AASB 9	(674)	278	(396)

**(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 ISLHD 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 \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset rather than operating lease expense.

The 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 modified retrospective application of this accounting standard.

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

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 Income of Not-for-Profit Entities also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

**Illawarra Shoalhaven Local Health District**  
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**1. Statement of Significant Accounting Policies**

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 ISLHD'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 ISLHD so far and the known and expected impacts:

*Leases*

ISLHD 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 \$10.2 million 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 \$0.3 million 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 lease life. This effect may be partially mitigated due to the number of leases held by ISLHD 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 \$4.0 million.
- \* 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*

ISLHD 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.

*Service Concession Arrangements*

- \* Service Concession assets and liabilities may be brought onto the Statement of Financial Position which are currently treated as emerging assets. A detailed assessment has not been completed to determine the actual impacts.

**Application Date**

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

**Illawarra Shoalhaven Local Health District**  
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**2. Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error**

**Correction of Prior Period Errors**

The fair value of Land, Buildings and Infrastructure was incorrectly reflected in the 2017-18 financial statements. A comprehensive revaluation was performed as at 30 June 2018, however the fair values reported in the financial statements were calculated using a conditional assessment provided by the valuer which was not provided with this intended purpose. This resulted in an overstatement of land, buildings and infrastructure in the Statement of Financial Position.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

PARENT			CONSOLIDATION		
30 June 2018	Increase / (Decrease)	30 June 2018	30 June 2018	Increase / (Decrease)	30 June 2018
\$000	\$000	(Restated) \$000	\$000	\$000	(Restated) \$000
<b>Statement of Financial Position (Extract)</b>					
Property, Plant & Equipment					
561,409	(60,931)	500,478	561,409	(60,931)	500,478
78,709	(17,360)	61,349	78,709	(17,360)	61,349
<b>615,372</b>	<b>(78,291)</b>	<b>537,081</b>	<b>615,372</b>	<b>(78,291)</b>	<b>537,081</b>
<b>Net Assets</b>					
(190,241)	78,291	(111,950)	(190,241)	78,291	(111,950)
<b>(615,372)</b>	<b>78,291</b>	<b>(537,081)</b>	<b>(615,372)</b>	<b>78,291</b>	<b>(537,081)</b>
<b>Statement of Comprehensive Income Statement (Extract)</b>					
Changes in Revaluation Surplus of					
Property, Plant and Equipment					
115,959	(78,291)	37,668	115,959	(78,291)	37,668
<b>115,959</b>	<b>(78,291)</b>	<b>37,668</b>	<b>115,959</b>	<b>(78,291)</b>	<b>37,668</b>
<b>91,949</b>	<b>(78,291)</b>	<b>13,658</b>	<b>91,949</b>	<b>(78,291)</b>	<b>13,658</b>

The correction affected some of the amounts disclosed in note 19, Note 22(a) and Note 22(c).

Note 19. Gross Carrying Amount and Accumulated Depreciation amounts were corrected as follows:

- Gross Carrying Amount of Land and Building decreased by Nil
- Accumulated Depreciation amount of Land and Building increased by \$60.93m
- Gross Carrying Amount of Infrastructure decreased by \$Nil
- Accumulated Depreciation amount of Infrastructure increased by \$17.36m

Note 22(a). The Fair Value amounts for Land and Building and Infrastructure were reduced by \$60.93m and \$17.36m respectively.

Note 22(c). The Revaluation increment amounts for Land and Building and Infrastructure under level 3 were reduced by \$62.22m and \$17.36m respectively.

**Illawarra Shoalhaven Local Health District**  
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>3. Employee Related Expenses</b>		
-	-	Salaries and Wages (including Annual Leave and ADO)	578,340	548,233
-	-	Superannuation - Defined Benefit Plans	4,381	4,885
-	-	Superannuation - Defined Contribution Plans	50,540	47,488
-	-	Long Service Leave	39,622	23,451
-	-	Redundancies	758	500
-	-	Workers' Compensation Insurance	10,335	7,308
-	-	Fringe Benefits Tax	(10)	83
-	-		<b>683,966</b>	<b>631,948</b>
		<b>4. Personnel Services</b>		
578,340	548,233	Salaries and Wages (including Annual Leave and ADO)	-	-
50,540	47,488	Superannuation - Defined Contribution Plans	-	-
2,606	2,301	Long Service Leave	-	-
758	500	Redundancies	-	-
10,335	7,308	Workers' Compensation Insurance	-	-
(10)	83	Fringe Benefits Tax	-	-
<b>642,569</b>	<b>605,913</b>		<b>-</b>	<b>-</b>
		Personnel services of Illawarra Shoalhaven Local Health District were provided by its controlled entity, Illawarra Shoalhaven Local Health District Special Purpose Service Entity.		
		<b>5. Other Expenses</b>		
243	270	Advertising	243	270
187	182	Auditor's Remuneration - Audit of Financial Statements	187	182
5,408	5,606	Blood and Blood Products	5,408	5,606
897	813	Consultancies	897	813
271	141	Contractors	271	141
10,981	9,921	Domestic Supplies and Services	10,981	9,921
35,491	37,222	Drug Supplies	35,491	37,222
19,708	19,256	Food Supplies	19,708	19,256
5,820	5,453	Fuel, Light and Power	5,820	5,453
12,846	12,113	Patient Transport Costs	12,846	12,113
17,504	10,170	Information Management Expenses	17,504	10,170
998	782	Insurance	998	782
17,663	24,483	Maintenance (See Note 5(b))	17,663	24,483
46,859	44,773	Medical and Surgical Supplies	46,859	44,773
1,313	1,448	Motor Vehicle Expenses	1,313	1,448
1,642	1,326	Postal and Telephone Costs	1,642	1,326
1,864	2,031	Printing and Stationery	1,864	2,031
876	777	Rates and Charges	876	777
5,066	6,107	Rental	5,066	6,107
9,570	8,815	Hosted Services Purchased from Entities Controlled by the Immediate Parent	9,570	8,815
34,314	32,204	Specialised Services (Renal, Dental, Radiology, Pathology, Allied Health)	34,314	32,204
5,319	3,540	Staff Related Costs	5,319	3,540
4,290	3,107	Travel Related Costs	4,290	3,107
17,851	16,342	Other (See Note 5(a))	17,851	16,342
<b>256,981</b>	<b>246,882</b>		<b>256,981</b>	<b>246,882</b>

**Illawarra Shoalhaven Local Health District**  
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>5. Other Expenses</b>		
		a) <b>Other Includes:</b>		
4,503	1,922	Contract for Patient Services	4,503	1,922
6,321	4,023	Corporate Support Services	6,321	4,023
570	570	Courier and Freight	570	570
589	583	Isolated Patient Travel and Accommodation Assistance Scheme	589	583
240	196	Legal Services	240	196
403	421	Membership/Professional Fees	403	421
1,161	1,430	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,161	1,430
1,720	1,522	Other Operating Lease Expense - Minimum Lease Payments	1,720	1,522
163	214	Quality Assurance/Accreditation	163	214
29	92	Security Services	29	92
2,152	5,369	Other Miscellaneous	2,152	5,369
<b>17,851</b>	<b>16,342</b>		<b>17,851</b>	<b>16,342</b>
		b) <b>Reconciliation of Total Maintenance</b>		
7,586	6,627	Maintenance Contracts	7,586	6,627
5,933	14,317	New/Replacement Equipment under \$10,000	5,933	14,317
4,088	3,497	Repairs Maintenance/Non Contract	4,088	3,497
56	42	Other	56	42
17,663	24,483	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	17,663	24,483
2,194	2,661	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	2,194	2,661
<b>19,857</b>	<b>27,144</b>		<b>19,857</b>	<b>27,144</b>

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

Some of 'Domestic Supplies and Services' and 'Other Operating Expenses' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

The majority of 'Specialised Services', 'Hospital Ambulance Transport Costs', 'Information Management Expenses', 'Food Supplies' and 'Motor Vehicle Expenses' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

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



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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>6. Depreciation and Amortisation</b>		
20,536	19,578	Depreciation - Buildings	20,536	19,578
9,022	9,615	Depreciation - Plant and Equipment	9,022	9,615
2,661	2,290	Depreciation - Infrastructure Systems	2,661	2,290
331	-	Amortisation - Leasehold Improvements	331	-
46	21	Amortisation - Intangible Assets	46	21
<b>32,596</b>	<b>31,504</b>		<b>32,596</b>	<b>31,504</b>
		<b>7. Grants and Subsidies</b>		
4,231	4,386	Non-Government Organisations	4,231	4,386
569	613	Grants to Research Organisations	569	613
327	362	Grants Paid to Entities Controlled by the Immediate Parent	327	362
110	69	Other Grants	110	69
<b>5,237</b>	<b>5,430</b>		<b>5,237</b>	<b>5,430</b>
		<b>8. Finance Costs</b>		
155	-	Interest on Loans	155	-
<b>155</b>	<b>-</b>		<b>155</b>	<b>-</b>

**Illawarra Shoalhaven Local Health District**  
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<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>9. Sale of Goods and Services</b>		
		<b>a) Sale of Goods comprise the following:-</b>		
511	534	Pharmacy Sales	511	534
2,721	2,746	Sale of Prosthesis	2,721	2,746
47	37	Other	47	37
		<b>b) Rendering of Services comprise the following:-</b>		
		Patient Fees:		
42,529	38,609	- Inpatient Fees	42,529	38,609
893	708	- Nursing Home Fees	893	708
2,190	1,959	- Non Inpatient Fees	2,190	1,959
12,870	16,170	Department of Veterans' Affairs	12,870	16,170
93	126	Staff Meals and Accommodation	93	126
16,357	14,634	Infrastructure Fees - Monthly Facility Charge	16,357	14,634
3,891	3,831	Infrastructure Fees - Annual Charge	3,891	3,831
2,494	2,265	Car Parking	2,494	2,265
567	537	Child Care Fees	567	537
53	20	Clinical Services (excluding Clinical Drug Trials)	53	20
409	400	Commercial Activities	409	400
152	127	Fees for Medical Records	152	127
9	5	Information Retrieval	9	5
18,663	21,374	Highly Specialised Drugs	18,663	21,374
3,827	5,066	Motor Accident Authority Third Party	3,827	5,066
23	18	Patient Transport Fees	23	18
290	300	Private Use of Motor Vehicles	290	300
354	346	Salary Packaging Fee	354	346
557	539	Hosted Services Provided to Entities Controlled by Immediate Parent	557	539
1,078	560	Services Provided to Non NSW Health Organisations	1,078	560
65	82	Other	65	82
<b>110,643</b>	<b>110,993</b>		<b>110,643</b>	<b>110,993</b>
		Some of 'Commercial Activities' revenue was received from Health Administration Corporation, which is an entity controlled by the immediate parent.		
		Some of 'Patient Fees' and 'Other' revenue was received from Health Administration Corporation, an entity controlled by the immediate parent.		
		The majority of 'Motor Accident Authority Third Party' revenue was received from the State Insurance Regulatory Authority (SIRA), an entity controlled by the ultimate parent.		
		<b>10. Investment Revenue</b>		
301	306	Interest	301	306
531	446	TCorpIM Funds Investment Facilities Designated at Fair Value through Profit or Loss	531	446
<b>832</b>	<b>752</b>		<b>832</b>	<b>752</b>

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
<b>11. Grants and Other Contributions</b>				
1,444	865	Clinical Drug Trials	1,444	865
5,022	5,253	Commonwealth Government Grants	5,022	5,253
1,035	715	Commonwealth Teaching Hospital Grants	1,035	715
1,255	1,821	Industry Contributions / Donations	1,255	1,821
1,373	1,823	Cancer Institute Grants Received from an Entity Controlled by the Immediate Parent	1,373	1,823
2,700	15,129	Grants & Contributions Received from Entities Controlled by the Ultimate Parent	2,700	15,129
2,041	258	Grants & Contributions Received from Entities Controlled by the Immediate Parent	2,041	258
207	63	Research Grants	207	63
1,735	1,557	Other Grants	1,735	1,557
<b>16,812</b>	<b>27,484</b>		<b>16,812</b>	<b>27,484</b>
<p>The majority of 'Grants &amp; Contributions Received from Entities Controlled by the Ultimate Parent' were received from Crown Finance Entity via Health Infrastructure.</p> <p>The majority of 'Grants &amp; Contributions Received from Entities Controlled by the Immediate Parent' were received from eHealth NSW and Health Education and Training Institute.</p>				
<b>12. Acceptance by the Crown Entity of Employee Benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
-	-	Superannuation - Defined Benefit Plans	4,381	4,885
-	-	Long Service Leave Provision	37,016	21,150
-	-		<b>41,397</b>	<b>26,035</b>
<b>13. Other Income</b>				
Other Income comprises the following:-				
84	84	Commissions	84	84
212	220	Conference and Training Fees	212	220
321	144	Insurance Refunds	321	144
461	490	Lease and Rental	461	490
80	89	Sale of Merchandise, Old Wares and Books	80	89
19	12	Sponsorship	19	12
1,132	694	Treasury Managed Fund Hindsight Adjustment	1,132	694
555	228	Other	555	228
<b>2,864</b>	<b>1,961</b>		<b>2,864</b>	<b>1,961</b>
Some 'Other' income was received from Health Administration Corporation, an entity controlled by the immediate parent.				
<b>14. Gains / (Losses) on Disposal</b>				
1,994	8,116	Property, Plant and Equipment	1,994	8,116
(1,811)	(7,584)	Less: Accumulated Depreciation	(1,811)	(7,584)
<b>183</b>	<b>532</b>	<b>Written Down Value</b>	<b>183</b>	<b>532</b>
106	320	Less: Proceeds from Disposal	106	320
<b>(77)</b>	<b>(212)</b>	<b>Gain / (Loss) on Disposal of Property, Plant and Equipment</b>	<b>(77)</b>	<b>(212)</b>
<b>(77)</b>	<b>(212)</b>	<b>Total Gains / (Losses) on Disposal</b>	<b>(77)</b>	<b>(212)</b>
<b>15. Other Gains / (Losses)</b>				
-	(668)	Impairment of Receivables	-	(668)
-	<b>(668)</b>		-	<b>(668)</b>

**Illawarra Shoalhaven Local Health District**  
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<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>16. Cash and Cash Equivalents</b>		
13,941	21,564	Cash at Bank and On Hand	13,941	21,564
23,375	22,844	Short Term Deposits	23,375	22,844
<b>37,316</b>	<b>44,408</b>		<b>37,316</b>	<b>44,408</b>

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:

37,316	44,408	Cash and Cash Equivalents (per Statement of Financial Position)	37,316	44,408
<b>37,316</b>	<b>44,408</b>	<b>Closing Cash and Cash Equivalents (per Statement of Cash Flows)</b>	<b>37,316</b>	<b>44,408</b>

Refer to Note 38 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Illawarra Shoalhaven Local Health District**  
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
<b>17. Receivables</b>				
<b>Current</b>				
11,745	8,596	Sale of Goods and Services	11,745	8,596
1,870	1,850	Intra Health Receivables	1,870	1,850
2,572	3,568	Goods and Services Tax	2,572	3,568
2,727	1,217	Other Debtors	2,727	1,217
<b>18,914</b>	<b>15,231</b>	<b>Sub Total</b>	<b>18,914</b>	<b>15,231</b>
(572)	-	Less: Allowance for Expected Credit Losses*	(572)	-
-	(674)	Less: Allowance for Impairment**	-	(674)
<b>18,342</b>	<b>14,557</b>	<b>Sub Total</b>	<b>18,342</b>	<b>14,557</b>
3,242	9,749	Prepayments	3,242	9,749
<b>21,584</b>	<b>24,306</b>		<b>21,584</b>	<b>24,306</b>

'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, South Eastern Sydney Local Health District and Cancer Institute NSW.

**a) \* Movement in the Allowance for Expected Credit Losses**

<b>Sale of Goods and Services</b>				
(630)	-	Balance as at 30 June 2018 under AASB 139	(630)	-
236	-	Amounts restated through opening Accumulated Funds	236	-
(394)	-	Balance at 1 July 2018 under AASB 9	(394)	-
506	-	Amounts Written Off During the Year	506	-
(682)	-	(Increase) / Decrease in Allowance Recognised in the Net Result	(682)	-
<b>(570)</b>	<b>-</b>	<b>Balance at 30 June 2019</b>	<b>(570)</b>	<b>-</b>
<b>Other Debtors</b>				
(44)	-	Balance as at 30 June 2018 under AASB 139	(44)	-
42	-	Amounts restated through opening Accumulated Funds	42	-
(2)	-	Balance at 1 July 2018 under AASB 9	(2)	-
10	-	Amounts Written Off During the Year	10	-
(10)	-	(Increase) / Decrease in Allowance Recognised in the Net Result	(10)	-
<b>(2)</b>	<b>-</b>	<b>Balance at 30 June 2019</b>	<b>(2)</b>	<b>-</b>
<b>(572)</b>	<b>-</b>		<b>(572)</b>	<b>-</b>

**b) \*\* Movement in the Allowance for Impairment**

<b>Sale of Goods and Services</b>				
-	(697)	Balance at 1 July 2017	-	(697)
-	734	Amounts Written Off During the Year	-	734
-	(667)	(Increase) / Decrease in Allowance Recognised in the Net Result	-	(667)
<b>-</b>	<b>(630)</b>	<b>Balance at 30 June 2018</b>	<b>-</b>	<b>(630)</b>
<b>Other Debtors</b>				
-	(65)	Balance at 1 July 2017	-	(65)
-	22	Amounts Written Off During the Year	-	22
-	(1)	(Increase) / Decrease in Allowance Recognised in the Net Result	-	(1)
<b>-</b>	<b>(44)</b>	<b>Balance at 30 June 2018</b>	<b>-</b>	<b>(44)</b>
<b>-</b>	<b>(674)</b>		<b>-</b>	<b>(674)</b>

**Illawarra Shoalhaven Local Health District**  
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<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>17. Receivables</b>		
		<b>c) The current and non-current sale of goods and services balances above include the following patient fee receivables:</b>		
		<b>Current and Non-Current include:</b>		
1,125	987	Patient Fees - Compensable	1,125	987
1,177	924	Patient Fees - Ineligible	1,177	924
6,814	6,280	Patient Fees - Inpatient & Other	6,814	6,280
<b><u>9,116</u></b>	<b><u>8,191</u></b>		<b><u>9,116</u></b>	<b><u>8,191</u></b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 38.

**Illawarra Shoalhaven Local Health District**  
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**for the year ended 30 June 2019**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>18. Inventories</b>		
3,047	2,832	Drug Supplies	3,047	2,832
5,322	5,430	Medical and Surgical Supplies	5,322	5,430
690	746	Other Including Goods in Transit	690	746
<b>9,059</b>	<b>9,008</b>		<b>9,059</b>	<b>9,008</b>

**Illawarra Shoalhaven Local Health District**  
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for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>19. Property, Plant and Equipment</b>		
		<b>Land and Buildings - Fair Value</b>		
953,181	901,718	Gross Carrying Amount	953,181	901,718
421,777	401,240	Less: Accumulated Depreciation and Impairment	421,777	401,240
<u>531,404</u>	<u>500,478</u>	<b>Net Carrying Amount</b>	<u>531,404</u>	<u>500,478</u>
		<b>Plant and Equipment - Fair Value*</b>		
100,200	99,128	Gross Carrying Amount	100,200	99,128
54,180	46,973	Less: Accumulated Depreciation and Impairment	54,180	46,973
<u>46,020</u>	<u>52,155</u>	<b>Net Carrying Amount</b>	<u>46,020</u>	<u>52,155</u>
		<b>Infrastructure Systems - Fair Value</b>		
106,340	106,340	Gross Carrying Amount	106,340	106,340
47,652	44,991	Less: Accumulated Depreciation and Impairment	47,652	44,991
<u>58,688</u>	<u>61,349</u>	<b>Net Carrying Amount</b>	<u>58,688</u>	<u>61,349</u>
		<b>Leasehold Improvements - Fair Value*</b>		
462	-	Gross Carrying Amount	462	-
331	-	Less: Accumulated Depreciation and Impairment	331	-
<u>131</u>	<u>-</u>	<b>Net Carrying Amount</b>	<u>131</u>	<u>-</u>
<u>636,243</u>	<u>613,982</u>	<b>Total Property, Plant and Equipment at Net Carrying Amount</b>	<u>636,243</u>	<u>613,982</u>

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



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**PARENT AND CONSOLIDATION**

**19. Property, Plant and Equipment - Reconciliation**

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

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Leasehold Improvements \$000	Total \$000
<b>2019</b>					
Net Carrying Amount at Beginning of Year	500,478	52,155	61,349	-	613,982
Additions	51,451	3,642	-	-	55,093
Reclassifications to Intangibles	-	(90)	-	-	(90)
Disposals	-	(183)	-	-	(183)
Transfers within NSW Health Entities through Statement of Comprehensive Income	-	(9)	-	-	(9)
Depreciation Expense	(20,536)	(9,022)	(2,661)	(331)	(32,550)
Reclassifications	11	(473)	-	462	-
<b>Net Carrying Amount at End of Year</b>	<b>531,404</b>	<b>46,020</b>	<b>58,688</b>	<b>131</b>	<b>636,243</b>

	Land and Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Leasehold Improvements \$000	Total \$000
<b>2018 Restated</b>					
Net Carrying Amount at Beginning of Year	502,837	51,548	36,728	-	591,113
Additions	6,423	10,735	1	-	17,159
Reclassifications to Intangibles	-	116	-	-	116
Disposals	-	(532)	-	-	(532)
Transfers within NSW Health Entities through Statement of Comprehensive Income	-	(59)	-	-	(59)
Net Revaluation Increment Less Revaluation Decrements	34,794	-	2,874	-	37,668
Depreciation Expense	(19,578)	(9,615)	(2,290)	-	(31,483)
Reclassifications	(23,998)	(38)	24,036	-	-
<b>Net Carrying Amount at End of Year</b>	<b>500,478</b>	<b>52,155</b>	<b>61,349</b>	<b>-</b>	<b>613,982</b>

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

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by ISLHD [see note 1(l)].
- (ii) Indices provided by Opteon Solutions were not applied as they were deemed immaterial.

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>20. Intangible Assets</b>		
		<i>Intangibles</i>		
1,192	1,102	Cost (Gross Carrying Amount)	1,192	1,102
1,126	1,080	Less: Accumulated Amortisation and Impairment	1,126	1,080
<u>66</u>	<u>22</u>	<b>Net Carrying Amount</b>	<u>66</u>	<u>22</u>
<u>66</u>	<u>22</u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u>66</u>	<u>22</u>

**PARENT AND CONSOLIDATION**

**20. Intangible Assets - Reconciliation**

	Total \$000
<b>2019</b>	
Net Carrying Amount at Beginning of Year	22
Reclassifications to/from Plant & Equipment	90
Amortisation (Recognised in Depreciation and Amortisation)	(46)
<b>Net Carrying Amount at End of Year</b>	<b>66</b>
<b>2018</b>	
Net Carrying Amount at Beginning of Year	159
Reclassifications to/from Plant & Equipment	(116)
Amortisation (Recognised in Depreciation and Amortisation)	(21)
<b>Net Carrying Amount at End of Year</b>	<b>22</b>

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PARENT			CONSOLIDATION	
2019 \$000	2018 \$000		2019 \$000	2018 \$000
		<b>21. Other Assets</b>		
		<b>Other Non-Current Assets</b>		
		Emerging Rights to Assets (refer Note 1(ae))	223	210
223	210		<u>223</u>	<u>210</u>
<u>223</u>	<u>210</u>			
		<b>Amounts Recognised in Other Comprehensive Income Relating to Emerging Rights to Assets</b>		
		Emerging Rights to Assets - Asset Revaluation	7	1
7	1		<u>7</u>	<u>1</u>
<u>7</u>	<u>1</u>			

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**PARENT AND CONSOLIDATION**

**22. Fair Value Measurement of Non-Financial Assets**

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels.

**a) Fair Value Hierarchy**

<b>2019</b>	<b>Level 1 \$000</b>	<b>Level 2 \$000</b>	<b>Level 3 \$000</b>	<b>Total Fair Value \$000</b>
Property, Plant and Equipment (Note 19)				
- Land and Buildings	-	61,208	406,884	468,092
- Infrastructure Systems	-	-	58,688	58,688
Other Assets (Note 21) Emerging Assets	-	-	223	223
	<b>-</b>	<b>61,208</b>	<b>465,795</b>	<b>527,003</b>

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 19.

<b>2018 Restated</b>	<b>Level 1 \$000</b>	<b>Level 2 \$000</b>	<b>Level 3 \$000</b>	<b>Total Fair Value \$000</b>
Property, Plant and Equipment (Note 19)				
- Land and Buildings	-	61,280	420,298	481,578
- Infrastructure Systems	-	-	61,349	61,349
Other Assets (Note 21) Emerging Assets	-	-	210	210
	<b>-</b>	<b>61,280</b>	<b>481,857</b>	<b>543,137</b>

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 19.

**b) Valuation Techniques, Inputs and Processes**

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

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 19 reconciliation).

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

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.

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

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

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

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**PARENT AND CONSOLIDATION**

**22. Fair Value Measurement of Non-Financial Assets**

**c) Reconciliation of Recurring Level 3 Fair Value Measurements**

<b>2019</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Other Assets \$000</b>	<b>Total Level 3 Recurring \$000</b>
Fair Value as at 1 July 2018	420,298	61,349	210	481,857
Additions	4,432	-	6	4,438
Revaluation Increments / (Decrements) recognised in Other Comprehensive Income – included in line item 'Changes in Revaluation Surplus of Other Assets' (Note 21)	-	-	7	7
Depreciation expense	(20,537)	(2,661)	-	(23,198)
Reclassification	2,691	-	-	2,691
<b>Fair Value as at 30 June 2019</b>	<b>406,884</b>	<b>58,688</b>	<b>223</b>	<b>465,795</b>

There were no transfers between Level 1 or 2 during the year ended 30 June 2019.

<b>2018 Restated</b>	<b>Land and Buildings \$000</b>	<b>Infrastructure Systems \$000</b>	<b>Other Assets \$000</b>	<b>Total Level 3 Recurring \$000</b>
Fair Value as at 1 July 2017	463,343	36,728	202	500,273
Additions	23,607	1	6	23,614
Revaluation Increments / (Decrements) recognised in Other Comprehensive Income – included in line item 'Changes in Revaluation Surplus of Property, Plant and Equipment' (Note 19)	22,238	2,874	-	25,112
Revaluation Increments / (Decrements) recognised in Other Comprehensive Income – included in line item 'Changes in Revaluation Surplus of Other Assets' (Note 21)	-	-	2	2
Transfers from Level 2	1,987	-	-	1,987
Transfers to Level 2	(47,208)	-	-	(47,208)
Depreciation expense	(19,671)	(2,290)	-	(21,961)
Reclassification	(23,998)	24,036	-	38
<b>Fair Value as at 30 June 2018</b>	<b>420,298</b>	<b>61,349</b>	<b>210</b>	<b>481,857</b>

There were no transfers between Level 1 or 2 during the year ended 30 June 2018.

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**PARENT AND CONSOLIDATION**

**23. Restricted Assets**

ISLHD'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.

<b>Category</b>	<b>Opening Equity 1 July 2018 \$000</b>	<b>Expense 2019 \$000</b>	<b>Revenue 2019 \$000</b>	<b>Closing Equity 30 June 2019 \$000</b>
Facility Improvements	14,720	6,677	1,756	9,799
Patient Welfare	3,845	700	996	4,141
Private Practice Disbursements (No.2 Accounts)	16,822	4,344	4,431	16,909
Public Contributions	2,119	1,390	191	920
Research	1,399	664	1,382	2,117
Staff Welfare	11	-	-	11
Training and Education Including Conferences	1,844	221	228	1,851
	<b>40,760</b>	<b>13,996</b>	<b>8,984</b>	<b>35,748</b>

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

<b>Category</b>	<b>Purpose</b>
Facility Improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Patient Welfare	Improvements such as medical needs, financial needs and standards for patients' privacy and dignity.
Private Practice Disbursements (No.2 Accounts)	Staff specialists' private practice arrangements to improve the level of clinical services provided.
Public Contributions	Donations or legacies received without any donor-specified conditions as to its use.
Research	Research to gain knowledge, understanding and insight.
Staff Welfare	Staff benefits such as staff recognition awards, functions and staff amenity.
Training and Education Including Conferences	Professional training, education and conferences.

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>24. Payables</b>		
		<b>Current</b>		
-	-	Accrued Salaries, Wages and On-Costs	20,575	18,001
-	-	Taxation and Payroll Deductions	2,745	2,236
23,320	20,237	Accrued Liability - Purchase of Personnel Services	-	-
18,416	22,806	Creditors	18,416	22,806
		Other Creditors		
9,952	11,365	- Payables to Entities Controlled by the Immediate Parent	9,952	11,365
5,900	6,199	- Other	5,900	6,199
<b>57,588</b>	<b>60,607</b>		<b>57,588</b>	<b>60,607</b>

The majority of 'Payables to Entities Controlled by the Immediate Parent' relate to balances payable to the Health Administration Corporation, an entity controlled by the immediate parent. They include HealthShare NSW, Health Infrastructure, South Eastern Sydney Local Health District, Ministry of Health and The Sydney Children's Hospital Network.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 38.

**25. Borrowings**

		<b>Current</b>		
464	447	Other Loans and Deposits	464	447
<b>464</b>	<b>447</b>		<b>464</b>	<b>447</b>
		<b>Non-Current</b>		
4,253	4,717	Other Loans and Deposits	4,253	4,717
<b>4,253</b>	<b>4,717</b>		<b>4,253</b>	<b>4,717</b>

'Other Loans and Deposits' include balances due to the Crown Finance Entity, an entity controlled by the ultimate parent.

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

Final repayment of loan is scheduled for 30 June 2028.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 38.

**Illawarra Shoalhaven Local Health District**  
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>26. Provisions</b>		
		<b>Current</b>		
-	-	Annual Leave - Short Term Benefit	59,530	56,222
-	-	Annual Leave - Long Term Benefit	18,504	17,110
-	-	Long Service Leave Consequential On-Costs	15,586	13,188
-	-	Provision for Other Employee Benefits	1,662	1,417
95,282	87,937	Provision for Personnel Services Liability	-	-
<b>95,282</b>	<b>87,937</b>		<b>95,282</b>	<b>87,937</b>
		<b>Non-Current</b>		
-	-	Long Service Leave Consequential On-Costs	1,355	1,147
1,355	1,147	Provision for Personnel Services Liability	-	-
<b>1,355</b>	<b>1,147</b>		<b>1,355</b>	<b>1,147</b>
		<b>Aggregate Employee Benefits and Related On-Costs</b>		
-	-	Provisions - Current	95,282	87,937
-	-	Provisions - Non-Current	1,355	1,147
-	-	Accrued Salaries, Wages and On-Costs, Taxation and Payroll Deductions (Note 24)	23,320	20,237
119,957	109,321	Liability - Purchase of Personnel Services	-	-
<b>119,957</b>	<b>109,321</b>		<b>119,957</b>	<b>109,321</b>



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PARENT			CONSOLIDATION	
2019 \$000	2018 \$000		2019 \$000	2018 \$000
		<b>27. Commitments</b>		
		<b>a) Capital Commitments</b>		
		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:		
31,711	47,306	Within one year	31,711	47,306
8,809	19,663	Later than one year and not later than five years	8,809	19,663
44,988	74,602	Later than five years	44,988	74,602
<b>85,508</b>	<b>141,571</b>	<b>Total (Including GST)</b>	<b>85,508</b>	<b>141,571</b>
		The majority of 'Capital Commitments' contracted but not provided for relates to capital works overseen by Health Administration Corporation for building and infrastructure, and Philips for medical imaging equipment.		
		<b>b) Operating Lease Commitments</b>		
		<i>Entity as Lessee</i>		
		Future minimum rentals payable under non-cancellable operating leases at balance date are, as follows:		
5,679	3,863	Within one year	5,679	3,863
10,740	3,688	Later than one year and not later than five years	10,740	3,688
27,189	189	Later than five years	27,189	189
<b>43,608</b>	<b>7,740</b>	<b>Total (Including GST)</b>	<b>43,608</b>	<b>7,740</b>
		The 'Operating Lease Commitments' above are for motor vehicles, property and medical equipment maintenance contracts.		
		<b>c) Input Tax Receivable Related to Commitments for Expenditure</b>		
		The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments (Entity as Lessee)' of \$129.115 million as at 30 June 2019 includes input tax credits of \$11.705m that are expected to be recoverable from the Australian Taxation Office (2018 \$13.523m).		

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**PARENT AND CONSOLIDATION**

**28. Trust Funds**

ISLHD holds trust funds of \$194,000 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 ISLHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Refundable Deposits		Private Practice Trust Funds		Third Party Funds		Total	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Balance at the beginning of the financial year	186	176	-	-	9	-	195	176
Add : Receipts	12	10	19,472	18,966	9	9	19,493	18,985
Less : Expenditure	(22)	-	(19,472)	(18,966)	-	-	(19,494)	(18,966)
<b>Balance at the end of the financial year</b>	<b>176</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>9</b>	<b>194</b>	<b>195</b>

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

<b>Category</b>	<b>Purpose</b>
Refundable Deposits	A sum of money held in trust as a security deposit.
Private Practice Trust Funds	The revenue derived from private patient and other billable services provided by Staff Specialists.
Third Party Funds	A sum of money held in trust on behalf of external parties, e.g. external foundations, volunteer groups and auxiliaries.

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**29. Contingent Liabilities and Assets**

- a) Contingent assets related to commitment for expenditure - refer to note 27c)
- b) District considers it has no contingent liabilities at reporting date.

**30. Interests in Associates**

Set out below are the associates with ISLHD as at 30 June 2019 which, in the opinion of management, are material to the group. The proportion of ownership interest held by the group equals the voting rights held by the group.

Name of Entity	Place of Business and Country of Incorporation	Ownership Interest Held by ISLHD		Nature of Relationship	Measurement Method	Associate Equity Carrying Amount		ISLHD Carrying Amount	
		2019 %	2018 %			2019 \$000	2018 \$000	2019 \$000	2018 \$000
Illawarra Health & Medical Research Institute	Australia	50	50	Associate	Equity	1,800	1,000	-	-

Illawarra Health & Medical Research Institute is a company limited by guarantee, whose constitution prohibits the distribution of funds to its members. Accordingly the carrying amount has been equity accounted at nil value and as such no financial information has been disclosed. Illawarra Health & Medical Research Institute has a 30 June reporting period.

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>31. Reconciliation of Cash Flows from Operating Activities to Net Result</b>		
48,313	13,637	Net Cash Used on Operating Activities	48,313	13,637
(32,596)	(31,504)	Depreciation and Amortisation Expense	(32,596)	(31,504)
(692)	(668)	Allowance for impairment	(692)	(668)
(8,381)	(7,982)	Decrease / (Increase) in Provisions	(8,381)	(7,982)
(2,014)	6,246	Increase / (Decrease) in Prepayments and Other Assets	(2,014)	6,246
2,776	(3,585)	Decrease / (Increase) in Payables	2,776	(3,585)
(77)	(212)	Net Gain / (Loss) on Sale of Property, Plant and Equipment	(77)	(212)
26	57	Assets Donated or Brought to Account / Emerging Assets Recognised	26	57
<b>7,355</b>	<b>(24,011)</b>	<b>Net Result</b>	<b>7,355</b>	<b>(24,011)</b>
		<b>32. Non-Cash Financing and Investing Activities</b>		
20	57	Assets Donated or Brought to Account	20	57
6	-	Emerging Rights to Assets Recognised	6	-
<b>26</b>	<b>57</b>		<b>26</b>	<b>57</b>

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**PARENT AND CONSOLIDATION**

**33. Changes in Liabilities Arising from Financing Activities**

	<b>2018</b>	<b>Cash Flow</b>	<b>Non-Cash</b>		<b>2019</b>
	<b>\$000</b>	<b>\$000</b>	<b>Changes</b>	<b>Other</b>	<b>\$000</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Borrowings and Advances	5,164	(447)	-		4,717

**34. 2018/19 Voluntary Services**

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

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

**35. Unclaimed Monies**

All money and personal effects of patients which are left in the custody of the ISLHD 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 ISLHD.

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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**PARENT AND CONSOLIDATION**

**36. Adjusted Budget Review**

**Net Result**

The actual Net Result was lower than adjusted budget by \$6.322m, primarily due to:

Employee Related expenses are \$4.20m above budget, primarily relating to annual workers compensation premium costing an additional \$2.98m. Non-cash impact of end of year annual leave adjustment and an increase to annual leave expense relating to new FTEs has contributed to salaries & wages being \$2.83m above budget. Whilst receiving additional funding of \$8.30m for increased activity, Visiting Medical Officer expenses and other expenses exceeded budget by \$12.31m. This included an additional \$2.89m in contractor related expenses, \$1.79m in staff related travel and \$2.21m in Intra Health service charges.

The District received \$6.51m in additional cash assistance. Revenue relating to DVA and MAA patients continues to decline, down by \$2.93m against budget. This was offset by additional revenue in clinical services and private practice of \$3.02m.

**Assets and Liabilities**

Current assets are \$1.9m above budget. Cash is \$2.4m below budget which includes running down the general funds cash reserve to next year's revised cash buffer as requested by Ministry. Debtors are \$4.2m above budget which includes an additional \$1.7m staff overpayment debtor and \$2.1m in transitional aged care debtors. Non current assets are \$86m below budget, the majority of this variance relates to the \$78m prior period error adjustment not budgeted for. Total liabilities are in line with budget.

**Cash Flows**

Net cash flow from operating activities is \$9.2m unfavourable to budget. This is due to an additional \$18.7m of unbudgeted expenses, offset by an additional \$9.5m in revenue (majority NSW Ministry of Health Recurrent Allocation funding).

There was significant capital investment during the year (\$55m) including three major projects being Bulli ACCE, Shellharbour redevelopment and Shoalhaven carpark. The budget for capital expenditure was \$62m, with the unspent funds the result of delayed start on these projects and other locally funded initiatives.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 30 June 2018 are as follows:

	<b>\$000</b>
Initial Allocation, <b>30 June 2018</b>	768,665
Award Increases	16,904
<b>Special Projects</b>	
2018/19 Treasury Managed Fund Adjustment	1,104
Allied Health Worker Position in Palliative Care	118
National Partnership Agreement on Adult Public Dental Services	2,300
Their Futures Matter (Formerly Keep them Safe) Supplementation	2,136
Nurse Midwife Strategy Reserve	951
Round 3 Translational Research Grant Scheme	231
NSW Aged Care Assessment Programme	152
Organ and Tissue Donation Funding	147
Additional funding for projects under \$100k each	514
Translational Research Grant - BorderLine Personality Disorder	(119)
<b>Other</b>	
Additional Activity	8,320
Revenue Final Alignment	6,996
2018/19 Hospitalist Skills Program Education Support Funding	150
2018/19 Revenue Realignment - Patient Fees	1,217
Transfer National Disability Insurance Scheme (NDIS) - AIDS and Equipment Program	(814)
2018/19 Winter Funding	270
Fire Services Assistance Program (FSAP) Works	590
Kiama Integrated Primary and Community Health Centre Donation	143
Ministry of Health Sustaining NSW Families Funds	750
Patient Reported Measures Project Officers	206
Workplace Culture and Safety	219
Additional funding for projects under \$100k each	234
S100 Highly Specialised Drugs Co-Payment	214
Rural Generalist Medical and General Practitioner Procedural Training Program	285
Increase access to Elective Surgery Initiative Phase 2	380
IPTAAS 2018/19	529
Voluntary Redundancy Reimbursement	449
<b>Balance as per Statement of Comprehensive Income</b>	<b>813,241</b>

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

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

**Equity transfers effected in the 2018/19 year were:**

- a) 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 \$828,000 relating to the transfer of Annual Leave provision balances to other NSW Health entities.

**Equity transfers effected in the 2017/18 year were:**

Nil

Equity transfers effected comprised:

- a) Annual Leave Provision - Transfer of Annual Leave Provisions between NSW Health entities

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
(828)	(828)	-

(828)	-
-------	---

Assets and Liabilities transferred are as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>

**Liabilities**

- a) Annual Leave Provision

828	828	-
-----	-----	---

**Increase / (Decrease) in Net Assets From Equity Transfers**

828	-
-----	---

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**38. Financial Instruments**

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

ISLHD's main risks arising from financial instruments are outlined below, together with ISLHD'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 ISLHD, 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**

<b>Class:</b>	<b>Category</b>	<b>Carrying Amount 2019 \$000</b>
Cash and Cash Equivalents (Note 16)	N/A	37,316
Receivables (Note 17) <sup>1</sup>	Amortised cost	15,770
<b>Total Financial Assets</b>		<b>53,086</b>
<b>Financial Liabilities</b>		
Borrowings (Note 25)	Financial liabilities measured at amortised cost	4,717
Payables (Note 24) <sup>2</sup>	Financial liabilities measured at amortised cost	54,843
<b>Total Financial Liabilities</b>		<b>59,560</b>

**Notes**

<sup>1</sup> Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

<sup>2</sup> 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**

<b>Class:</b>	<b>Category</b>	<b>Carrying Amount 2018 \$000</b>
Cash and Cash Equivalents (Note 16)	N/A	44,408
Receivables (Note 17) <sup>1</sup>	Loans and receivables (at amortised cost)	10,989
<b>Total Financial Assets</b>		<b>55,397</b>
<b>Financial Liabilities</b>		
Borrowings (Note 25)	Financial liabilities measured at amortised cost	5,164
Payables (Note 24) <sup>2</sup>	Financial liabilities measured at amortised cost	58,371
<b>Total Financial Liabilities</b>		<b>63,535</b>

**Notes**

<sup>1</sup> Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

<sup>2</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).



**Illawarra Shoalhaven Local Health District**  
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**38. Financial Instruments**

**b) Financial Risks**

**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 ISLHD. 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 ISLHD, including cash, receivables and authority deposits. No collateral is held by ISLHD. ISLHD has not granted any financial guarantees.

Credit risk associated with ISLHD'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.

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

**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: 2.2%) in 2018/19 compared to 2.35% (Restricted funds bank balance: 2.35%) in the previous year.

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

**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.

ISLHD 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. ISLHD 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:

	<b>Current</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt;91 days</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30 June 2019</b>						
Expected credit loss rate	1.09%	3.20%	11.16%	19.15%	44.15%	4.85%
Estimated total gross carrying amount at default	9,654	845	233	141	872	11,745
Expected credit loss	105	27	26	27	385	570
<b>1 July 2018</b>						
Expected credit loss rate	0.95%	4.84%	12.83%	24.03%	30.23%	4.58%
Estimated total gross carrying amount at default	6,875	455	343	258	665	8,596
Expected credit loss	65	22	44	62	201	394

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

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**38. 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 ISLHD 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.

ISLHD 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 ISLHD'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:

	<b>2018</b>
	<b>\$000</b>
Neither past due nor impaired	9,667
Past due but not impaired <sup>1,2</sup>	
< 3 months overdue	845
3 - 6 months overdue	295
> 6 months overdue	182
Impaired <sup>1,2</sup>	
< 3 months overdue	102
3 - 6 months overdue	222
> 6 months overdue	350
<b>Total <sup>1,2</sup></b>	<b>11,663</b>

**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.*

**Authority Deposits**

ISLHD has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are classified as cash and cash equivalents and are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. There were no indicators for impairment on these securities during the year. The deposits at balance date were earning an average interest rate of 0.16% (2018: 0.14%), while over the year the weighted average interest rate was 2.32% (2018: 1.99%) on a weighted average balance during the year of \$23.132m (2018: \$22.646m). None of these assets are past due or impaired.

**ii. Liquidity Risk**

Liquidity risk is the risk that ISLHD will be unable to meet its payment obligations when they fall due. ISLHD 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.

ISLHD 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.

ISLHD 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 ISLHD 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.

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
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**38. Financial Instruments**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Weighted Average Effective Interest Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2019</b>								
Payables:								
- Creditors <sup>2</sup>		54,843	-	-	54,843	54,843	-	-
Borrowings:								
- Loans and Deposits	2.97%	4,945	4,945	-	-	692	2,001	2,252
		<b>59,788</b>	<b>4,945</b>	<b>-</b>	<b>54,843</b>	<b>55,535</b>	<b>2,001</b>	<b>2,252</b>
<b>2018</b>								
Payables:								
- Creditors <sup>2</sup>		58,371	-	-	58,371	58,371	-	-
Borrowings:								
- Loans and Deposits	2.97%	5,164	5,164	-	-	447	1,943	2,774
		<b>63,535</b>	<b>5,164</b>	<b>-</b>	<b>58,371</b>	<b>58,818</b>	<b>1,943</b>	<b>2,774</b>

**Notes:**

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which ISLHD 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).

**Illawarra Shoalhaven Local Health District**  
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**for the year ended 30 June 2019**

**38. 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. ISLHD's exposures to market risk are primarily through interest rate risk on ISLHD's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. ISLHD 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 ISLHD 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 ISLHD's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. ISLHD 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, ISLHD 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%	
	Carrying Amount \$000	Net Result \$000	Equity \$000	Net Result \$000	Equity \$000
<b>2019</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	37,316	(373)	(373)	373	373
Receivables	15,770	-	-	-	-
<b>Financial Liabilities</b>					
Payables <sup>1</sup>	54,843	-	-	-	-
Borrowings	4,717	47	47	(47)	(47)
<b>2018</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	44,408	(444)	(444)	444	444
Receivables	10,989	-	-	-	-
<b>Financial Liabilities</b>					
Payables <sup>1</sup>	58,371	-	-	-	-
Borrowings	5,164	52	52	(52)	(52)

<sup>1</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

**Illawarra Shoalhaven Local Health District**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**38. Financial Instruments**

*Other price risk - TCorpIM Funds*

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM Funds, which are held for strategic rather than trading purposes. ISLHD has no direct equity investments. ISLHD holds units in the following TCorpIM Funds trusts:

Facility	Investment Sectors	Investment Horizon	2019 \$000	2018 \$000
Cash facility	Cash and money market instruments	Up to 1.5 years	23,375	22,844

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

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

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

TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results.

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM Funds statement).

Impact on net result	Change in unit price	2019 \$000	2018 \$000
TCorpIM Funds - Cash facility	+/- 1%	234	228

**c) Fair Value Measurement**

**i. Fair value compared to carrying amount**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

**ii. Fair Value recognised in the Statement of Financial Position**

Financial instruments are generally recognised at cost, with the exception of the TCorpIM Funds investment facilities, which are measured at fair value. Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2019 Total \$'000
TCorpIM Funds	-	23,375	-	23,375

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2018 Total \$'000
TCorpIM Funds	-	22,844	-	22,844

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

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

The value of the TCorpIM Funds investment is based on ISLHD's share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM Funds investment facilities are valued using 'redemption' pricing.

**Illawarra Shoalhaven Local Health District**  
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**39. Related Party Transactions**

**PARENT AND CONSOLIDATION**

Key management personnel compensation is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Short-Term Employee Benefits	671	613
Post-Employment Benefits	61	56
	<u>732</u>	<u>669</u>

During the financial year, Illawarra Shoalhaven Local Health District obtained key management personnel services from the immediate parent and incurred \$366,584 (2018: \$386,037 ) 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).

**40. Events After the Reporting Period**

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

**END OF AUDITED FINANCIAL STATEMENTS**