



INDEPENDENT AUDITOR'S REPORT

Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Sydney Local Health District (the District), which comprise the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the 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

28 September 2012
SYDNEY



**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 Regulations 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 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.

Dr Teresa Anderson
Chief Executive

27.9.12.

SYDNEY LOCAL HEALTH DISTRICT
Statement of Comprehensive Income for the year ended 30 June 2012

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual 6 months to	Notes	Actual	Budget Unaudited	Actual 6 months to	
2012	2012	30 June 2011		2012	2012	30 June 2011	
\$000	\$000	\$000		\$000	\$000	\$000	
							Expenses excluding losses
							Operating Expenses
							Employee Related
			3	856,448	858,611	403,653	
851,869	858,611	401,389	4	-	-	-	
41,758	41,594	20,640		41,758	41,594	20,640	
416,956	425,835	202,901	5	420,447	425,835	205,477	
35,177	39,007	17,117	2(i), 6	35,969	39,007	17,463	
15,904	15,854	1,979	7	16,091	15,854	2,045	
7,241	8,171	3,548	8	7,241	8,171	3,548	
<u>1,368,905</u>	<u>1,389,072</u>	<u>647,574</u>		<u>1,377,954</u>	<u>1,389,072</u>	<u>652,826</u>	
							Revenue
1,071,718	1,074,233	498,507	2(d)	1,071,718	1,074,233	498,507	
7,407	8,722	4,172	2(d)	7,407	8,722	4,172	
-	(4,288)	(4,545)		-	(4,288)	(4,545)	
-	-	-	2(a)(ii), 12	49,233	64,989	20,796	
177,619	168,410	80,303	9	177,621	168,410	81,214	
5,399	8,566	2,355	10	6,274	8,566	2,870	
79,348	95,416	35,144	11	35,926	30,427	19,072	
7,164	2,831	6,619	13	8,680	2,831	7,004	
<u>1,348,655</u>	<u>1,353,890</u>	<u>622,555</u>		<u>1,356,859</u>	<u>1,353,890</u>	<u>629,090</u>	
(2,271)	-	733	14	(2,271)	-	733	
(9,010)	(5,670)	(1,394)	15	(9,010)	(5,670)	(1,394)	
<u>(31,531)</u>	<u>(40,852)</u>	<u>(25,680)</u>	31	<u>(32,376)</u>	<u>(40,852)</u>	<u>(24,397)</u>	
							Other Comprehensive Income
							Net Increase/(Decrease) in
							Property, Plant & Equipment
							Asset Revaluation Surplus
							Total Other Comprehensive Income for the year
<u>(31,531)</u>	<u>(40,852)</u>	<u>(25,680)</u>		<u>(32,376)</u>	<u>(40,852)</u>	<u>(24,397)</u>	
							TOTAL COMPREHENSIVE INCOME

The accompanying notes form part of these financial statements.

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							
214,359	246,239	103,081	Cash and Cash Equivalents	18	230,162	246,239	117,325
52,813	95,087	44,397	Receivables	19	51,909	95,087	45,929
6,054	6,654	6,659	Inventories	20	6,054	6,654	6,659
-	2,698	0	Financial Assets at Fair Value	21	314	2,698	2,698
<u>273,226</u>	<u>350,678</u>	<u>154,137</u>			<u>288,439</u>	<u>350,678</u>	<u>172,611</u>
-	2,700	1,200	Non-Current Assets Held for Sale	23	-	2,700	1,200
<u>273,226</u>	<u>353,378</u>	<u>155,337</u>	Total Current Assets		<u>288,439</u>	<u>353,378</u>	<u>173,811</u>
Non-Current Assets							
Property, Plant and Equipment							
784,605	781,472	762,597	- Land and Buildings	22	792,056	781,472	770,509
65,307	78,005	64,110	- Plant and Equipment	22	66,988	78,005	65,221
<u>849,912</u>	<u>859,477</u>	<u>826,707</u>	Total Property, Plant and Equipment		<u>859,044</u>	<u>859,477</u>	<u>835,730</u>
<u>849,912</u>	<u>859,477</u>	<u>826,707</u>	Total Non-Current Assets		<u>859,044</u>	<u>859,477</u>	<u>835,730</u>
<u>1,123,138</u>	<u>1,212,855</u>	<u>982,044</u>	Total Assets		<u>1,147,483</u>	<u>1,212,855</u>	<u>1,009,541</u>
LIABILITIES							
Current Liabilities							
94,786	86,411	83,642	Payables	25	94,900	86,411	84,242
158,853	167,648	137,237	Provisions	27	159,407	167,648	137,676
<u>253,639</u>	<u>254,059</u>	<u>220,879</u>	Total Current Liabilities		<u>254,307</u>	<u>254,059</u>	<u>221,918</u>
Non-Current Liabilities							
1,344	3,520	1,568	Borrowings	26	1,344	3,520	3,503
839	1,112	855	Provisions	27	842	1,112	859
<u>2,183</u>	<u>4,632</u>	<u>2,423</u>	Total Non-Current Liabilities		<u>2,186</u>	<u>4,632</u>	<u>4,362</u>
<u>255,822</u>	<u>258,691</u>	<u>223,302</u>	Total Liabilities		<u>256,493</u>	<u>258,691</u>	<u>226,280</u>
<u>867,316</u>	<u>954,164</u>	<u>758,742</u>	Net Assets		<u>890,990</u>	<u>954,164</u>	<u>783,261</u>
EQUITY							
867,316	954,164	758,742	Accumulated Funds		890,990	954,164	783,261
-	-	-	Asset Revaluation Surplus transfer to Assets		-	-	-
-	-	-	Held for Sale Reserve	23	-	-	-
<u>867,316</u>	<u>954,164</u>	<u>758,742</u>	Total Equity		<u>890,990</u>	<u>954,164</u>	<u>783,261</u>

The accompanying notes form part of these financial statements.

SYDNEY LOCAL HEALTH DISTRICT
Statement of Changes in Equity for the year ended 30 June 2012

	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
	\$000	\$000	\$000	\$000
PARENT				
Balance at 1 July 2011	758,742	-	-	758,742
Total Equity at 1 July 2011	758,742	-	-	758,742
Net Result for the year	(31,531)	-	-	(31,531)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	-	-	-	-
Available for Sale Financial Assets:				
-Transfers on Disposal	-	-	-	-
Total Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	(31,531)	-	-	(31,531)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	140,105	-	-	140,105
Balance at 30 June 2012	867,316	-	-	867,316
36				
Balance at 1 January 2011	-	-	-	-
Balance at 1 January 2011	-	-	-	-
Net Result for the year	(25,680)	-	-	(25,680)
Other Comprehensive Income:				
Total Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	(25,680)	-	-	(25,680)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	784,422	-	-	784,422
Balance at 30 June 2011	758,742	-	-	758,742

Notes

The accompanying notes form part of these financial statements.

SYDNEY LOCAL HEALTH DISTRICT
Statement of Changes in Equity for the year ended 30 June 2012

	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
Notes	\$000	\$000	\$000	\$000
CONSOLIDATION				
Balance at 1 July 2011	783,261	-	-	783,261
Total Equity at 1 July 2011	783,261	-	-	783,261
Net Result for the year	(32,376)	-	-	(32,376)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment Available for Sale Financial Assets:				
-Transfers on Disposal	-	-	-	-
Total Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	(32,376)	-	-	(32,376)
Transactions With Owners In Their Capacity As Owners Increase/(Decrease) in Net Assets From Equity Transfers				
Balance at 30 June 2012	140,105	-	-	140,105
	890,990	-	-	890,990
36				
Balance at 1 January 2011	-	-	-	-
Balance at 1 January 2011	-	-	-	-
Net Result for the year	(24,397)	-	-	(24,397)
Other Comprehensive Income:				
Total Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	(24,397)	-	-	(24,397)
Transactions With Owners In Their Capacity As Owners Increase/(Decrease) in Net Assets From Equity Transfers				
Balance at 30 June 2011	807,658	-	-	807,658
	783,261	-	-	783,261

The accompanying notes form part of these financial statements.

SYDNEY LOCAL HEALTH DISTRICT
Service Group Statements
for the Year Ended 30 June 2012

SLHD 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		Total		
	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000	2011 ** \$000	2012 \$000
Expenses excluding losses																					
Operating Expenses																					
Employee Related																					
Vacating Medical Officers	60,037	28,296	885	323	114,765	54,090	59,885	28,215	423,686	199,687	75,483	36,562	57,724	27,206	14,644	49,889	23,372	856,448	403,653		
Other Operating Expenses	1,024	506	12	6	6,668	3,286	853	471	28,239	13,958	1,928	952	1,706	844	475	753	372	41,758	20,640		
Depreciation and Amortisation	15,186	4,800	137	65	25,665	12,652	25,931	13,039	313,140	167,412	7,041	3,478	20,258	10,153	7,948	1,394	5,159	420,447	205,477		
Grants and Subsidies	1,892	967	25	12	5,123	2,487	1,334	2,748	20,403	9,906	1,485	728	2,698	1,310	377	183	638	35,969	17,463		
Payments to Affiliated Health Organisations	14,164	1,269									1,480	746						19,091	2,045		
Total Expenses excluding losses	1236	604			592	285			5,423	2,658			447					7,241	3,548		
Revenue	93,021	35,472	859	406	152,803	72,811	89,497	43,059	790,891	383,821	87,395	41,465	82,833	39,513	23,444	8,714	58,809	1,377,854	652,928		
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	3,451		39		8,597		3,441		24,357		4,337		3,318		842		2,851	49,807	20,796		
Sale of Goods and Services	241	109			29,372	14,331	4,639	2,163	137,758	62,150	45	20	4,537	2,047	80	27	769	177,621	81,214		
Investment Revenue	471	215	3	2	494	228	180	82	2,161	988			372	170	260	119	2,333	6,274	2,870		
Grants and Contributions	2,151	1,142			3,549	1,884	1,061	563	10,872	5,825	219	116	4,003	2,125	290	154	13,681	35,026	19,072		
Other Revenue	879	709	8	5	835	512	322	260	1,593	1,288	24	19	733	591	1,573	1,269	2,815	8,880	7,004		
Total Revenue	7,193	2,175	48	7	40,647	19,953	9,843	3,088	178,841	70,249	4,625	155	12,963	4,933	3,025	1,569	22,549	11,031	1,078,125	629,090	
Gain/(Loss) on Disposal									(2,271)	733								(2,271)	733		
Other Gains/(Losses)									(9,010)	(1,394)								(9,010)	733		
Net Result	(86,428)	(34,297)	(811)	(399)	(112,156)	(55,658)	(79,654)	(39,971)	(625,331)	(314,033)	(62,770)	(41,310)	(69,872)	(34,580)	(20,419)	(7,145)	(34,060)	1,079,125	518,830	(32,376)	
Other Comprehensive Income																					
Increase/(Decrease) in Asset Revaluation Reserve																					
Total Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	(86,428)	(34,297)	(811)	(399)	(112,156)	(55,658)	(79,654)	(39,971)	(625,331)	(314,033)	(62,770)	(41,310)	(69,872)	(34,580)	(20,419)	(7,145)	(34,060)	1,079,125	518,830	(32,376)	

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

* The purpose of each service group is summarised in Note 17.

** 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 30 June 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 July 2011 and 30 June 2012 which would materially impact this allocation.

SYDNEY LOCAL HEALTH DISTRICT
Service Group Statements (Continued)
for the Year Ended 30 June 2012

SLHD 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 6.1 * 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
ASSETS																						
Current Assets																						
Cash and Cash Equivalents	15,636	6,555	143	73	25,523	13,085	14,949	7,739	132,103	68,944	14,598	7,452	13,836	7,101	3,816	1,566	9,456	4,810			230,162	117,325
Receivables	1,344	897	9	3	7,597	7,070	1,840	1,265	33,053	29,348	664	64	2,423	2,048	565	602	4,214	4,612			51,909	45,929
Inventories	218	156	2	2	370	410	373	423	4,510	5,101	101	113	292	328	114	45	74	80			6,054	8,859
Financial Assets at Fair Value	21	151	—	2	35	301	20	178	181	1,595	20	171	19	163	6	36	13	11			314	2,898
Non-Current Assets Held for Sale	—	23	—	—	—	185	—	34	—	787	—	2	—	53	—	16	—	120			1,200	—
Total Current Assets	17,221	7,782	154	80	33,525	21,051	17,182	9,659	169,847	105,745	15,563	7,802	16,570	9,694	4,600	2,265	13,757	5,733			280,439	173,811
Non-Current Assets																						
Property, Plant and Equipment	39,340	38,027	484	469	101,097	97,721	54,230	52,419	402,611	389,165	48,737	49,809	53,229	51,452	7,481	7,212	21,867	21,138			63,000	792,058
- Land and Buildings	3,710	3,612	47	45	9,541	9,288	5,118	4,982	37,997	38,698	2,784	2,711	5,025	4,893	702	683	2,064	2,009			—	89,888
- Plant and Equipment	43,050	41,839	531	513	110,638	107,009	59,348	57,401	440,808	426,163	51,521	52,620	58,254	56,345	8,163	7,895	23,831	23,145			63,000	859,044
Total Non-Current Assets	60,271	49,421	685	593	144,163	128,060	78,530	87,060	610,455	531,008	87,104	60,422	74,824	68,039	12,783	10,180	37,688	32,878			63,000	1,147,483
LIABILITIES																						
Current Liabilities																						
Payables	3,424	1,968	31	27	6,783	5,186	5,853	5,345	70,680	64,539	1,569	1,426	4,572	4,162	1,794	571	1,164	1,018				84,900
Provisions	11,174	9,651	127	110	21,361	18,449	11,142	9,823	78,659	68,109	14,044	12,129	10,744	9,279	2,726	2,354	9,230	7,872				159,407
Total Current Liabilities	14,598	11,619	158	137	27,154	23,635	16,995	14,968	149,339	132,648	15,633	13,555	15,316	13,441	4,520	2,925	10,394	8,990				254,307
Non-Current Liabilities																						
Borrowings	91	196	1	2	149	381	87	231	772	2,058	85	222	81	212	23	47	55	144				1,344
Provisions	59	60	1	1	113	115	59	60	416	424	74	76	57	58	14	15	49	50				842
Total Non-Current Liabilities	150	256	2	3	262	508	146	291	1,188	2,482	159	268	138	270	37	62	104	194				2,188
TOTAL LIABILITIES	14,748	11,875	160	140	27,416	24,141	17,141	15,258	150,727	135,130	15,792	13,853	15,454	13,711	4,557	2,987	10,498	9,184				256,493
NET ASSETS	45,523	37,546	525	463	116,747	103,918	59,389	51,801	459,728	396,778	51,312	46,569	59,370	52,328	8,206	7,173	27,190	23,694			63,000	890,990

* The name and purpose of each service group is summarised in Note 17.

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(a), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

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 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:

- Balmain Hospital
- Canterbury Hospital
- Concord Repatriation General Hospital (including Concord Centre for Mental Health)
- Department of Forensic Medicine
- Institute of Rheumatology and Orthopaedics
- Royal Prince Alfred Hospital
- Sydney Dental Hospital
- Thomas Walker Hospital
- ANZAC Health and Medical Research Foundation

In addition, the following Affiliated Health Organisations are associated by special arrangements with the Network:

- Central Sydney Scarba Services
- Tresillian Family Care Centre at Belmore

The ANZAC Health and Medical Research Foundation is a controlled entity of the District. The Foundation is incorporated in Australia as a company limited by guarantee under the *Corporations Act 2001*, and it is an economic entity whose principal activity is research. The beneficial interest held by the District is 100%.

The parent entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. 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 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 26 September 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 regulations, and the Treasurers' Direction. 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(z).

The consolidated entity does not have a working capital deficiency. Current annual leave entitlements are considerable however not all are expected to be settled in the next 12 months. Accordingly, 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 Sept. 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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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, 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.

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 SLHD's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity. The SLHD 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 27.

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'.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 25, '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.

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.

1

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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.

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 residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for SLHD 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 SLHD 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 SLHD 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 Central Sydney Scarba Services and Tresillian Family Care Centre at Belmore have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. 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 9.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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(w)).

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

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 SLHD. 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%- 4%
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%-12.5%
Plant and Machinery	10.0%
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, sewarths 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.

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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 SLHD as at 1 July 2009 was completed on April 2010 and was based on an independent assessment.

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.

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, AASB 136 Impairment of Assets and impairment testing is not applicable to the District.

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) **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.

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

The District has certain non-current assets (or disposal groups) classified as held for sale, where their 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.

n) **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.

o) **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.

p) **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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

q) 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.

r) Investments

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

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

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

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 District's key management personnel.

The risk management strategy of the SLHD 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'.

* *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 SLHD 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.

s) 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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

t) **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.

u) **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.

v) **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.

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

w) **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.

x) **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 SLHD's policy on the revaluation of property, plant and equipment as discussed in Note 2(f).

(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.

y) **Trust Funds**

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

As the SLHD 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.

z) **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".

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

aa) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the six months ended 30 June 2011 which is then 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 that SLHD 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 from the basis of apportioning the values for Property, Plant & Equipment.

#b) 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 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2013 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. Financial assets of the District are not significant and the change is not expected to materially impact the financial statements.

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 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2010-8, Deferred Tax: Recovery of Underlying Assets has application from 1 July 2012 and addresses deferred tax relating to investment property. It is assessed as having no impact on the District.

AASB 2010-10, Removal of Fixed Dates for First Time Adopters, has application from 1 July 2013, and is assessed as having no impact on the District.

AASB 2011-2, Trans Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2011-3, Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and related amendments has application from 1 July 2012 and changes in disclosure will be dependent on the mandate of Treasury.

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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

AASB 2011-7, Amendments to Australian Accounting Standards for 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.

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 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 2011-13, 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 2012-2, Amendments to Australian Accounting Standard - Disclosures - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2013 and relates to AASB 7 and AASB 132. The changes are assessed as having no material effect.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and relates to AASB 132 Financial Instruments Presentation. The changes are assessed as having no material effect.

AASB 2012-5, Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 Cycle, has application from 1 January 2013 and relates to 5 standards and Interpretation 2. The changes are assessed as having no material effect.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	6 months to		2012	6 months to
\$000	30 June 2011		\$000	30 June 2011
	\$000			\$000
		3. Employee Related		
		Employee related expenses comprise the following:		
		Salaries and Wages	553,882	261,039
		Overtime	33,770	16,014
		Penalties	50,684	26,433
		Superannuation - Defined Benefit Plans	14,452	7,152
		Superannuation - Defined Contribution Plans	58,699	31,229
		Long Service Leave	41,017	16,240
		Annual Leave	71,863	35,673
		Sick Leave and Other Leave	20,673	9,856
		Redundancies	219	17
		Workers' Compensation Insurance	11,189	-
			856,448	403,653
		4. Personnel Services		
		Personnel Services comprise the purchase of the following:		
550,205	259,180	Salaries and Wages	-	-
33,768	16,012	Overtime	-	-
50,675	26,428	Penalties	-	-
14,441	7,143	Superannuation - Defined Benefit Plans	-	-
58,372	31,073	Superannuation - Defined Contribution Plans	-	-
40,943	18,211	Long Service Leave	-	-
71,464	35,505	Annual Leave	-	-
20,593	9,820	Sick Leave and Other Leave	-	-
219	17	Redundancies	-	-
11,189	0	Workers' Compensation Insurance	-	-
851,889	401,389		-	-
		5. Other Operating Expenses		
		Allocations towards Inter Area Patient Outflows, NSW (see (d) below)		
20,003	10,121	Blood and Blood Products	20,003	10,121
17,186	7,103	Domestic Supplies and Services	17,197	7,111
73,013	34,492	Drug Supplies	73,038	34,506
24,985	9,506	Food Supplies	25,019	9,512
12,786	6,313	Fuel, Light and Power	12,786	6,313
47,405	62,250	General Expenses (See (b) below)	48,031	62,536
2,650	1,241	Hospital Ambulance Transport Costs	2,650	1,241
4,143	1,928	Information Management Expenses	4,158	1,931
1,369	164	Insurance	1,373	166
		Maintenance (See (c) below)		
20,632	9,282	Maintenance Contracts	20,764	9,290
6,348	2,390	New/Replacement Equipment under \$10,000	6,507	2,677
3,555	1,591	Repairs Maintenance/Non Contract	3,565	1,592
(413)	-	Other	(413)	-
92,380	37,670	Medical and Surgical Supplies	92,405	37,685
1,775	701	Motor Vehicle Expenses	1,779	703
2,396	1,116	Postal and Telephone Costs	2,407	1,120
4,472	1,953	Printing and Stationery	4,535	1,975
2,319	1,134	Rates and Charges	2,331	1,138
2,103	1,341	Rental	2,103	1,341
17,891	6,839	Special Service Departments	19,764	7,591
45,338	-	Purchase of Pathology Services	45,338	-
7,334	2,074	Staff Related Costs	7,692	2,259
2,474	1,506	Sundry Operating Expenses (See (a) below)	2,474	2,418
4,812	2,186	Travel Related Costs	4,941	2,251
416,956	202,901		420,447	205,477

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012	6 months to 30 June 2011	2012	6 months to 30 June 2011
\$000	\$000	\$000	\$000
2,440	3,231	2,440	3,231
34	(1,725)	-	(813)
<u>2,474</u>	<u>1,506</u>	<u>2,474</u>	<u>2,418</u>
523	274	524	275
253	175	277	195
502	177	512	180
20	26	20	26
341	110	499	209
1,245	683	1,248	684
3	-	3	-
623	220	692	245
12	3	12	3
984	1,298	998	1,298
444	148	467	156
2,844	1,389	2,849	1,392
2,166	1,035	2,166	1,035
8	-	9	-
34	118	34	123
456	162	455	162
30,479	53,767	30,479	53,767
256	115	256	115
<u>6,212</u>	<u>2,550</u>	<u>6,531</u>	<u>2,671</u>
<u>47,405</u>	<u>62,250</u>	<u>48,031</u>	<u>62,536</u>
30,122	13,263	30,423	13,559
7,448	8,340	7,448	8,340
<u>37,570</u>	<u>21,603</u>	<u>37,871</u>	<u>21,899</u>

(a) Sundry Operating Expenses comprise :

Contract for Patient Services
Others Industry Recoveries
Isolated Patient Travel and Accommodation Assistance Scheme

(b) General Expenses include :-

Advertising
Auditor's Remuneration - Audit of Financial Statements
Books, Magazines and Journals
Consultancies
- Capital Works
- Operating Activities
Contractors
Corporate Support Services
Courier and Freight
Data Recording and Storage
Legal Services
Membership/Professional Fees
Motor Vehicle Operating Lease Expense - Minimum Lease Payments
Other Operating Lease Expense - Minimum Lease Payments
Payroll Services
Quality Assurance/Accreditation
Security Services
Services Purchased from Health Reform Transition Organisations
Translator Services
Other

(c) Reconciliation of Total Maintenance

Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5
Employee Related/Personnel Services Maintenance Expense Included in Notes 3 and 4
Total Maintenance Expenses included in Notes 3, 4 and 5

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	6 months to 30 June 2011		2012	6 months to 30 June 2011
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
22,484	10,768	Depreciation - Buildings	22,943	10,998
12,693	6,349	Depreciation - Plant and Equipment	13,026	6,465
<u>35,177</u>	<u>17,117</u>		<u>35,969</u>	<u>17,463</u>
7. Grants and Subsidies				
15,920	-	Non-Government Organisations	15,920	-
-	746	Budget Sector Other Grants	-	746
(16)	33	Other Grants	171	99
-	1,200	Payment to University of Sydney - Clinical Education Centre at Concord Hospital (NSW Health Grant)	-	1,200
<u>15,904</u>	<u>1,979</u>		<u>16,091</u>	<u>2,045</u>
8. Payments to Affiliated Health Organisations				
6,703	3,286	Tresillian Family Care Centre at Belmore	6,703	3,286
538	262	Central Sydney Scarba Service	538	262
<u>7,241</u>	<u>3,548</u>		<u>7,241</u>	<u>3,548</u>

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	6 months to 30 June 2011		2012	6 months to 30 June 2011
\$000	\$000		\$000	\$000
9. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
8,761	5,000	Sale of Prosthesis	8,761	5,000
1,706	637	Pharmacy Sales	1,706	637
(b) Rendering of Services comprise the following:-				
Patient Fees [see note 2(d)]				
55,778	26,105	- Inpatient Fees	55,778	26,105
1,933	768	- Non Inpatient Fees	1,933	768
18,256	8,732	Department of Veterans' Affairs	18,256	8,732
536	189	Staff-Meals and Accommodation	536	189
13,764	6,533	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	13,764	6,533
19,475	13,358	- Annual Charge	19,475	13,358
2,954	1,353	Cafeteria/Kiosk	2,954	1,353
2,544	918	Car Parking	2,544	918
1,831	799	Child Care Fees	1,831	799
155	95	Commercial Activities	155	95
8,710	-	Home and Community Care Co-payment	8,710	-
140	66	Fees for Medical Records	140	66
46	19	Information Retrieval	46	19
26,885	13,209	High Cost Drugs	26,885	13,209
2,200	942	Motor Accident Authority Third Party	2,200	942
5,836	-	Patient Inflows from Interstate [see note below]	5,836	-
416	-	Salary Packaging Fee	416	-
4,789	1,334	Services Provided to Non NSW Health Organisations	4,789	1,334
904	246	Other	904	1,157
177,619	80,303		177,621	81,214
Revenues from Patient Inflows from Interstate are as follows:- ACT \$2.949M; QLD \$1.291M; SA \$0.374M; VIC \$0.604M; TAS \$0.145M; NT \$0.221M and WA \$0.252M				
10. Investment Revenue				
5,340	2,343	Interest - Other	6,215	2,858
59	12	Royalties	59	12
5,399	2,355		6,274	2,870

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	6 months to 30 June 2011		2012	6 months to 30 June 2011
\$000	\$000		\$000	\$000
11. Grants and Contributions				
3,456	1,352	Clinical Drug Trials	3,865	1,711
6,091	2,074	Commonwealth Government Grants	6,091	2,074
82	-	Commonwealth Teaching Hospital Grants	82	-
4,650	2,754	Industry Contributions/Donations	5,105	2,929
7,084	3,396	Cancer Institute Grants	7,272	4,145
4,367	1,732	NSW Government Grants	4,377	3,125
14,441	7,143	Personnel Services - Superannuation Defined Benefit Plans	-	-
34,781	13,644	Personnel Services - Long Service Leave	-	-
3,021	1,531	Research Grants	7,758	3,570
1,375	1,518	Other Grants	1,375	1,518
<u>79,348</u>	<u>35,144</u>		<u>35,926</u>	<u>19,072</u>
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-	-	Superannuation-defined benefit	14,452	7,152
-	-	Long Service Leave	34,781	13,644
<u>-</u>	<u>-</u>		<u>49,233</u>	<u>20,796</u>
13. Other Revenue				
Other Revenue comprises the following:-				
39	21	Commissions	39	21
1,081	374	Conference and Training Fees	1,081	374
4	-	Discounts	4	-
15	-	Insurance Refunds	15	-
2,216	887	Lease and Rental Income	2,216	890
1	2	Sale of Merchandise, Old Wares and Books	1	2
67	87	Sponsorship Income	67	87
3,388	3,564	Treasury Managed Fund Hindsight Adjustment	3,388	3,564
-	1,200	Property Not Brought into Account Previously	-	1,200
353	484	Other	1,869	866
<u>7,164</u>	<u>6,619</u>		<u>8,680</u>	<u>7,004</u>
14. Gain / (Loss) on Disposal				
47,574	9,367	Property, Plant and Equipment	47,574	9,367
45,421	5,539	Less: Accumulated Depreciation	45,421	5,539
2,153	3,828	Written Down Value	2,153	3,828
-	4,561	Less: Proceeds from Disposal	-	4,561
<u>(2,153)</u>	<u>733</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(2,153)</u>	<u>733</u>
1,200	-	Assets Held for Sale	1,200	-
1,082	-	Less: Proceeds from Disposal	1,082	-
<u>(118)</u>	<u>-</u>	Gain/(Loss) on Disposal of Assets Held for Sale	<u>(118)</u>	<u>-</u>
<u>(2,271)</u>	<u>733</u>	Total Gain/(Loss) on Disposal	<u>(2,271)</u>	<u>733</u>
15. Other Gains / (Losses)				
(4,397)	(1,394)	Impairment of Receivables - SLHD	(4,397)	(1,394)
(4,613)	-	Impairment of Receivables - Transfer in from HRTD SSW	(4,613)	-
<u>(9,010)</u>	<u>(1,394)</u>		<u>(9,010)</u>	<u>(1,394)</u>

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

CONSOLIDATION

16. Conditions on Contributions

	Special Purpose	Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	14,096	17,670	18,149	49,915
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current reporting period	73,901	22,884	63,366	160,151
Total amount of unexpended contributions as at balance date	87,997	40,554	81,515	210,066 *

* \$77.323 million (\$45.503 million Special Purpose, \$2.132 million Research and \$29.688 million Other) related to SP&T transfer-in due to the Health Reform Transition Organisation SSW dissolution on 31 May 2012 as disclosed in Note 36.

Comment on restricted assets appears in Note 24

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.

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
		18. Cash and Cash Equivalents		
139,473	30,361	Cash at Bank and On Hand	140,851 *	31,460
74,886	72,720	Short Term Deposits	89,311	85,865
<u>214,359</u>	<u>103,081</u>		<u>230,162</u>	<u>117,325</u>
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:				
214,359	103,081	Cash and Cash Equivalents (per Statement of Financial Position)	230,162	117,325
<u>214,359</u>	<u>103,081</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>230,162</u>	<u>117,325</u>

* \$90.680 million related to Cash at Bank and On Hand at 30 June 2012 (comprises \$18.659 million in cash back from HRTO SSW general fund creditors and \$71.629 million HRTO SSW SPT fund transfer-in and \$0.392 million deposit in transit) due to dissolution of Health Reform Transition Organisation SSW.

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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
		19. Receivables		
		Current		
19,189	16,673	Sale of Goods and Services	19,583	18,214
22,164	17,582	Intra Health Receivables	22,175	17,582
6,946	8,037	Goods and Services Tax	6,946	7,911
		Other Debtors		
291	170	-LSL Recovery from Crown	291	170
712	656	-Salary overpayment	716	661
4,362	-	-Inter District	4,362	-
3,326	3,148	-Others	1,917	3,264
<u>56,990</u>	<u>46,266</u>	Sub Total	<u>56,090</u>	<u>47,802</u>
(4,415)	(1,901)	Less Allowance for Impairment *	(4,419)	(1,905)
<u>52,575</u>	<u>44,365</u>	Sub Total	<u>51,671</u>	<u>45,897</u>
238	32	Prepayments	238	32
<u><u>52,813</u></u>	<u><u>44,397</u></u>		<u><u>51,909</u></u>	<u><u>45,929</u></u>
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(773)	-	Balance at Commencement of Reporting Period	(773)	-
3,208	581	Amounts written off during the year	3,208	581
(1,080)	-	Admin transfer in from HRTO SSW *	(1,080)	-
		(Increase)/decrease in Allowance Recognised in		
(4,236)	(1,354)	Result for the Year	(4,236)	(1,354)
(2,881)	(773)	Balance at 30 June	(2,881)	(773)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(1,128)	(1,090)	Balance at Commencement of Reporting Period	(1,132)	(1,094)
(2)	2	Amounts written off during the year	(2)	2
(290)	-	Admin transfer in from HRTO SSW *	(290)	-
		(Increase)/decrease in Allowance Recognised in		
(114)	(40)	Result for the Year	(114)	(40)
(1,534)	(1,128)	Balance at 30 June	(1,538)	(1,132)
<u>(4,415)</u>	<u>(1,901)</u>		<u>(4,419)</u>	<u>(1,905)</u>
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
748	243	Patient Fees - Compensable	748	243
3,264	1,259	Patient Fees - Ineligible	3,264	1,259
15,177	15,171	Patient Fees - Other	15,671	16,712
<u>19,189</u>	<u>16,673</u>		<u>19,683</u>	<u>18,214</u>

*\$1.370 million Allowance for impairment transfer in from HRTO SSW

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

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
20. Inventories - Current - Held for Distribution				
5,206	5,755	Drugs	5,206	5,755
817	872	Medical and Surgical Supplies	817	872
31	32	Engineering Supplies	31	32
<hr/> 6,054	<hr/> 6,659		<hr/> 6,054	<hr/> 6,659

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
22. Property, Plant and Equipment				
		Land and Buildings - Fair Value		
1,368,089	1,318,017	Gross Carrying Amount	1,379,572	1,329,500
<u>583,484</u>	<u>555,420</u>	Less Accumulated Depreciation and Impairment	<u>587,516</u>	<u>558,991</u>
<u>784,605</u>	<u>762,597</u>	Net Carrying Amount	<u>792,056</u>	<u>770,509</u>
		Plant and Equipment - Fair Value		
204,401	208,941	Gross Carrying Amount	207,984	211,667
<u>139,094</u>	<u>144,831</u>	Less Accumulated Depreciation and Impairment	<u>140,996</u>	<u>146,446</u>
<u>65,307</u>	<u>64,110</u>	Net Carrying Amount	<u>66,988</u>	<u>65,221</u>
<u>849,912</u>	<u>826,707</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>859,044</u>	<u>835,730</u>

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT

22. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
2012					
Net Carrying Amount at Start of Year	238,670	479,616	47,799	60,622	826,707
Additions	-	1,465	9,767	7,325	18,557
Recognition of Assets Held for Sale	-	-	-	-	-
Disposals	-	-	-	(2,153)	(2,153)
Administrative Restructures - Transfers In/(Out)	9,000	30,337	-	2,641	41,978
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	-	-	-	-	-
Depreciation Expense	-	(22,484)	-	(12,693)	(35,177)
Reclassifications	-	43,735	(45,331)	1,596	-
Net Carrying Amount at End of Year	247,670	532,669	12,235	57,338	849,912

	Land	Buildings	Work in Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
2011					
Net Carrying Amount at 1 January 2011	-	-	-	-	-
Additions	1,200	1,212	3,624	6,329	12,365
Recognition of Assets Held for Sale	(1,200)	-	-	-	(1,200)
Disposals	(2,400)	(1,421)	-	(7)	(3,828)
Administrative Restructures - Transfers In/(Out)	241,070	490,578	45,790	59,049	836,487
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	-	-	-	-	-
Depreciation Expense	-	(10,768)	-	(6,349)	(17,117)
Reclassifications	-	13	(1,615)	1,602	-
Net Carrying Amount at End of Year	238,670	479,614	47,799	60,624	826,707

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)]. The Callan Park site remains vested in the Health Administration Corporation following the relocation of inpatient mental health services from site. The site has and continues to be jointly managed by the Ministry of Health, Sydney Local Health District, NSW Ambulance Service and Sydney Harbour Foreshore Authority.
- (ii) Land and Buildings were valued by Corporeal Property Valuers (Registered Property Valuers and Consultants) on 1 July 2009 see note 2(j)]. Corporeal Property Valuers is not an employee of the District.
- (iii) The value of Work in Progress \$12.235 million at 30 June 2012 is represented by \$4.265 million for Building and \$7.970 million for Plant & Equipment.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work In Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
2012					
Net Carrying Amount at Start of Year	238,670	487,527	47,799	61,733	835,729
Additions	-	1,465	9,767	6,227	19,459
Recognition of Assets Held for Sale	-	-	-	-	-
Disposals	-	-	-	(2,153)	(2,153)
Administrative Restructures - Transfers In/(Out)	9,000	30,337	-	2,641	41,978
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	-	-	-	-	-
Depreciation Expense	-	(22,943)	-	(13,026)	(35,969)
Reclassifications	-	43,735	(45,331)	1,596	-
Net Carrying Amount at End of Year	247,670	540,121	12,235	59,018	859,044

	Land	Buildings	Work In Progress	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000
2011					
Net Carrying Amount at 1 January 2011	-	-	-	-	-
Additions	1,200	1,212	3,624	6,468	12,504
Recognition of Assets Held for Sale	(1,200)	-	-	-	(1,200)
Disposals	(2,400)	(1,421)	-	(7)	(3,828)
Administrative Restructures - Transfers In/(Out)	241,070	498,721	45,790	60,136	845,717
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	-	-	-	-	-
Depreciation Expense	-	(10,998)	-	(6,485)	(17,463)
Reclassifications	-	13	(1,615)	1,602	-
Net Carrying Amount at End of Year	238,670	487,527	47,799	61,734	835,730

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District (see note 2(g)).
The Callan Park site remains vested in the Health Administration Corporation following the relocation of inpatient mental health services from site. The site has and continues to be jointly managed by the Ministry of Health, Sydney Local Health District, NSW Ambulance Service and Sydney Harbour Foreshore Authority.
- (ii) Land and Buildings were valued by Corporeal Property Valuers (Registered Property Valuers and Consultants) on 1 July 2009 see note 2(j)]. Corporeal Property Valuers is not an employee of the District.
- (iii) The value of Work in Progress \$12,235 million at 30 June 2012 is represented by \$4.265 million for Building and \$7.970 million for Plant & Equipment.

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. Restricted Assets			
The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.			
Category			
By aggregate as follows:			
70,606	28,801	87,997	45,079
	Specific Purposes		
34,275	28,976	40,554	37,219
	Research Grants		
81,515	45,805	81,515	45,805
	Private Practice Funds & Other		
<u>186,396</u> *	<u>103,582</u>	<u>210,066</u> *	<u>128,103</u>
* \$77.323 million (\$45.503 million Specific Purposes, \$2.132 million Research Grants and \$29.688 million Private Practice Funds & Other) related to SP&T transfer-in due to the Health Reform Transition Organisation SSW dissolution on 31 May 2012 as disclosed in Note 36.			
Category			
By Assets and Liabilities as follows:			
Assets			
186,147	100,726	201,948	114,970
	Cash & Cash Equivalents		
5,154	7,432	5,344	7,514
	Receivables		
	-	314	2,698
	Financial Assets at Fair Value		
	-	9,132	9,022
	Land & Buildings		
<u>191,301</u>	<u>108,158</u>	<u>216,738</u>	<u>134,204</u>
Liabilities			
3,131	2,835	4,340	1,983
	Payables		
1,769	1,736	2,323	2,174
	Provisions		
	-	-	1,935
	Borrowings		
5	5	9	9
	NC Provisions		
<u>4,905</u>	<u>4,576</u>	<u>6,672</u>	<u>6,101</u>
<u>186,396</u>	<u>103,582</u>	<u>210,066</u>	<u>128,103</u>
Total Restricted Assets			

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
		25. Payables		
		Current		
	-	Accrued Salaries, Wages and On-Costs	17,104	12,080
	-	Taxation and Payroll Deductions	6,019	8,971
23,123	21,051	Accrued Liability - Purchase of Personnel Services	-	-
27,048	23,427	Creditors	27,048	23,427
9,964	9,184	VMO	9,964	9,184
		Other Creditors		
	11,708	- Intra Health Liability	22,087	13,633
22,078	9,635	- Refund to ATO	10,229	9,635
10,124	8,637	- Other	2,449	7,312
2,449				
<u>94,786</u>	<u>83,642</u>		<u>94,900</u>	<u>84,242</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

		26. Borrowings		
		Non-Current		
1,344	1,568	Other Loans and Deposits	1,344	3,503
<u>1,344</u>	<u>1,568</u>		<u>1,344</u>	<u>3,503</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.
Final repayments is scheduled for 30 June 2018

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

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
27. Provisions				
-	-	Annual Leave - Short Term Benefit	77,300	70,306
-	-	Annual Leave - Long Term Benefit	66,109	58,101
-	-	Long Service Leave - Short Term Benefit (Treasury Escalation)	729	9,269
-	-	Long Service Leave - Long Term Benefit (Treasury Escalation)	15,269	-
158,853	137,237	Provision for Personnel Services Liability	-	-
<u>158,853</u>	<u>137,237</u>	Total Current Provisions	<u>159,407</u>	<u>137,676</u>
Non-Current Employee Benefits and Related On-Costs				
-	-	Long Service Leave - Conditional (Treasury Escalation)	842	859
839	855	Provision for Personnel Services Liability	-	-
<u>839</u>	<u>855</u>	Total Non-Current Provisions	<u>842</u>	<u>859</u>
Aggregate Employee Benefits and Related On-Costs				
158,853	137,237	Provisions - Current	159,407	137,676
839	855	Provisions - Non-Current	842	859
-	-	Accrued Salaries, Wages and On-Costs (Note 25)	23,123	21,051
23,123	21,051	Accrued Liability - Purchase of Personnel Services (Note 25)	-	-
<u>182,815</u>	<u>159,143</u>		<u>183,372</u>	<u>159,586</u>

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	28.	2012 \$000	2011 \$000
		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:		
5,522	1,444	Not later than one year	5,522	1,444
2,247	-	Later than one year and not later than five years	2,247	-
<u>7,769</u>	<u>1,444</u>	Total Capital Expenditure Commitments (Including GST)	<u>7,769</u>	<u>1,444</u>
		Of the commitments reported at 30 June 2012 it is expected that \$9.296 million will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
6,722	5,688	Not later than one year	6,722	5,688
13,312	13,179	Later than one year and not later than five years	13,312	13,179
2,703	2,945	Later than five years	2,703	2,945
<u>22,737</u>	<u>21,812</u>	Total Operating Lease Commitments (Including GST)	<u>22,737</u>	<u>21,812</u>
		(c) Contingent Asset Related to Commitments for Expenditure		
		The total of 'Commitments for Expenditure' above, i.e. \$30,506 million as at 30 June 2012 includes input tax credits of \$2.773 million that are expected to be recoverable from the Australian Taxation Office (2011 \$2.114 million).		

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

29. Trust Funds

The District holds trust fund moneys of \$33,313 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		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	139	105	6,038	6,283	21,339	27,185	27,516	33,573
Receipts	207	141	891	377	66,340	23,558	67,438	24,076
Expenditure	(221)	(107)	(711)	(622)	(60,709)	(29,404)	(61,641)	(30,133)
Cash Balance at the end of the financial year	125	139	6,218	6,038	26,970	21,339	33,313	27,516

* \$6.297 million of \$33,313 Closing Cash Balance related to HRTO SSW transfer in to the District

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

30. 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 AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the SLHD'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.

c) Contingent Liability / Debtor

A claim was made against the former Central Sydney Area Health Service (now SLHD) by the lessee of a property owned by the District on the Royal Prince Alfred Hospital campus, on which the lessee had agreed to construct a carpark and private hospital to be operated by the lessee. The lessee sought damages principally because it claimed its failure to commence construction of the hospital and to complete the carpark was caused by the former Area Health Service. The lessee also sought to be restored to possession and an account of net revenue from the incomplete carpark since termination. The matter continues to be in dispute. The amount claimed is not able to be quantified at this time.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	Actual 6 months to 30 June 2011		2012	Actual 6 months to 30 June 2011
\$000	\$000		\$000	\$000
31. Reconciliation of Cash Flows from Operating Activities to Net Result				
27,518	(19,792)	Net Cash Flows from Operating Activities	30,014	(19,517)
(35,177)	(17,116)	Depreciation	(35,969)	(17,463)
(9,010)	(1,394)	Allowance for Impairment	(9,010)	(1,394)
(20,047)	(6,248)	Decrease in Provisions	(20,163)	(6,300)
6,594	75,394	Increase / (Decrease) in Prepayments and Other Assets	4,891	76,820
(804)	(60,690)	(Increase)/ Decrease in Creditors	(1,534)	(60,709)
(2,271)	733	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(2,271)	733
1,566	2,233	NSW Health Department Capital Allocations	1,566	2,233
-	1,200	Property Not Brought into Account Previously	-	1,200
<u>(31,531)</u>	<u>(25,680)</u>	Net Result	<u>(32,376)</u>	<u>(24,397)</u>
32. Non-Cash Financing and Investing Activities				
1,566	2,233	Other - Health Infrastructure Capital Projects	1,566	2,233
<u>1,566</u>	<u>2,233</u>		<u>1,566</u>	<u>2,233</u>
33. 2011/12 Voluntary Services				
It is considered impracticable to quantify the monetary value of voluntary services provided to the District. Services provided include:				
<ul style="list-style-type: none"> · Chaplaincies and Pastoral Care - · Pink Ladies/Hospital Auxiliaries - · Patient Support Groups - · Community Organisations - 		<ul style="list-style-type: none"> · Patient & Family Support · Patient Services, Fund Raising · Practical Support to Patients and Relative · Counselling, Health Education, Transport, · Home Help & Patient Activities 		

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT AND CONSOLIDATED

34. 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 the District by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of the District Special Purpose & Trust Fund, managed by the District.

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

35. Budget Review - Parent and Consolidated

Net Result

The Net Result of \$32.376 million deficit was \$8.476 million (or 20.7%) lower than the Net Result budget deficit of \$40.852 million. Total Revenue was \$2.969 million higher than budget and expenditure was \$11.118 million favourable to budget.

Assets and Liabilities

Current Assets were \$64.9 million lower than budget target with Non Current Asset Held for Sale nil (budget was \$2.7 million). Cash was \$16 million lower than the budget target and Receivables was \$43.2 million lower than budget.

Non Current Assets of \$859 million was \$0.4 million lower when compared to budget target.

Current Liabilities \$254.3 million was \$0.3 million higher than budget target with payables \$8.5 million unfavourable to budget.

Non Current Liabilities was \$2.2 million or \$2.5 million lower than budget target with borrowing reduced by \$2.2 million when compared with budget.

Cash Flows

Total Net Cash Increase was \$12.4 million and was lower than the budget target of \$28.5 million. Cash and Cash Equivalents was \$230.2 million and was \$16.0 million lower than budget of \$246.2 million. The Administrative Restructure fund transfer related to the transfer of residual assets / liabilities of the former Health Reform Transition Organisation (HRTO-SSW) which were dissolved on 31 May, 2012. The transfer included some of the Special Purpose and Trust Fund (including the Pathology Services for the District - Right of Private Practice Fund).

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 15 September 2011 are as follows:

	\$000
Initial Allocation, 15 September 2011	930,132
Transfer in budget for Purchasing of Pathology Services	44,974
Transfer in budget for Purchasing of HRTOSSW (Corporate Services, Interpreters, Population Health, NGO)	78,929
HSU Award increase	9,333
ASMOS award increase	1,548
Trades award increase	217
Treasury Managed Fund	2,344
Nursing Strategies	387
Long Stay Older Patients	441
Leap Year	1,873
Miscellaneous	4,055
	1,074,233
Budget as per Statement of Comprehensive Income	1,074,233

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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

Equity transfers effected in 2011/12 comprised:

An increase in net assets of \$140.105 million relating to the District's assumption of responsibilities progressively to the point of dissolution of Health Reform Transitional Organisations on 31 May 2012.

Assets and Liabilities transferred are as follows:

	PARENT 2012 \$000	CONSOLIDATION 2012 \$000
Assets		
Cash & Cash Equivalents	116,605	116,605
Receivables	1,919	1,919
Assets Held for Sale	1,500	1,500
Land & Buildings	37,837	37,837
Plant & Equipment	2,641	2,641
	<u>160,502</u>	<u>160,502</u>
Liabilities		
Payables	-15,431	-15,431
Provisions	-4,933	-4,933
NC Provisions	-33	-33
	<u>-20,397</u>	<u>-20,397</u>
Increase/(Decrease) in Net Assets From Equity Transfers	<u>140,105</u>	<u>140,105</u>

* Breakdown of \$116.605 million related to Cash and Cash Equivalents transferred in from HRTO SSW as tabled

<u>Nature</u>	<u>Transfer in from HRTO SSW</u> \$ Million
Cash Back of HRTO SSW General Fund Creditors	\$24.011
Petty Cash Float to SLHD General Fund	\$ 0.008
Subtotal HRTO SSW General Fund Transfer in	<u>\$24.019</u>
Moneys Held on behalf of HRTO SSW General Fund	\$2.766
Moneys Held on behalf of NSW Health Pathology	\$8.893
Moneys Held on behalf of SLHD	\$77.927
Moneys Held on behalf of SWSLHD	\$4.628
Moneys Held by other LHDs in transit	-\$1.628
Subtotal HRTO SSW SPT Transfer in	<u>\$92.586</u>
Total HRTO SSW Transfer in as at 1 June, 2012	<u>\$116.605</u>

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

37. 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 also 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. Audit & Risk Committee regularly reviews management's compliance with policies, management of internal controls and risks.

(a) Financial Instrument Categories

PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 18)	N/A	214,359	103,081
Receivables (note 19) ¹	Loans and receivables (at amortised cost)	45,629	36,328
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	-	-
Total Financial Assets		<u>259,988</u>	<u>139,409</u>
Financial Liabilities			
Borrowings (note 26)	Financial liabilities	1,344	1,568
Payables (note 25) ²	measured at amortised cost	84,662	74,007
Total Financial Liabilities		<u>86,006</u>	<u>75,575</u>

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)

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 18)	N/A	230,162	117,325
Receivables (note 19) ¹	Loans and receivables (at amortised cost)	44,725	37,986
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	314	2,698
Total Financial Assets		275,201	158,009
Financial Liabilities			
Borrowings (note 26)	Financial liabilities	1,344	3,503
Payables (note 25) ²	measured at amortised cost	84,671	74,607
Total Financial Liabilities		86,015	78,110

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)

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

Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 2.85% to 4.27% 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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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:\$36.709 million; 2011:\$22.562 million) and not more than [3] months past due (2012:\$5.614 million; 2011:\$11.559 million) are not considered impaired and together these represent 86% 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	5,614	5,614	-
3 months - 6 months c	2,010	2,010	-
> 6 months overdue	4,811	393	4,419
2011			
<3 months overdue	11,559	11,559	-
3 months - 6 months c	5,143	3,238	1,905
> 6 months overdue	626	626	-

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.

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. The deposits at balance date were earning an average interest rate of 4.90% (2011: 5.37%), while over the year the weighted average interest rate was 4.91% (2011: 5.24%) on a weighted average balance during the year of \$72.830 million (2011: \$73.196 million). None of these assets are past due or impaired.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

(c) Liquidity Risk

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

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

During the current and prior years, there were no defaults or breaches 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 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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Maturity Analysis and interest rate exposure of financial liabilities

CONSOLIDATION

	Interest Rate Exposure				Maturity Dates		
	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions	23,123			23,123	23,123	-	-
Creditors	51,584			51,584	51,584	-	-
VMO	9,964			9,964	9,964	-	-
Borrowings	1,344			-	-	1,344	-
	<u>86,015</u>	-	-	<u>84,671</u>	<u>84,671</u>	<u>1,344</u>	-
2011							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions	21,051			21,051	21,051	-	-
Creditors	44,372			44,372	44,372	-	-
VMO	9,184			9,184	9,184	-	-
Borrowings	3,503			-	-	3,503	-
	<u>78,110</u>	-	-	<u>74,607</u>	<u>74,607</u>	<u>3,503</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 \$1,344 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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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).

NSW Ministry of Health loan is set at fixed rates and therefore is 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%		+1%	
		Profit	Equity	Profit	Equity
2012					
Financial Assets					
Cash and Cash Equivalents	230,162	-2,302	-2,302	2,302	2,302
Receivables	44,725	-447	-447	447	447
Financial Assets at Fair Value	314	-3	-3	3	3
Financial Liabilities					
Payables	84,671	-847	-847	847	847
Borrowings	1,344	-13	-13	13	13
2011					
Financial Assets					
Cash and Cash Equivalents	117,325	-1,173	-1,173	1,173	1,173
Receivables	37,986	-380	-380	380	380
Financial Assets at Fair Value	2,698	-27	-27	27	27
Financial Liabilities					
Payables	74,607	-746	-746	746	746
Borrowings	3,503	-35	-35	35	35

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 1.5 years	74,886	72,720
Strategic cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	-	-
Medium term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	3 years to 7 years	314	2,263
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	7 years and over	-	435

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 (i.e. 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).

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

	Change in unit price	Impact on profit/loss	
		2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	749	727
Hour-Glass Investment - Strategic cash facility	+/- 1%	-	-
Hour-Glass Investment - Medium-term growth facility	+/- 6%	19	136
Hour-Glass Investment - Long-term growth facility	+/- 15%	-	65

(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				
TCorp Hour-Glass Investment Facility	75,200	75,200	75,418	75,418

(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 Investment Facility	-	75,200	-	75,200

(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.

SYDNEY LOCAL HEALTH DISTRICT
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Note 38 Events after the Reporting Period

Activity Based Funding

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 National 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