



INDEPENDENT AUDITOR'S REPORT

South Western Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of South Western Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, service group statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

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 2012, and of the financial performance and the 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, statement of financial position and statement of cash flows.

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view 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 of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



David Nolan
Director, Financial Audit Services

19 October 2012
SYDNEY

Annual Financial Statements

of

South Western Sydney Local Health District

for the Year Ended 30 June 2012

**South Western Sydney Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2012**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that in my opinion:

- 1) The financial statements have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions;
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the South Western Sydney Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.

I further state the financial statements have been prepared in accordance with the NSW Ministry of Health's Accounts and Audit Determination for Public Health Organisations.



Amanda Larkin
Chief Executive Officer

11/10/12

South Western Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2012

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual
2012	2012	Six months ended 30 June 2011			2012	2012	Six months ended 30 June 2011
\$000	\$000	\$000			\$000	\$000	\$000
Expenses excluding losses							
Operating Expenses							
-	-	-	Employee Related	3	850,996	856,668	399,176
850,996	856,668	399,176	Personnel Services	4	-	-	-
63,768	48,703	30,133	Visiting Medical Officers		63,768	48,703	30,133
349,834	351,875	175,199	Other Operating Expenses	5	349,834	351,875	175,199
41,175	45,872	21,977	Depreciation and Amortisation	2(i), 6	41,175	45,872	21,977
4,063	270	466	Grants and Subsidies	7	4,063	270	466
357	356	-	Finance Costs	8	357	356	-
26,555	27,237	12,179	Payments to Affiliated Health Organisations	9	26,555	27,237	12,179
1,336,748	1,330,981	639,130	Total Expenses excluding losses		1,336,748	1,330,981	639,130
Revenue							
1,084,718	1,084,718	480,109	NSW Ministry of Health Recurrent Allocations	2(d)	1,084,718	1,084,718	480,109
76,575	76,575	54,575	NSW Ministry of Health Capital Allocations	2(d)	76,575	76,575	54,575
-	-	(4,480)	Asset Sales Proceeds Transferred to the Ministry of Health		-	-	(4,480)
-	-	-	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	45,303	47,804	21,072
135,481	144,751	57,546	Sale of Goods and Services	10	135,481	144,751	57,546
2,072	5	1,867	Investment Revenue	11	2,072	5	1,867
62,290	51,174	27,509	Grants and Contributions	12	16,987	3,370	6,437
3,275	178	1,443	Other Revenue	14	3,275	178	1,443
1,364,411	1,357,401	618,569	Total Revenue		1,364,411	1,357,401	618,569
(2,958)	(1,887)	(9,699)	Gain / (Loss) on Disposal	15	(2,958)	(1,887)	(9,699)
(4,984)	(4,690)	(1,216)	Other Gains / (Losses)	16	(4,984)	(4,690)	(1,216)
19,721	19,843	(31,476)	Net Result	34	19,721	19,843	(31,476)
-	-	-	Total Other Comprehensive Income for the year		-	-	-
19,721	19,843	(31,476)	TOTAL COMPREHENSIVE INCOME		19,721	19,843	(31,476)

The accompanying notes form part of these financial statements.

**South Western Sydney Local Health District
Statement of Financial Position as at 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2012	2012	2011		2012	2012	2011
\$000	\$000	\$000		\$000	\$000	\$000
ASSETS						
Current Assets						
62,691	51,523	15,091	19	62,691	51,523	15,091
35,652	28,886	30,680	20	35,652	28,886	30,680
3,838	3,445	3,445	21	3,838	3,445	3,445
-	-	30,504	22	-	-	30,504
1	-	-	23	1	-	-
102,182	83,854	79,720		102,182	83,854	79,720
Total Current Assets						
Non-Current Assets						
1,485	0	1,485	20	1,485	0	1,485
Property, Plant and Equipment						
978,186	967,912	923,113	24	978,186	967,912	923,113
76,258	70,393	70,020	24	76,258	70,393	70,020
1,333	0	-	24	1,333	0	-
1,055,777	1,038,305	993,133		1,055,777	1,038,305	993,133
-	-	588	25	-	-	588
1,057,262	1,038,305	995,206		1,057,262	1,038,305	995,206
1,159,444	1,122,159	1,074,926		1,159,444	1,122,159	1,074,926
Total Assets						
LIABILITIES						
Current Liabilities						
97,075	96,656	100,569	27	97,075	96,656	100,569
148,804	112,138	127,253	29	148,804	112,138	127,253
1,478	-	-	30	1,478	-	-
247,357	208,794	227,822		247,357	208,794	227,822
Total Current Liabilities						
Non-Current Liabilities						
16,804	16,804	1,374	28	16,804	16,804	1,374
2,078	2,078	968	29	2,078	2,078	968
18,882	18,882	2,342		18,882	18,882	2,342
266,239	227,676	230,164		266,239	227,676	230,164
Total Liabilities						
893,205	894,483	844,762		893,205	894,483	844,762
Net Assets						
EQUITY						
893,205	894,483	844,762		893,205	894,483	844,762
Accumulated Funds						
893,205	894,483	844,762		893,205	894,483	844,762
Total Equity						

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2012

	Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
		\$000	\$000	\$000	\$000
Balance at 1 July 2011		844,762	0	0	844,762
Net Result for the year		19,721			19,721
Total Comprehensive Income for the year		864,483	0	0	864,483
Transactions With Owners In Their Capacity As Owners Increase/(Decrease) in Net Assets From Equity Transfers	39	28,722	0	0	28,722
Balance at 30 June 2012		893,205	0	0	893,205
Balance at 1 January 2011		0	0	0	0
Net Result for the Six Months Ended 30 June 2011		(31,476)			(31,476)
Total Comprehensive Income for the Six Months Ended 30 June 2011		(31,476)	0	0	(31,476)
Transactions With Owners In Their Capacity As Owners Increase/(Decrease) in Net Assets From Equity Transfers	39	876,238	0	0	876,238
Balance at 30 June 2011		844,762	0	0	844,762

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Service Group Statements
for the Year Ended 30 June 2012

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary and Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																							
Operating Expenses	47,981	27,982	622	319	90,954	53,490	96,930	27,902	445,895	197,474	87,723	35,167	48,898	26,904	23,200	6,826	8,793	23,112	850,996	399,176			
Employee Related	59	738		9	6,153	4,812	2,866	687	50,345	20,380	3,541	1,389	804	1,232	344	344	542	63,768	30,133				
Visiting Medical Officers	19,808	3,836	115	51	37,262	10,530	21,874	11,174	224,780	134,901	14,875	2,905	12,606	8,660	8,027	1,151	10,487	349,834	175,199				
Other Operating Expenses	3,054	1,218		15	4,561	3,130	2,773	1,679	29,536	12,465	591	914	605	1,648	231	231	15	41,175	21,977				
Depreciation and Amortisation	3,830	260									211	206			22			4,063	466				
Grants and Subsidies	20				39		41		187		37		21		9		3	357					
Finance Costs	8,837	4,055							19		863	396	16,836	7,706			22	26,555	12,179				
Payments to Affiliated Health Organisations	83,629	38,089	737	394	138,969	71,962	124,484	41,442	750,762	365,220	107,841	40,977	79,770	46,150	31,258	8,552	19,298	1,336,748	639,130				
Total Expenses excluding losses																							
Revenue																							
NSW Ministry of Health Recurrent Allocations ***																							
NSW Ministry of Health Capital Allocations ***																							
Asset Sale Proceeds Transferred to the NSW Ministry of Health																							
Acceptance by the Crown Entity																							
of Employee Benefits and Other Liabilities																							
Sale of Goods and Services	567	76	1		33,941	11,014	1,735	1,519	69,645	43,239	5,213	14	24,277	1,424	58	19	44	45,303	1,084,718	480,109			
Investment Revenue	271	140	1	1	270	147	151	54	1,388	643	55		146	111	132	77	(342)	76,575	54,575	76,575			
Grants and Contributions	2,569	386			2,379	636	225	190	3,242	1,966	431	39	5,563	717	1,618	52	960	(4,480)	54,575	54,575			
Other Revenue	141	146		1	312	105	(62)	54	477	265	85	4	1,378	122	368	261	576	21,072	76,575	76,575			
Total Revenue	3,548	748	2	2	36,902	11,902	2,049	1,817	74,752	46,113	5,784	57	31,364	2,374	2,176	409	1,238	45,303	1,084,718	480,109			
Gain / (Loss) on Disposal									(2,958)	(9,899)									1,084,718	480,109			
Other Gains / (Losses)									(4,984)	(1,216)									76,575	76,575			
Net Result	(80,081)	(37,341)	(735)	(392)	(102,067)	(60,060)	(122,435)	(39,625)	(683,952)	(330,022)	(102,057)	(40,920)	(48,406)	(43,776)	(29,082)	(8,143)	(18,060)	(4,480)	1,084,718	480,109			
Total Other Comprehensive Income																							
Total Comprehensive Income	(80,081)	(37,341)	(735)	(392)	(102,067)	(60,060)	(122,435)	(39,625)	(683,952)	(330,022)	(102,057)	(40,920)	(48,406)	(43,776)	(29,082)	(8,143)	(18,060)	(4,480)	1,084,718	480,109			

Service Group Statements focus on the key measures of service delivery performance.

* The purpose of each service group is summarised in Note 18.

** Comparatives for 2011 are for the six months ended 30 June 2011.

*** Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.

The Service Group Statement uses statistical data to 31 December 2011 to allocate the current period's financial information on expenses and revenue to each service group.

No changes have occurred during the period between 1 January 2012 and 30 June 2012 which would materially impact this allocation.

South Western Sydney Local Health District
Service Group Statements (Continued)
for the Year Ended 30 June 2012

DISTRICT ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	3,922	899	35	9	6,517	1,699	5,838	979	35,209	8,623	5,058	968	3,741	1,090	1,466	202	905	622						
Receivables	2,231	341	20	1	3,706	5,426	3,320	828	20,023	21,025	2,876	26	2,128	1,082	834	186	515	1,765						
Inventories	240	75	2	1	399	207	357	220	2,156	2,653	310	57	229	170	90	23	55	39						
Financial Assets at Fair Value		1,818		19		3,435		1,978		17,430		1,956		2,203		408		1,257						
Other Financial Assets									1															
Total Current Assets	6,393	3,133	57	30	10,622	10,767	9,515	4,005	57,389	49,731	8,244	3,007	6,098	4,545	2,389	819	1,475	3,663						
Non-Current Assets																								
Receivables	93	17	1		154	263	136	40	834	1,018	120	1	89	52	35	9	21	85						
Property, Plant and Equipment																								
- Land and Buildings	61,198	51,409	539	633	101,693	132,111	91,093	70,867	549,382	526,122	78,914	34,087	58,373	69,559	22,874	9,750	14,122	28,575						
- Plant and Equipment	4,771	3,881	42	48	7,928	9,972	7,101	5,349	42,829	39,714	6,152	2,912	4,551	5,251	1,783	736	1,101	2,157						
- Infrastructure Systems	82		1		139		124		749		108		80		31		19							
Other		35				66		38		337		38		42		8		24						
Total Non-Current Assets	66,144	55,342	583	681	109,914	142,412	98,456	76,294	593,794	567,191	85,294	37,038	63,093	74,904	24,723	10,503	15,262	30,841						
TOTAL ASSETS	72,537	58,475	640	711	120,536	153,179	107,971	80,299	651,182	616,922	93,538	40,045	69,199	79,449	27,112	11,322	16,737	34,524						
LIABILITIES																								
Current Liabilities																								
Payables	6,074	2,202	53	29	10,092	6,045	9,040	6,414	54,521	77,436	7,831	1,868	5,793	4,971	2,270	661	1,401	1,143						
Provisions	9,309	8,920	82	102	15,470	17,052	13,857	8,895	83,573	62,953	12,005	11,211	8,880	8,577	3,480	2,176	2,148	7,368						
Other	92		1		154		138		830		119		88		35		21							
Total Current Liabilities	15,475	11,122	136	131	25,716	23,097	23,035	15,309	138,924	140,389	19,955	12,879	14,761	13,548	5,785	2,837	3,570	8,511						
Non-Current Liabilities																								
Borrowings	1,051	82	9	1	1,747	155	1,565	89	9,438	785	1,356	88	1,003	99	393	18	242	57						
Provisions	130	68	1	1	216	130	194	68	1,167	478	167	85	124	65	49	17	30	56						
Total Non-Current Liabilities	1,181	150	10	2	1,963	285	1,759	157	10,605	1,263	1,523	173	1,127	164	442	35	272	113						
TOTAL LIABILITIES	16,656	11,272	146	133	27,679	23,382	24,794	15,466	149,529	141,652	21,478	13,052	15,889	13,712	6,227	2,872	3,843	8,624						
NET ASSETS	55,881	47,203	494	578	92,857	129,797	83,177	64,833	501,654	475,270	72,059	26,993	53,302	65,737	20,885	8,450	12,895	25,900						

* The name and purpose of each service group is summarised in Note 18

Assets and liabilities that are specific to service groups are allocated accordingly, e.g. Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(ae), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

1. The Reporting Entity

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

The District as a reporting entity, comprises all the entities under its control, namely; South Western Sydney Local Health District Special Purpose Service Entity.

The parent entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control, namely:

- * Banskdown Hospital
- * Bowral Hospital
- * Camden Hospital
- * Campbelltown Hospital
- * Fairfield Hospital
- * Liverpool Hospital

It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the District.

The District controls the South Western Sydney Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the *Public Sector Employment and Management Act 2002* and the *Health Services Act 1997*. These Divisions provide personnel services to enable a District to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service division. 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.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The District is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive on 11 October 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Health Services Act 1997* and its Regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the *Public Finance and Audit Act 1983* and its Regulation, and the Treasurer's Directions. Apart from the basis for the District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ac).

Notwithstanding the consolidated entity has a working capital deficiency of \$-145,175,000 and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

As has been the case in prior years, the NSW Ministry of Health issued a letter of financial support on 27 September 2012 confirming that the District receives each year funding from monies appropriated to the Minister from the Consolidated Fund in accordance with Section 127 of the *Health Services Act 1997*.

These appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.

Other mitigating circumstances why the going concern is appropriate include:

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

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

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

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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. The comparative period is a six month period as the entity was established on 1 January 2011.

Statement of Compliance

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

Significant accounting policies used in the preparation of these financial statements are as follows:

a) Employee Benefits and Other Provisions

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

At the consolidated level of reporting, liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term".

On-costs of 17% are applied to the value of leave payable at 30 June 2012, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2011 were also 17%).

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.

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

ii) Long Service Leave and Superannuation

The District's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity.

The District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 29.

Long Service Leave is measured at present value in accordance with AASB119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These approximate present value.

The District's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

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

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 27, 'Payables'.

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

iii) Other Provisions

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

South Western Sydney Local Health District
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b) Insurance

The District's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector agencies.

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

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

Patient Fees

Patient Fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health.

High Cost Drugs

High cost drug revenue is paid by the Commonwealth through Medicare and reflects the recoupment of costs incurred for Section 100 highly specialised drugs, in accordance with the terms of the Commonwealth agreement. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria is met in respect of day admitted patients, non admitted patients or patients on discharge.

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 accidents.

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. Payment for inpatient services are based on admitted public activity whilst payments for non admitted patients are subject to a block grant paid to the credit of the NSW Ministry of Health.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB139 *Financial Instruments: Recognition and Measurement*.

Rental revenue is recognised in accordance with AASB117 *Leases* on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 *Revenue* when the District's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB118 on an accrual basis in accordance with the substance of the relevant agreement.

Debt Forgiveness

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

South Western Sydney Local Health District
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Use of Hospital Facilities

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

- * a monthly charge raised by the Ministry 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 District use in the advancement of the District or individuals within it.

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the District as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

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

General operating expenses/revenues of Affiliated Health Organisations have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned (see note 9). The District is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

- * the amount of GST incurred by the District as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

f) Interstate Patient Flows

Districts recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The revenue values reported within the financial statements have been based on 2010/11 activity data using standard cost weighted separation values to reflect estimated costs in 2011/12 for acute weighted inpatient separations.

The composition of interstate patient flow revenue is disclosed in Note 10.

g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the District.

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 specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(z)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

South Western Sydney Local Health District
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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 at an asset-specific rate.

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by the District are deemed to be controlled by the District and are reflected as such in the financial statements.

h) Capitalisation Thresholds

Individual items of property, plant & equipment are capitalised where their cost is \$10,000 or above.

i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the District. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

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

"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.

j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116 *Property, Plant and Equipment* and AASB140 *Investment Property*.

Investment property is separately discussed at Note 2(o).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is the depreciated replacement cost.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District as at 1 January 2011 was completed on 1 July 2009 and was based on an independent assessment.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, the District obtained expert advice from Corporeal Pty Ltd to substantiate that no material movements in asset fair values had occurred since its last full revaluation.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

South Western Sydney Local Health District
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For other assets, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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

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

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 asset revaluation reserve in respect of that asset is transferred to accumulated funds.

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the District is effectively exempt from AASB 136 *Impairment of Assets* and impairment testing.

This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Assets Not Able to be Reliably Measured

The District may at times hold certain assets that are not recognised in the Statement of Financial Position because the District is unable to measure reliably the value of the assets.

The District does not hold any such assets at present.

m) Restoration Costs

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

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

Non Current Assets (or disposal groups) classified as held for sale are assets where the carrying amount will be recovered principally through a sale transaction, not through continuing use.

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

o) Investment Properties

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

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

p) Intangible Assets

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

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

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

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

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

South Western Sydney Local Health District
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q) 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.

r) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. 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 charged to the Statement of Comprehensive Income in the periods in which they are incurred.

s) Inventories

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

Obsolete items are disposed of in accordance with instructions issued by the NSW Ministry of Health.

t) Loans and Receivables

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

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

South Western Sydney Local Health District
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u) Investments

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

* *Fair value through profit or loss* - The South Western Sydney Local Health District subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Districts' key management personnel.

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

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

* *Held-to-maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the South Western Sydney Local Health District has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

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

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

v) Impairment of financial assets

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

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

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

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

w) De-recognition of financial assets and financial liabilities

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

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

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

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

South Western Sydney Local Health District
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x) Payables

These amounts represent liabilities for goods and services provided to the District and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

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

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

y) Borrowings

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

The finance lease liability is determined in accordance with AASB 117 *Leases*.

z) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

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

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

aa) Equity and Reserves

(i) Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the District's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(ii) Accumulated Funds

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

(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.

ab) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 32.

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

ac) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Health Ministry at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

South Western Sydney Local Health District
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ad) Emerging Asset

In previous years, the District's emerging interest in the Bowral Private Medical Imaging was valued in accordance with the Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required the District to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 15 years using the annuity method and the Government Bond rate of 9.15% at commencement of the concession period.

The 15 year concession period ended in March 2011, and the Emerging Asset has been reclassified to Buildings during the current financial year.

ae) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the 12 months ended 31 December 2011 and applied to the current period's financial information. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires the District take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

af) New Australian Accounting Standards Issued but not Effective

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial statements of the District.

AASB 10 *Consolidated Financial Statements* has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 11 *Joint Arrangements* has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the District.

AASB 12 *Disclosure of Interests in Other Entities* has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement.

It is not expected that the changes will have material impact on the District.

AASB 13, AASB 2011-8 and AASB 2012-1 *Fair Value Measurement* have mandatory application from 1 July 2013 and address, inter alia, the assumption that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2012/13 financial statements will be dependent on the policy of NSW Treasury.

AASB 127 *Separate Financial Statements* has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the District.

AASB 128 *Investments in Associates and Joint Ventures* has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the District.

AASB 2011-4 *Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements* has application from 1 July 2013 and removes the requirement to individually report the remuneration to Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6 *Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements* (AASB 127, AASB 128 and AASB 131) applies from 1 July 2013.

The exemptions from preparing the consolidation is not expected to apply to the District.

ASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and joint arrangement standards* arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. The changes have application from 1 July 2013 but are assessed as having no material effect.

South Western Sydney Local Health District
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AASB 2011-8 *Amendments to Australian Accounting Standards, Fair Value Measurement* affects 32 standards and nine interpretations, consequential to the new requirements contained in AASB 13 *Fair Value Measurement*. The change is effective from 1 July 2013.

AASB 2011-9 *Amendments to Australian Accounting Standards, Presentation of Items of Other Comprehensive Income* has application from 1 July 2012. The amendments requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially reclassified to Profit or Loss. No change is expected.

AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* has application from 1 July 2013 and makes consequential amendments to 7 standards and 1 interpretation to the changes made by AASB 119 *Employee Entitlements*. Any change to the 2013/14 will be dependent on the policy of NSW Treasury.

AASB 2011-11 *Amendments to AASB 119 arising from Reduced Disclosure Requirements* has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20* has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-13 *Amendments to Australian Accounting Standard - Improvements to AASB 1049* has application from 1 July 2013 and relates to the Whole of Government General Purpose Financial Statements and General Government Sector Financial Statements. Any change will be dependent on the mandate of NSW Treasury.

AASB 2012-1 *Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements* has application from 1 July 2013, and any changes will be dependent on the mandate of NSW Treasury.

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* has application from 1 July 2014 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2012-4 *Amendments to Australian Accounting Standards – Government Loans* has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

South Western Sydney Local Health District
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PARENT		CONSOLIDATION	
2012	Six months ended 30 June 2011	2012	Six months ended 30 June 2011
\$000	\$000	\$000	\$000
3. Employee Related			
Employee related expenses comprise the following:			
		545,451	255,546
		34,601	15,019
		56,416	29,483
		9,516	6,175
		55,280	28,072
		43,211	16,921
		72,038	37,999
		21,771	9,949
		184	9
		12,528	3
		850,996	399,176
		-	-
		-	-
4. Personnel Services			
Personnel Services comprise the purchase of the following:			
545,451	255,546		
34,601	15,019		
56,416	29,483		
9,516	6,175		
55,280	28,072		
43,211	16,921		
72,038	37,999		
21,771	9,949		
184	9		
12,528	3		
850,996	399,176	-	-
		-	-
		-	-
5. Other Operating Expenses			
9,087	4,758	9,087	4,758
16,643	8,892	16,643	8,892
51,971	22,554	51,971	22,554
25,587	9,648	25,587	9,648
10,022	5,600	10,022	5,600
40,589	61,606	40,589	61,606
4,171	1,643	4,171	1,643
4,135	1,689	4,135	1,689
1,653	184	1,653	184
12,597	5,661	12,597	5,661
7,114	1,755	7,114	1,755
4,215	1,569	4,215	1,569
17	(67)	17	(67)
79,520	32,578	79,520	32,578
2,010	1,053	2,010	1,053
2,072	1,182	2,072	1,182
3,541	1,564	3,541	1,564
1,714	1,046	1,714	1,046
2,074	850	2,074	850
49,819	3,769	49,819	3,769
6,869	2,174	6,869	2,174
10,567	3,683	10,567	3,683
3,847	1,808	3,847	1,808
349,834	175,199	349,834	175,199
		-	-
		-	-

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT

	Six months ended 30 June 2011 \$000
2012	3,683
\$000	-
	4
	10,563
	4
	<u>10,567</u>
	<u>3,683</u>
492	70
305 **	175
663	310
-	67
398	745
1,471	857
656	162
31	-
330	50
138	82
3,009	1,330
42	-
972	261
5	-
20	34
3,081	914
18,941	55,962
1,073	39
8,962	548
	<u>61,606</u>
	<u>61,606</u>
23,943	8,918
2,675	4,137
	<u>13,055</u>
	<u>13,055</u>

CONSOLIDATION

	2012 \$000	Six months ended 30 June 2011 \$000
(a) Sundry Operating Expenses comprise :		
Contract for Patient Services	10,563	3,683
Isolated Patient Travel and Accommodation Assistance Scheme	4	-
	<u>10,567</u>	<u>3,683</u>
	<u>10,567</u>	<u>3,683</u>
(b) General Expenses include :-		
Advertising	492	70
Auditor's Remuneration - Audit of Financial Statements	305	175
Books, Magazines and Journals	663	310
Consultancies	-	67
- Capital Works	398	745
- Operating Activities	1,471	857
Contractors	656	162
Courier and Freight	31	-
Data Recording and Storage	330	50
Legal Services	138	82
Membership/Professional Fees	3,009	1,330
Motor Vehicle Operating Lease Expense - Minimum Lease Payments	42	-
Public Private Partnership	972	261
Other Operating Lease Expense - Minimum Lease Payments	5	-
Payroll Services	20	34
Quality Assurance/Accreditation	3,081	914
Security Services	18,941	55,962
Services Purchased from Health Reform Transition Organisations	1,073	39
Translator Services	8,962	548
Other	<u>40,589</u>	<u>61,606</u>
	<u>40,589</u>	<u>61,606</u>
(c) Reconciliation of Total Maintenance		
Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	23,943	8,918
Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	2,675	4,137
Total Maintenance Expenses included in Notes 3, 4 and 5	<u>26,618</u>	<u>13,055</u>
	<u>26,618</u>	<u>13,055</u>

** This includes audit fees for financial year 2011-12 amounting \$225K, overruns amounting \$20K and audit fees of \$60K for financial year 2011.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	Six months ended 30 June 2011		2012	Six months ended 30 June 2011
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
29,644	15,441	Depreciation - Buildings	29,644	15,441
11,531	6,536	Depreciation - Plant and Equipment	11,531	6,536
<u>41,175</u>	<u>21,977</u>		<u>41,175</u>	<u>21,977</u>
7. Grants and Subsidies				
3,495	48	Non-Government Organisations	3,495	48
215	206	Budget Sector Other Grants	215	206
353	212	Other Grants	353	212
<u>4,063</u>	<u>466</u>		<u>4,063</u>	<u>466</u>
8. Finance Costs				
357	-	Interest on Bank Overdrafts and Loans	357	-
<u>357</u>	<u>-</u>	Total Finance Costs	<u>357</u>	<u>-</u>
9. Payments to Affiliated Health Organisations				
14,574	6,723	Recurrent Sourced	14,574	6,723
2,594	1,180	Braeside Hospital	2,594	1,180
5,178	2,205	Carrington Centennial Hospital	5,178	2,205
494	242	Karitane	494	242
3,715	1,829	South West Sydney Scarba Service	3,715	1,829
<u>26,555</u>	<u>12,179</u>	STARTTS	<u>26,555</u>	<u>12,179</u>
		Total Payments to Affiliated Health Organisations	<u>26,555</u>	<u>12,179</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012	Six months ended 30 June 2011	2012	Six months ended 30 June 2011
\$000	\$000	\$000	\$000
10. Sale of Goods and Services			
(a) Sale of Goods comprise the following:-			
2,277	1,304	2,277	1,304
2	-	2	-
1,075	466	1,075	466
(b) Rendering of Services comprise the following:-			
Patient Fees [see note 2(d)]			
44,183	28,664	44,183	28,664
1,267	-	1,267	-
22,000	-	22,000	-
157	94	157	94
9,214	4,602	9,214	4,602
7,421	5,434	7,421	5,434
3,020	1,560	3,020	1,560
2,512	1,035	2,512	1,035
1,538	619	1,538	619
7,448	105	7,448	105
154	78	154	78
16	7	16	7
21,730	10,234	21,730	10,234
8,296	2,798	8,296	2,798
1,895	-	1,895	-
506	-	506	-
262	190	262	190
508	356	508	356
135,481	57,546	135,481	57,546
(c) Revenues from Patient Inflows from Interstate are as follows:-			
407	-	407	-
799	-	799	-
97	-	97	-
381	-	381	-
70	-	70	-
56	-	56	-
85	-	85	-
1,895	-	1,895	-
11. Investment Revenue			
1,191	1,180	1,191	1,180
880	687	880	687
1	-	1	-
2,072	1,867	2,072	1,867

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	Six months ended 30 June 2011 \$000		2012 \$000	Six months ended 30 June 2011 \$000
12. Grants and Contributions				
1,242	465	Clinical Drug Trials	1,242	465
218	801	Commonwealth Government Grants	218	801
347	58	Commonwealth Teaching Hospital Grants	347	58
2,326	1,411	Industry Contributions/Donations	2,326	1,411
1,591	648	Cancer Institute Grants	1,591	648
4,532	1,314	NSW Government Grants	4,532	1,314
9,516	6,174	Personnel Services - Superannuation Defined Benefit Plans	-	-
35,787	14,898	Personnel Services - Long Service Leave	-	-
-	1,148	Research Grants	-	1,148
6,731	592	Other Grants	6,731	592
<u>62,290</u>	<u>27,509</u>		<u>16,987</u>	<u>6,437</u>
13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-	-	Superannuation-defined benefit	9,516	6,174
-	-	Long Service Leave	35,787	14,898
<u>-</u>	<u>-</u>		<u>45,303</u>	<u>21,072</u>
14. Other Revenue				
Other Revenue comprises the following:-				
2	-	Bad Debts Recovered	2	-
207	101	Commissions	207	101
444	264	Conference and Training Fees	444	264
17	-	Discounts	17	-
9	-	Insurance Refunds	9	-
15	4	Sale of Merchandise, Old Wares and Books	15	4
122	60	Sponsorship Income	122	60
901	360	Treasury Managed Fund Hindsight Adjustment	901	360
(7)	-	Unclaimed Deposits	(7)	-
1,565	654	Other	1,565	654
<u>3,275</u>	<u>1,443</u>		<u>3,275</u>	<u>1,443</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	Six months ended 30 June 2011 \$000		2012 \$000	Six months ended 30 June 2011 \$000
15. Gain / (Loss) on Disposal				
23,614	32,451	Property, Plant and Equipment	23,614	32,451
<u>20,624</u>	<u>17,679</u>	Less: Accumulated Depreciation	<u>20,624</u>	<u>17,679</u>
2,990	14,772	Written Down Value	2,990	14,772
32	5,073	Less: Proceeds from Disposal	32	5,073
<u>(2,958)</u>	<u>(9,699)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(2,958)</u>	<u>(9,699)</u>
<u>(2,958)</u>	<u>(9,699)</u>	Total Gain/(Loss) on Disposal	<u>(2,958)</u>	<u>(9,699)</u>
16. Other Gains / (Losses)				
(4,984)	(1,216)	Impairment of Receivables	(4,984)	(1,216)
<u>(4,984)</u>	<u>(1,216)</u>		<u>(4,984)</u>	<u>(1,216)</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

17. Conditions on Contributions

	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at balance date	8,267	16,733	25,000
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	4,557	14,497	19,054
	12,824	31,230	44,054
Total amount of unexpended contributions as at balance date	12,824	31,230	44,054

Comment on restricted assets appears in Note 26

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

18. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This Service Group excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services which are used by all members of the community).

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency ambulance services and treatment of patients in designated emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illness and mental health problems. It also includes the development of preventative programs which meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

Service Group 4.1 - Rehabilitation and Extended Care Services

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

Service Group 5.1 - Population Health Services

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012 \$000	2011 \$000	2012 \$000	2011 \$000
19. Cash and Cash Equivalents			
24,268	9,428	24,268	9,428
38,423	5,663	38,423	5,663
62,691	15,091	62,691	15,091
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:			
62,691	15,091	62,691	15,091
62,691	15,091	62,691	15,091

Cash & cash equivalents includes conditional contributions and trust funds.

Refer to Note 40 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		20. Receivables		
		Current		
12,532	8,226	Sale of Goods and Services	12,532	8,226
6,144	9,032	Intra Health Receivables	6,144	9,032
6,086	8,987	Goods and Services Tax	6,086	8,987
14,081	1,133	Other Debtors	14,081	1,133
38,843	27,378	Sub Total	38,843	27,378
(4,787)	(625)	Less Allowance for Impairment	(4,787)	(625)
34,056	26,753	Sub Total	34,056	26,753
1,596	3,927	Prepayments	1,596	3,927
35,652	30,680		35,652	30,680
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(371)	-	Balance at Commencement of Reporting Period	(371)	-
2,426	841	Amounts written off during the year	2,426	841
		(Increase)/decrease in Allowance Recognised in		
(6,505)	(1,212)	Result for the Year	(6,505)	(1,212)
(4,450)	(371)	Balance at 30 June	(4,450)	(371)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(254)	(255)	Balance at Commencement of Reporting Period	(254)	(255)
0	1	Amounts recovered during the year	-	1
		(Increase)/decrease in Allowance Recognised in		
(83)	-	Result for the Year	(83)	-
(337)	(254)	Balance at 30 June	(337)	(254)
(4,787)	(625)		(4,787)	(625)
		Non-Current		
1,485	1,485	Prepayments	1,485	1,485
1,485	1,485		1,485	1,485
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
-	219	Patient Fees - Compensable	-	219
1,014	658	Patient Fees - Ineligible	1,014	658
7,634	7,349	Patient Fees - Other	7,634	7,349
3,884	-	Other	3,884	-
12,532	8,226		12,532	8,226

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 40.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
21. Inventories - Current - Held for Distribution				
3,631	3,261	Drugs	3,631	3,261
120	91	Medical and Surgical Supplies	120	91
87	93	Engineering Supplies	87	93
<u>3,838</u>	<u>3,445</u>		<u>3,838</u>	<u>3,445</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT		CONSOLIDATION
	2012	2011	2012
	\$000	\$000	\$000
22. Financial Assets at Fair Value			
Current			
Treasury Corporation - Hour-Glass Investment Facilities	30,504		30,504
	-		-
	30,504		30,504

Refer to Note 40 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT	2012	2011	CONSOLIDATION
	\$000	\$000	\$000	2012
				\$000
23. Other Financial Assets				
Current				
Advances Receivable - Intra Health	1	-	-	1
	1	-	-	1

Refer to Note 40 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
24. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,350,675	1,262,422	Gross Carrying Amount	1,350,675	1,262,422
372,489	339,309	Less Accumulated Depreciation and Impairment	372,489	339,309
<u>978,186</u>	<u>923,113</u>	Net Carrying Amount	<u>978,186</u>	<u>923,113</u>
Plant and Equipment - Fair Value				
184,839	172,956	Gross Carrying Amount	184,839	172,956
108,581	102,936	Less Accumulated Depreciation and Impairment	108,581	102,936
<u>76,258</u>	<u>70,020</u>	Net Carrying Amount	<u>76,258</u>	<u>70,020</u>
Infrastructure Systems - Fair Value				
1,333	-----	Gross Carrying Amount	1,333	-----
-----	-----	Less Accumulated Depreciation and Impairment	-----	-----
<u>1,333</u>	<u>-----</u>	Net Carrying Amount	<u>1,333</u>	<u>-----</u>
<u>1,055,777</u>	<u>993,133</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,055,777</u>	<u>993,133</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

24. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Net Carrying Amount at Start of Year	84,350	832,516	6,588	69,679	-	993,133
Additions	-	55,733	23,938	19,498	1,333	100,502
Disposals	-	-	-	(2,990)	-	(2,990)
Administrative Restructures - Transfers	-	-	-	-	-	-
In/(Out)	1,420	4,562	-	325	-	6,307
Depreciation Expense	-	(29,644)	-	(11,531)	-	(41,175)
Reclassifications	-	2,316	(3,252)	936	-	-
Net Carrying Amount at End of Year	85,770	865,483	27,274	75,917	1,333	1,055,777

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2011						
Net Carrying Amount at Start of Reporting Period	-	-	-	-	-	-
Additions	-	-	51,645	3,063	-	54,708
Disposals	(3,450)	(11,321)	-	-	-	(14,771)
Administrative Restructures - Transfers	87,800	557,210	279,690	50,473	-	975,173
In/(Out)	-	-	-	-	-	-
Depreciation Expense	-	(15,441)	-	(6,536)	-	(21,977)
Reclassifications	-	302,068	(324,747)	22,679	-	-
Net Carrying Amount at End of Year	84,350	832,516	6,588	69,679	-	993,133

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were last valued by Corporeal Pty Ltd on 1 July 2009 [see note 2(j)]. Corporeal Pty Ltd is not an employee of the District.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		25. Other Assets		
		Non-Current		
-	588	Emerging Rights to Assets (refer Note 2(ad))	-	588
<u>-</u>	<u>588</u>		<u>-</u>	<u>588</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012 \$000	2011 \$000	2012 \$000	2011 \$000
26. Restricted Assets			
<p>The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>			
	Category	Brief Details of Externally Imposed Conditions including Asset Category affected	
19,092	15,326 Specific Purposes	19,092	15,326
8,904	10,206 Research Grants	8,904	10,206
16,058	16,866 Private Practice Funds	16,058	16,866
44,054		44,054	42,398

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		27. Payables		
		Current		
		Accrued Salaries, Wages and On-Costs	14,739	12,161
		Taxation and Payroll Deductions	4,925	8,475
19,664	20,636	Accrued Liability - Purchase of Personnel Services		
34,777	29,426	Creditors	34,777	29,426
		Other Creditors		
		- Intra Health Liability	13,144	31,642
13,144	31,642	- Other	29,490	8,518
29,490	8,518	- Taxation	0	10,347
0	10,347			
<u>97,075</u>	<u>100,569</u>		<u>97,075</u>	<u>100,569</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

28. Borrowings

		Non-Current		
16,804	1,374	Other Loans and Deposits	16,804	1,374
<u>16,804</u>	<u>1,374</u>		<u>16,804</u>	<u>1,374</u>

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

Other loans still to be extinguished represent monies to be repaid to Health Support Services and the NSW Ministry of Health with Final Repayments scheduled for 30 June 2018 and 30 June 2027 respectively.

A new loan commenced in 2011-12 with the Ministry of Health to fund the construction of the Liverpool Hospital Car Park. It will be repaid from car parking revenue across the Liverpool Hospital campus.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
29. Provisions				
		Annual Leave - Short Term Benefit	74,818	66,121
		Annual Leave - Long Term Benefit	63,226	56,118
		Long Service Leave - Short Term Benefit	447	447
		Long Service Leave - Long Term Benefit	10,313	4,567
		Long Service Leave On-Costs	0	-
148,804	127,253	Provision for Personnel Services Liability		
<u>148,804</u>	<u>127,253</u>	Total Current Provisions	<u>148,804</u>	<u>127,253</u>
Non-Current Employee Benefits and Related On-Costs				
		Long Service Leave - Conditional	2,078	968
2,078	968	Provision for Personnel Services Liability		
<u>2,078</u>	<u>968</u>	Total Non-Current Provisions	<u>2,078</u>	<u>968</u>
Aggregate Employee Benefits and Related On-Costs				
148,804	127,253	Provisions - Current	148,804	127,253
2,078	968	Provisions - Non-Current	2,078	968
		Accrued Salaries, Wages and On-Costs (Note 27)	19,664	20,636
19,664	20,636	Accrued Liability - Purchase of Personnel Services (Note 27)		
<u>170,546</u>	<u>148,857</u>		<u>170,546</u>	<u>148,857</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
30. Other Liabilities				
		Current		
1,478	-	Income in Advance	1,478	-
<u>1,478</u>	<u>-</u>		<u>1,478</u>	<u>-</u>

Income in advance predominantly relates to agreements with Health Workforce Australia for services and capital works to be undertaken in 2012-13.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT		CONSOLIDATION
	2012	2011	2012
	\$000	\$000	\$000
31. Commitments for Expenditure			
(a) Capital Commitments			
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:			
Not later than one year	15,676	50,601	15,676
Later than one year and not later than five years	4,473	-	4,473
	20,149	50,601	20,149
Total Capital Expenditure Commitments (Including GST)	20,149	50,601	20,149
Of the commitments reported at 30 June 2012 it is expected that \$0 will be met from locally generated moneys.			
(b) Operating Lease Commitments			
Commitments in relation to non-cancellable operating leases are payable as follows:			
Not later than one year	3,389	4,580	3,389
Later than one year and not later than five years	3,309	13,277	3,309
Later than five years	-	3,272	-
	6,698	21,129	6,698
Total Operating Lease Commitments (Including GST)	6,698	21,129	6,698
The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.			
(c) Contingent Asset Related to Commitments for Expenditure			
The total of 'Commitments for Expenditure' above, i.e. \$26.847 million as at 30 June 2012 includes input tax credits of \$2.441 million that are expected to be recoverable from the Australian Taxation Office (2011: \$6.521 million).			

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

32. Trust Funds

The District holds trust fund moneys of \$3,167 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. Trust Funds amounting to \$3,167m were received in the General Fund bank account (which are represented under "Cash and cash equivalents" in the Statement of Financial Position). A corresponding payable has been recognised at year end to represent a liability for receipt of these funds relating to Uncontrolled Trusts.

The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash Balance at the beginning of the financial year	101	124	659	614	807	4,320	1,567	5,058
Receipts	6	158	170	76	76,552	8,820	76,728	9,054
Expenditure	-	(181)	(207)	(31)	(74,921)	(12,333)	(75,128)	(12,545)
Cash Balance at the end of the financial year	107	101	622	659	2,438	807	3,167	1,567

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

33. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2005/06 fund year and an interim adjustment for the 2007/08 fund year were not calculated until 2011/12.

As a result, the 2006/07 final and 2008/09 pertaining to the hospitals and community services now forming part of the District will be paid in 2012/13. It is not possible for the District to reliably quantify the benefit to be received.

b) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*, Affiliated Health Organisations listed in Schedule 3 of the *Health Services Act 1997* are only recognised in the District's consolidated financial statements to the extent of cash payments made.

However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the District and the Ministry.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	PARENT	CONSOLIDATION
	2012 \$000	2011 \$000
34. Reconciliation of Cash Flows from Operating Activities to Net Result		
Net Cash Flows from Operating Activities	52,691	52,691
Depreciation	(21,977)	(21,977)
Allowance for Impairment	(1,216)	(1,216)
Income in advance	-	-
(Increase)/ Decrease in Provisions	(12,188)	(12,188)
Increase / (Decrease) in Prepayments and Other Assets	34,657	34,657
(Increase)/ Decrease in Creditors	(73,744)	(73,744)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(9,699)	(9,699)
	<u>19,721</u>	<u>(31,476)</u>
35. Non-Cash Financing and Investing Activities		
Other - Health Infrastructure Capital Works	53,669	53,669
	<u>-</u>	<u>53,669</u>
36. 2011/12 Voluntary Services		

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

- Chaplaincies and Pastoral Care - Patient & 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 & Patient Activities

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

37. Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the *Industrial Relations Act 1996*.

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

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

38. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was lower than budget by \$121,000.

Assets and Liabilities

The transfer of investment funds held with NSW Treasury Corporation to an at call facility resulted in a significant variation in budget and actual Cash and Cash Equivalents and Financial Assets at Fair Value (\$39.73 million and \$31.65 million variance respectively). The Cash and Cash Equivalent was also varied due to the transfer of special purpose funds from the Health Reform Transitional Organisation Western. The other significant budget variance is in Provisions. SWSLHD had a shortfall in budget provisions in 2010-11 and this was exacerbated in 2011-12 with a growth in annual leave provisions and the transfer of leave entitlements from the Health Reform Transitional Organisation Western.

Cash Flows

The statement of cash flows does vary between the budget and actual by category. The initial budget was prepared prior to the dissolution of the Health Reform Transitional Organisation Western. The recurrent budget for this organisation was split between Sydney Local Health District and South Western Sydney Local Health District in May and June 2012. Due to the lateness of the financial year, no significant adjustments were made to the balance sheet budget. This has resulted in some significant variations in the cash flow statement budget to actual result.

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

	\$000
Initial Allocation	907,903
Employee Award changes: health services and medical staff	11,514
Transfer from the Health Reform Transitional Organisation Western	102,700
Transfer from the Health Reform Transitional Organisation Western and NSW Health Pathology	35,185
Leap year funding	1,806
End of Financial Year Adjustments	17,725
New initiatives and projects	7,885
Balance as per Statement of Comprehensive Income	1,084,718

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

Consistent with Treasury approval, Long Service Leave liability of \$3.9 million transferred from the Health Reform Transitional Organisation with effect from 31 December 2010 from which time the Crown Entity assumed responsibility for Long Service Leave.

Other equity transfers effected in the 2010/11 year were:

An increase in net assets of \$876.2 million relating to the Districts' assumption of responsibilities upon dissolution of the former Sydney South West Area Health Service.

Equity transfers effected in 2011/12 comprised:

An increase in net assets of \$28.72 million relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisations on 31 May 2012.

Assets and Liabilities transferred (which were subsequently adjusted either through cash subsidy adjustment or legal transfers) are as follows:

	2012 \$000
Assets	
Cash	5
Receivables	25,170
Land and Buildings	5,982
Plant and Equipment	324
Total assets	31,481
Liabilities	
Payables	(738)
Provisions	(2,021)
Total Liabilities	(2,759)
 Increase/(Decrease) in Net Assets From Equity Transfers	 28,722

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

40. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 19)	N/A	62,691	15,091
Receivables (note 20) ¹	Loans and receivables (at amortised cost)	27,970	17,766
Financial Assets at Fair Value (note 22)	At fair value through profit or loss (designated as such upon initial recognition)	-	30,504
Other Financial Assets (note 23)	Loans and receivables (at amortised cost)	1	-
Total Financial Assets		90,662	63,361
Financial Liabilities			
Borrowings (note 28)	Financial liabilities	16,804	1,374
Payables (note 27) ²	measured at	97,075	100,569
Total Financial Liabilities		113,879	101,943

Notes

1 Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

2 Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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(b) Credit Risk

Credit risk arises when there is the possibility of the District's debtors defaulting on their contractual obligations, resulting in a financial loss to the District. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.42% in 2011/12 compared to 3.45% to 4.62% in the previous year. The TCorp Hour-Glass cash facility is discussed in para (d) below.

Receivables - trade debtors

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012:\$15.498 million; 2011: \$10.925 million) and the majority of debtors that are past due (2012: \$3.903m; 2011:\$6.840m) are not considered impaired and together these represent 80% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'sales of goods and services' or 'Other Debtors' in the 'receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

	\$000		
2012	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
<3 months overdue	3,821	3,821	-
3 months - 6 months overdue	912	82	830
> 6 months overdue	3,958	-	3,958
2011			
<3 months overdue	4,527	4,527	-
3 months - 6 months overdue	2,482	1,857	625
> 6 months overdue	456	456	-

Notes

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

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Authority Deposits

The District has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. As of February 2012, the District has placed funds in at call deposits only, which at balance date were earning an average interest rate of 1.68% (2011 - 5.37%) while over the year the weighted average interest rate was 1.87% (2011 - 5.24%) on a weighted average balance during the year of \$8.335 million (2011 - \$2.014 million). None of these assets are past due or impaired.

(c) Liquidity Risk

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

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

During the current and prior year, there were no defaults on any loans payable. No assets have been pledged as collateral. The District's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Ministry of Health has indicated its ongoing financial support for the South Western Sydney Local Health District Service (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health. 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, eg due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount 1	Fixed	Variable	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
			Interest Rate	Interest Rate				
%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2012								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		19,664			19,664	19,664		
Creditors		77,411			77,411	77,411		
Borrowings:								
Bank Overdraft								
Non-Interest Loans								
Other Loans and Deposits		16,804		16,804		1,374	15,430	
Finance Leases								
		<u>113,879</u>	<u>-</u>	<u>16,804</u>	<u>97,075</u>	<u>97,075</u>	<u>1,374</u>	<u>15,430</u>
2011								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		20,636			20,636	20,636		
Creditors		79,933			79,933	79,933		
Borrowings:								
Bank Overdraft								
Non-Interest Loans								
Other Loans and Deposits		1,374				1,374		
Finance Leases								
		<u>101,943</u>	<u>-</u>	<u>-</u>	<u>100,569</u>	<u>100,569</u>	<u>1,374</u>	<u>-</u>

Notes:

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

2. Of the \$1.374 million disclosed in the 2012 'other loans and deposits' time band 1-5 yrs, the District has no intention to effect payments in advance of maturity dates on or prior to 30 September 2012.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The District's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2012					
Financial Assets					
Cash and Cash Equivalents	62,691	(627)	(627)	627	627
Receivables	27,970	(280)	(280)	280	280
Other Financial Assets	1	(0)	(0)	0	0
Financial Liabilities					
Payables	97,075	(971)	(971)	971	971
Borrowings	16,804	(168)	(168)	168	168
2011					
Financial Assets					
Cash and Cash Equivalents	15,091	(151)	(151)	151	151
Receivables	17,766	(178)	(178)	178	178
Financial Assets at Fair Value	30,504	(305)	(305)	305	305
Financial Liabilities					
Payables	100,569	(1,006)	(1,006)	1,006	1,006
Borrowings	1,374	(14)	(14)	14	14

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 2 years	38,423	2,045
Strategic cash facility	Cash, money market and other interest rate instruments	2 years to 4 years		3,831
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian and International shares	4 years to 7 years		12,119
Long-term growth facility	Cash, money market instruments, Australian and International bonds listed property, Australian and International shares	7 years and over		19,533

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

NSW TCorp is trustee for each of the above facilities and 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. However, TCorp, acts as manager for part of the Cash and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

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

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

South Western Sydney Local Health District
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	Change in unit price	Impact on profit/loss	
		2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	384	20
Hour-Glass Investment - Strategic cash facility	+/- 1%		38
Hour-Glass Investment - Medium-term growth facility	+/- 6%		727
Hour-Glass Investment - Long-term growth facility	+/- 15%		2,930

(e) Fair Value compared to Carrying Amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the District's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

Except where specified below, 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. The following table details the financial instruments where the fair value differs from the carrying amount:

	2012 \$'000	2012 \$'000	2011 \$'000	2011 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	38,423	38,423	37,528	37,528
Tcorp Hour-Glass Investment Facility				

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

The District uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 - derived from quoted prices in active markets for identical assets/liabilities.

Level 2- derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2012 Total \$'000
TCorp Hour-Glass Invt.Facility		38,423		38,423

(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 2012.

South Western Sydney Local Health District
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41. Events after the Reporting Period

A national approach to activity based funding (ABF) commences from 1 July 2012 and will make public hospital funding more transparent and help to drive efficiency in the delivery of hospital services. Through ABF, public hospitals will be funded according to the numbers and kinds of services they provide.

The Commonwealth Government will meet 45% of the increase in National Health Reform Agreement expenditure commencing from 2014/15, rising to 50% by 2017/18.

A natural efficient price of public hospital services will be determined by the Independent Hospital Pricing Authority for use in calculating the Commonwealth's share of growth.

Commonwealth and State government contributions for public hospital funding will be transparent with both amounts to be provided to Local Health Districts through the National Health Funding Pool. For small hospitals where ABF would not be appropriate, funding will continue to be provided through block grants.

END OF AUDITED FINANCIAL STATEMENTS