



INDEPENDENT AUDITOR'S REPORT

Western Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Western Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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 entity 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.

The 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 District'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 District'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 assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about 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.



Peter Boulous
Director, Financial Audit Services

10 October 2012
SYDNEY



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

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

1. The financial statements have been prepared in accordance with:
 - a. Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b. The requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c. The Financial Reporting Code for NSW Government Sector Entities
2. The financial statements exhibit a true and fair view of the financial position and the financial performance of the Western Sydney Local Health District; and
3. 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.

Danny O'Connor
Chief Executive

Date:

8/10/12

START OF AUDITED FINANCIAL STATEMENTS

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

PARENT							CONSOLIDATION		
Actual	Budget	Actual		Notes	Actual	Budget	Actual		
	Unaudited	Period Ended				Unaudited	Period Ended		
2012	2012	30 June 2011			2012	2012	30 June 2011		
\$000	\$000	\$000			\$000	\$000	\$000		
Expenses excluding losses									
Operating Expenses									
-	-	-	Employee Related	3	900,460	924,501	404,661		
900,460	924,501	404,661	Personnel Services	4	-	-	-		
35,076	35,042	14,520	Visiting Medical Officers		35,076	35,042	14,520		
385,497	341,057	218,491	Other Operating Expenses	5	385,497	341,057	218,491		
58,679	68,846	28,003	Depreciation and Amortisation	2(i), 6	58,679	68,846	28,003		
15,102	36,178	4,362	Grants and Subsidies	7	15,102	36,178	4,362		
385	580	638	Finance Costs	8	385	580	638		
4,931	6,054	2,980	Payments to Affiliated Health Organisations	9	4,931	6,054	2,980		
1,400,130	1,412,258	673,655	Total Expenses excluding losses		1,400,130	1,412,258	673,655		
Revenue									
1,086,708	1,099,033	507,585	NSW Ministry of Health Recurrent Allocations	2(d)	1,086,708	1,099,033	507,585		
28,390	18,123	13,060	NSW Ministry of Health Capital Allocations	2(d)	28,390	18,123	13,060		
-	-	-	- Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	59,034	62,999	22,067		
150,805	176,550	60,483	Sale of Goods and Services	10	150,805	176,550	60,483		
4,018	10,606	1,447	Investment Revenue	11	4,018	10,606	1,447		
81,030	78,989	31,004	Grants and Contributions	12	21,996	15,990	8,937		
13,126	7,263	5,533	Other Revenue	14	13,126	7,263	5,533		
1,364,077	1,390,564	619,112	Total Revenue		1,364,077	1,390,564	619,112		
(186)	(475)	(3,264)	Gain / (Loss) on Disposal	15	(186)	(475)	(3,264)		
(755)	(2,107)	(832)	Other Gains / (Losses)	16	(755)	(2,107)	(832)		
(36,994)	(24,276)	(58,639)	Net Result	32	(36,994)	(24,276)	(58,639)		
Other Comprehensive Income									
Net Increase/(Decrease) in									
Property, Plant & Equipment									
33,013	-	-	- Asset Revaluation Surplus		33,013	-	-		
33,013	-	-	Total Other Comprehensive Income for the year		33,013	-	-		
(3,981)	(24,276)	(58,639)	TOTAL COMPREHENSIVE INCOME		(3,981)	(24,276)	(58,639)		

The accompanying notes form part of these financial statements.

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

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2012	2012	2011		2012	2012	2011	
\$000	\$000	\$000		\$000	\$000	\$000	
ASSETS							
Current Assets							
135,396	208,151	56,365	Cash and Cash Equivalents	19	135,396	208,151	56,365
82,206	100,800	38,964	Receivables	20	82,206	100,800	38,964
10,058	8,884	8,927	Inventories	21	10,058	8,884	8,927
227,660	317,835	104,256	Total Current Assets		227,660	317,835	104,256
Non-Current Assets							
3,843	4,197	3,414	Receivables	20	3,843	4,197	3,414
Property, Plant and Equipment							
909,665	909,787	876,630	- Land and Buildings	22	909,665	909,787	876,630
84,372	28,734	60,161	- Plant and Equipment	22	84,372	28,734	60,161
26,652	22,630	22,628	- Infrastructure Systems	22	26,652	22,630	22,628
1,020,689	961,151	959,419	Total Property, Plant and Equipment		1,020,689	961,151	959,419
7,316	8,041	-	Intangible Assets	23	7,316	8,041	-
1,031,848	973,389	962,833	Total Non-Current Assets		1,031,848	973,389	962,833
1,259,508	1,291,224	1,067,089	Total Assets		1,259,508	1,291,224	1,067,089
LIABILITIES							
Current Liabilities							
100,033	157,221	93,438	Payables	25	100,033	157,221	93,438
1,828	3,989	2,954	Borrowings	26	1,828	3,989	2,954
144,208	147,924	113,501	Provisions	27	144,208	147,924	113,501
943	670	667	Other	28	943	670	667
247,012	309,804	210,560	Total Current Liabilities		247,012	309,804	210,560
Non-Current Liabilities							
4,844	25,963	3,489	Borrowings	26	4,844	25,963	3,489
865	-	420	Provisions	27	865	-	420
5,709	25,963	3,909	Total Non-Current Liabilities		5,709	25,963	3,909
252,721	335,767	214,469	Total Liabilities		252,721	335,767	214,469
1,006,787	955,457	852,620	Net Assets		1,006,787	955,457	852,620
EQUITY							
33,013	-	-	Reserves		33,013	-	-
973,774	955,457	852,620	Accumulated Funds		973,774	955,457	852,620
1,006,787	955,457	852,620	Total Equity		1,006,787	955,457	852,620

The accompanying notes form part of these financial statements.

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

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2011		852,620	-	852,620
Net Result for the year		(36,994)	-	(36,994)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-	33,013	33,013
Total Other Comprehensive Income		-	33,013	33,013
Total Comprehensive Income for the year		(36,994)	33,013	(3,981)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	158,148	-	158,148
Balance at 30 June 2012		973,774	33,013	1,006,787
Balance at 1 January 2011		-	-	-
Net Result for the year		(58,639)	-	(58,639)
Total Comprehensive Income for the year		(58,639)	-	(58,639)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	911,259	-	911,259
Balance at 30 June 2011		852,620	-	852,620

The accompanying notes form part of these financial statements.

**Western Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2012**

PARENT				CONSOLIDATION				
Actual	Budget	Actual	Period Ended		Actual	Budget	Actual	Period Ended
2012	2012	30 June 2011		Notes	2012	2012	30 June 2011	
\$000	\$000	\$000			\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES								
Payments								
(20,033)	(42,232)	(4,798)			(879,094)	(900,784)	(387,145)	
(2)	(580)	(701)			(20,033)	(42,232)	(4,798)	
(1,323,971)	(1,262,308)	(569,258)			(2)	(580)	(701)	
					(444,877)	(361,524)	(182,113)	
(1,344,006)	(1,305,120)	(574,757)			(1,344,006)	(1,305,120)	(574,757)	
Receipts								
1,086,708	1,099,033	507,585			1,086,708	1,099,033	507,585	
28,390	18,123	13,060			28,390	18,123	13,060	
		5,946			59,034	62,999	5,946	
185,375	161,512	42,598			185,375	161,512	42,598	
4,018	7,794	4,045			4,018	7,794	4,045	
81,029	78,989	-			21,995	15,990	-	
(7,714)	10,113	14,770			(7,714)	10,113	14,770	
1,377,806	1,375,564	588,004			1,377,806	1,375,564	588,004	
33,800	70,444	13,247			33,800	70,444	13,247	
NET CASH FLOWS FROM OPERATING ACTIVITIES								
				32				
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from Sale of Land and Buildings, Plant and Equipment								
(40,808)	(20,905)	(17,335)			(40,808)	(20,905)	(17,335)	
(40,808)	(20,905)	(17,254)			(40,808)	(20,905)	(17,254)	
CASH FLOWS FROM FINANCING ACTIVITIES								
(154)	23,509	34,875			(154)	23,509	34,875	
		(2,898)					(2,898)	
(154)	23,509	31,977			(154)	23,509	31,977	
(7,162)	73,048	27,970			(7,162)	73,048	27,970	
56,365	56,365	28,395			56,365	56,365	28,395	
86,193	78,738	-		36	86,193	78,738	-	
135,396	208,151	56,365			135,396	208,151	56,365	
CLOSING CASH AND CASH EQUIVALENTS								
				19				

The accompanying notes form part of these financial statements.

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

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																						
Operating Expenses	66,365	29,824	360	162	70,956	31,887	82,751	37,188	452,930	203,544	113,998	51,230	65,283	29,338	11,526	5,180	36,291	16,308			900,460	404,661
Employee Related	705	282	-	-	732	303	536	222	31,140	12,891	693	287	669	277	196	81	405	167			35,076	14,520
Visiting Medical Officers	23,863	13,525	39	22	52,620	29,824	27,718	15,710	192,864	109,311	14,455	8,193	17,463	9,898	8,404	4,763	48,071	27,245			985,497	218,491
Other Operating Expenses	1,320	630	-	-	13,907	6,589	1,988	949	34,122	16,284	609	291	4,348	2,075	603	288	1,892	897			58,679	28,003
Depreciation and Amortisation	1,793	518	-	-	83	24	-	-	10	3	7,184	2,075	-	-	-	-	6,032	1,742			15,102	4,362
Grants and Subsidies	-	-	-	-	-	-	46	77	316	523	23	38	-	-	-	-	-	-			385	638
Finance Costs	-	-	-	-	-	-	-	-	-	-	-	-	4,931	2,980	-	-	-	-			4,931	2,980
Payments to Affiliated Health Organisations	94,046	44,789	399	184	138,198	68,627	113,039	54,146	711,382	342,556	136,962	62,114	92,694	44,568	20,729	10,312	92,681	46,359			1,400,130	673,655
Total Expenses excluding losses																						
Revenue																						
NSW Ministry of Health Recurrent Allocations ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			1,086,708	507,585
NSW Ministry of Health Capital Allocations ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			28,390	13,060
Acceptance by the Crown Entity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-
Sale of Employee Benefits and Other Liabilities	4,350	1,626	24	9	4,652	1,739	5,425	2,028	29,695	11,100	7,474	2,794	4,280	1,600	754	282	2,350	889			59,034	22,067
Sale of Goods and Services	4,977	1,996	332	133	25,848	10,367	4,101	1,645	93,318	37,427	1,446	580	19,318	7,748	1,465	587	-	-			150,805	60,483
Investment Revenue	855	308	-	-	-	-	-	-	1,908	687	28	10	19	7	-	-	1,208	435			4,018	1,447
Grants and Contributions	842	342	-	-	583	237	2	1	1,199	487	118	48	1,910	776	2,121	862	15,221	6,184			21,996	8,937
Other Revenue	2,572	1,084	-	-	240	101	199	84	2,818	1,188	38	16	550	232	349	147	6,360	2,681			13,126	5,533
Total Revenue	13,586	5,356	356	142	31,323	12,444	9,727	3,758	128,938	50,899	9,104	3,448	26,077	10,363	4,689	1,878	25,169	10,189			1,115,098	520,645
Gain / (Loss) on Disposal	(1)	(18)	-	-	(19)	(329)	(4)	(72)	(146)	(2,555)	(2)	(44)	(10)	(183)	-	-	(4)	(63)			(186)	(3,264)
Other Gains / (Losses)	(24)	(27)	(2)	(2)	(130)	(143)	(21)	(23)	(464)	(511)	(7)	(8)	(97)	(107)	(10)	(11)	-	-			(755)	(832)
Net Result	(80,475)	(39,478)	(45)	(44)	(107,024)	(56,655)	(103,337)	(50,483)	(583,054)	(294,733)	(127,867)	(58,718)	(66,724)	(34,495)	(16,050)	(8,445)	(67,516)	(36,233)			(36,994)	(58,639)
Other Comprehensive Income																						
Increase/(Decrease) in Asset Revaluation Reserve	2,346	-	-	-	391	-	1,119	-	19,197	-	9,003	-	842	-	19	-	96	-			33,013	-
Total Other Comprehensive Income	(78,129)	(39,478)	(45)	(44)	(106,633)	(56,655)	(102,218)	(50,483)	(563,857)	(294,733)	(118,864)	(58,718)	(65,882)	(34,495)	(16,031)	(8,445)	(67,420)	(36,233)			(3,981)	(58,639)
Total Comprehensive Income																						

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

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

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

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

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

No changes have occurred during the 2011/12 financial year which would materially impact this allocation

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

DISTRICT ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2012	2011	2012	2011	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																						
Current Assets																						
Cash and Cash Equivalents	5,023	2,091	14	6	8,069	3,359	5,674	2,362	68,117	28,357	4,331	1,803	32,928	13,708	853	355	10,387	4,324	-	-	135,396	56,365
Receivables	9,566	4,534	116	55	4,701	2,228	1,084	514	24,332	11,533	454	215	5,903	2,798	3,099	1,469	32,951	45,618	-	-	82,206	38,964
Inventories	623	553	1	1	1,372	1,218	723	642	5,032	4,466	377	335	455	404	220	195	1,255	1,113	-	-	10,058	8,927
Total Current Assets	15,212	7,178	131	62	14,142	6,805	7,481	3,518	97,481	44,356	5,162	2,353	39,286	16,910	4,172	2,019	44,593	21,055	-	-	227,860	104,256
Non-Current Assets																						
Receivables	450	400	2	2	219	195	51	45	1,137	1,010	21	19	276	245	145	129	1,542	1,369	-	-	3,843	3,414
Property, Plant and Equipment	65,950	63,555	-	-	4,821	4,646	30,838	29,718	528,970	509,760	255,070	245,807	21,922	21,126	272	262	1,822	1,756	-	-	909,865	875,630
- Land and Buildings	1,887	1,353	-	-	19,846	14,151	2,860	2,039	49,075	34,983	876	625	6,249	4,456	868	619	2,701	1,925	-	-	84,372	60,161
- Plant and Equipment	600	509	-	-	6,271	5,324	903	767	15,498	13,158	277	235	1,975	1,677	274	233	854	725	-	-	26,652	22,628
- Infrastructure Systems	164	-	-	-	1,721	-	248	-	4,255	-	-	-	542	-	75	-	235	-	-	-	7,316	-
Intangible Assets	69,051	65,817	2	2	32,878	24,316	34,900	32,569	598,935	558,921	256,320	246,686	30,964	27,504	1,634	1,243	7,154	5,775	-	-	1,031,848	962,833
Total Non-Current Assets	84,273	72,995	133	64	47,020	31,121	42,381	36,087	686,416	603,277	261,482	249,039	70,250	44,414	5,806	3,262	51,747	26,830	-	-	1,259,508	1,067,089
TOTAL ASSETS																						
LIABILITIES																						
Current Liabilities																						
Payables	3,711	3,466	10	9	5,962	5,569	4,191	3,915	50,327	47,009	3,201	2,990	24,327	22,723	629	588	7,675	7,169	-	-	100,033	93,438
Borrowings	10,628	8,365	57	45	11,364	8,944	13,253	10,431	72,557	57,091	18,256	14,369	10,455	8,229	48	38	7,610	5,989	-	-	1,828	2,954
Provisions	35	25	-	-	57	40	40	28	475	336	30	21	229	162	6	4	71	51	-	-	144,208	113,501
Other	14,374	11,856	67	54	17,383	14,553	17,703	14,728	124,838	106,858	21,597	17,558	35,011	31,114	683	630	15,356	13,209	-	-	943	667
Total Current Liabilities	28,748	23,676	134	106	34,766	29,066	35,197	33,102	248,197	211,292	42,084	34,936	70,072	63,576	767	720	22,712	26,118	-	-	247,012	210,560
Non-Current Liabilities																						
Borrowings	-	-	-	-	-	-	582	419	3,972	2,861	290	209	-	-	-	-	-	-	-	-	4,844	3,489
Provisions	64	31	-	-	68	33	80	39	434	211	109	53	62	30	10	5	38	18	-	-	865	420
Total Non-Current Liabilities	64	31	-	-	68	33	662	458	4,406	3,072	399	262	62	30	10	5	38	18	-	-	5,709	3,909
TOTAL LIABILITIES	14,438	11,887	67	54	17,451	14,596	18,365	15,186	129,244	109,930	21,996	17,820	35,073	31,144	693	635	15,394	13,227	-	-	252,721	214,469
NET ASSETS	69,835	61,108	66	10	29,569	16,535	24,015	20,901	567,172	493,347	239,486	231,219	35,177	13,270	5,113	2,627	36,353	13,603	-	-	1,006,787	852,620

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

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

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

No changes have occurred during the 2011/12 financial year which would materially impact this allocation.

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

1. The Reporting Entity

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

The District as a reporting entity, comprises all the entities under its control, namely:

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 Western Sydney Local Health District Special Purpose Service Entity which was established as a Division of the Ministry of Health on 1 January 2011 pursuant to the *Health Services Act 1997*. This Division provides 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 8 October 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and its 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(ab).

Notwithstanding the consolidated entity has a working capital deficiency of (\$19.352) million and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

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

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

Other mitigating circumstances why the going concern is appropriate include:

* The District has the capacity to review timing of subsidy cashflows to ensure that it can pay debts as and when they become due and payable.

* The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the district and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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

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

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

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.

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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

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

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

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

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

ii) Long Service Leave and Superannuation

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

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

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

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.

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

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 the NSW Ministry of Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. Payment for inpatient services are based on admitted public activity whilst payments for non admitted patients are subject to a block grant paid to the credit of the NSW Ministry of Health.

Investment Revenue

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

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

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

Debt Forgiveness

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

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

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 District 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 District use in the advancement of the District or individuals within it.

Use of Outside Facilities

The District uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities. It is not practical to estimate the related values.

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

General operating expenses/revenues of Lottie Stewart Hospital have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisation concerned. The District is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisation 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

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

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

g) Acquisition of Assets

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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

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

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

h) Capitalisation Thresholds

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

i) Depreciation of Property, Plant and Equipment

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

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

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

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

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

j) Revaluation of Non-Current Assets

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

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

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

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

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

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

k) Impairment of Property, Plant and Equipment

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

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

l) Assets Not Able to be Reliably Measured

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

m) Restoration Costs

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

n) Investment Properties

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

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

o) Intangible Assets

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

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

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

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

Computer software developed or acquired by the District are recognised as intangible assets and are amortised over 5 years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

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

p) 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.

q) 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.

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

r) 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.

s) 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.

t) 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 Western Sydney Local Health District determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

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

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

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

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

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

u) 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.

v) 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.

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

w) 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.

x) Borrowings

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

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

y) 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 assets and liabilities were 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.

z) Equity and Reserves

(i) Asset Revaluation Surplus

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

(ii) Accumulated Funds

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

(iii) Separate Reserves

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

aa) Trust Funds

The District receives monies in a trustee capacity for various trusts as set out in Note 30.

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

ab) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health 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".

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

ac) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 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 the District take action to identify those components that can be specifically identified and reported by service groups.

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

ad) 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.

Western Sydney Local Health District
Notes to and Forming part of the Financial Statements
for the year Ended 30 June 2012

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

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.

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

PARENT		CONSOLIDATION	
2012	Period Ended 30 June 2011	2012	Period Ended 30 June 2011
\$000	\$000	\$000	\$000
3. Employee Related			
Employee related expenses comprise the following:			
-	-	577,926	259,986
-	-	34,762	16,520
-	-	56,428	28,900
-	-	13,234	8,033
-	-	57,775	25,655
-	-	45,774	12,167
-	-	77,464	38,333
-	-	25,039	10,755
-	-	1,236	128
-	-	10,822	4,184
-	-	900,460	404,661
4. Personnel Services			
Personnel Services comprise the purchase of the following:			
577,926	259,986	-	-
34,762	16,520	-	-
56,428	28,900	-	-
13,234	8,033	-	-
57,775	25,655	-	-
45,774	12,167	-	-
77,464	38,333	-	-
25,039	10,755	-	-
1,236	128	-	-
10,822	4,184	-	-
900,460	404,661	-	-
5. Other Operating Expenses			
7,652	3,679	7,652	3,679
14,726	7,060	14,726	7,060
58,355	28,791	58,355	28,791
22,395	11,070	22,395	11,070
9,266	4,647	9,266	4,647
83,461	68,785	83,461	68,785
3,759	1,554	3,759	1,554
15,028	6,903	15,028	6,903
1,881	885	1,881	885
2	-	2	-
9,159	2,330	9,159	2,330
9,262	4,320	9,262	4,320
11,744	5,589	11,744	5,589
(1,174)	(608)	(1,174)	(608)
64,527	31,499	64,527	31,499
1,901	608	1,901	608
3,012	1,055	3,012	1,055
3,892	1,464	3,892	1,464
2,547	1,256	2,547	1,256
2,311	780	2,311	780
50,682	32,245	50,682	32,245
5,580	1,943	5,580	1,943
131	131	131	131
5,398	2,505	5,398	2,505
385,497	218,491	385,497	218,491

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

PARENT

	2012	Period Ended 30 June 2011
	\$000	\$000
	105	107
	28	24
	<u>131</u>	<u>131</u>

(a) Sundry Operating Expenses comprise ;
Contract for Patient Services
Isolated Patient Travel and Accommodation/Assistance Scheme

Advertising	235	48
Auditor's Remuneration - Audit of Financial Statements	357	(22)
Auditor's Remuneration - Other Services	14	70
Books, Magazines and Journals	833	152
Consultancies		
- Capital Works	101	95
- Operating Activities	1,191	485
Contractors	11	13
Corporate Support Services	9,138	3,253
Courier and Freight	481	401
Data Recording and Storage	1,117	412
Legal Services	703	152
Membership/Professional Fees	632	238
Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,791	1,258
Public Private Partnership	6	21
Other Operating Lease Expense - Minimum Lease Payments	2,771	769
Payroll Services	117	11
Quality Assurance/Accreditation	222	5
Security Services	819	82
Services Purchased from Health Reform Transition Organisations	24,547	58,100
Translator Services	58	13
Other	37,337	3,210

(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

	28,991	11,631
	4,187	2,117
	<u>33,178</u>	<u>13,748</u>

CONSOLIDATION

	2012	Period Ended 30 June 2011
	\$000	\$000
	105	107
	26	24
	<u>131</u>	<u>131</u>

Advertising	235	48
Auditor's Remuneration - Audit of Financial Statements	357	(22)
Auditor's Remuneration - Other Services	14	70
Books, Magazines and Journals	833	152
Consultancies		
- Capital Works	101	95
- Operating Activities	1,191	485
Contractors	11	13
Corporate Support Services	9,138	3,253
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Other	37,337	3,210

	28,991	11,631
	4,187	2,117
	<u>33,178</u>	<u>13,748</u>

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

PARENT			CONSOLIDATION	
2012 \$000	Period Ended 30 June 2011 \$000		2012 \$000	Period Ended 30 June 2011 \$000
6. Depreciation and Amortisation				
39,851	21,361	Depreciation - Buildings	39,851	21,361
16,424	5,884	Depreciation - Plant and Equipment	16,424	5,884
1,725	758	Depreciation - Infrastructure Systems	1,725	758
679	-	Amortisation - Intangible Assets	679	-
58,679	28,003		58,679	28,003
7. Grants and Subsidies				
10,293	2,489	Non-Government Organisations	10,293	2,489
289	1	Grants to Research Organisations	289	1
578	186	Promotion of Research	578	186
161	-	Budget Sector Other Grants	161	-
3,781	1,686	Other Grants	3,781	1,686
15,102	4,362		15,102	4,362
8. Finance Costs				
383	638	Interest on Bank Overdrafts and Loans	383	638
2	-	Other Interest Charges	2	-
385	638	Total Finance Costs	385	638
9. Payments to Affiliated Health Organisations				
4,931	2,980	(a) Recurrent Sourced Lottie Stewart Hospital	4,931	2,980
4,931	2,980	Total Payments to Affiliated Health Organisations	4,931	2,980

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

PARENT

CONSOLIDATION

2012 \$000	Period Ended 30 June 2011 \$000		2012 \$000	Period Ended 30 June 2011 \$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
4,652	2,097	Sale of Prosthesis	4,652	2,097
9,588	83	Other	9,588	83
682	379	Pharmacy Sales	682	379
(b) Rendering of Services comprise the following:-				
33,709	16,588	Patient Fees [see note 2(d)]	33,709	16,588
2,425	1,217	- Inpatient Fees	2,425	1,217
376	(226)	- Nursing Home Fees	376	(226)
12,212	8,288	- Non Inpatient Fees	12,212	8,288
359	163	Department of Veterans' Affairs	359	163
19,175	3,697	Staff-Meals and Accommodation	19,175	3,697
11,986	7,190	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	11,986	7,190
331	144	- Annual Charge	331	144
4,082	1,605	Cafeteria/Kiosk	4,082	1,605
1,735	786	Car Parking	1,735	786
874	342	Child Care Fees	874	342
4,358	574	Clinical Services (excluding Clinical Drug Trials)	4,358	574
261	124	Commercial Activities	261	124
21,175	10,084	Fees for Medical Records	21,175	10,084
9,400	4,541	High Cost Drugs	9,400	4,541
2,260	-	Motor Accident Authority Third Party	2,260	-
395	-	Patient Inflows from Interstate [see note (c) below]]	395	-
297	287	Salary Packaging Fee	297	287
10,473	2,520	Services Provided to Non NSW Health Organisations	10,473	2,520
		Other		
150,805	60,483		150,805	60,483
(c) Revenues from Patient Inflows from Interstate are as follows:-				
433	-	Australian Capital territory	433	-
856	-	Queensland	856	-
180	-	South Australia	180	-
270	-	Victoria	270	-
125	-	Tasmania	125	-
93	-	Northern Territory	93	-
303	-	Western Australia	303	-
2,260	-		2,260	-
11. Investment Revenue				
4,018	1,447	Interest	4,018	1,447
		- Other		
4,018	1,447		4,018	1,447

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

PARENT			CONSOLIDATION	
2012 \$000	Period Ended 30 June 2011 \$000		2012 \$000	Period Ended 30 June 2011 \$000
12. Grants and Contributions				
4,472	2,002	Clinical Drug Trials	4,472	2,002
1,177	560	Commonwealth Government Grants	1,177	560
1,350	640	Industry Contributions/Donations	1,350	640
4,767	3,345	Cancer Institute Grants	4,767	3,345
2,609	50	NSW Government Grants	2,609	50
13,234	8,033	Personnel Services - Superannuation Defined Benefit Plans	-	-
45,800	14,034	Personnel Services - Long Service Leave	-	-
3,330	1,535	Research Grants	3,330	1,535
4,291	805	Other Grants	4,291	805
<u>81,030</u>	<u>31,004</u>		<u>21,996</u>	<u>8,937</u>
13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-	-	Superannuation-defined benefit	13,234	8,033
-	-	Long Service Leave	45,800	14,034
<u>-</u>	<u>-</u>		<u>59,034</u>	<u>22,067</u>
14. Other Revenue				
Other Revenue comprises the following:-				
5	1	Bad Debts Recovered	5	1
281	119	Commissions	281	119
665	194	Conference and Training Fees	665	194
4	-	Discounts	4	-
24	(2)	Insurance Refunds	24	(2)
4,344	2,230	Lease and Rental Income	4,344	2,230
95	44	Sale of Merchandise, Old Wares and Books	95	44
1,407	306	Treasury Managed Fund Hindsight Adjustment	1,407	306
6,301	2,641	Other	6,301	2,641
<u>13,126</u>	<u>5,533</u>		<u>13,126</u>	<u>5,533</u>

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

PARENT			CONSOLIDATION	
2012 \$000	Period Ended 30 June 2011 \$000		2012 \$000	Period Ended 30 June 2011 \$000
15. Gain / (Loss) on Disposal				
921	7,010	Property, Plant and Equipment	921	7,010
735	3,665	Less: Accumulated Depreciation	735	3,665
<hr/>				
186	3,345	Written Down Value	186	3,345
-	81	Less: Proceeds from Disposal	-	81
<hr/>				
<u>(186)</u>	<u>(3,264)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(186)</u>	<u>(3,264)</u>
16. Other Gains / (Losses)				
(755)	(832)	Impairment of Receivables	(755)	(832)
<hr/>				
<u>(755)</u>	<u>(832)</u>		<u>(755)</u>	<u>(832)</u>

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

PARENT & CONSOLIDATION

17. Conditions on Contributions

	Purchase of Assets		Health Promotion, Education and Research		Other		Total	
	2012 \$000	2011 \$000	2012 \$000	2011	2012 \$000	2011	2012 \$000	2011
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at balance date	-	1,006	26,411	4,026	3,416	-	29,827	5,032
Contributions recognised in equity transfer as at 1 June 2012 which were not expended in the current reporting period	27,462	11,275	19,855	45,100	405	-	47,722	56,375
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	5,796	-	29,271	-	-	-	35,067	-
Total amount of unexpended contributions as at balance date	33,258	12,281	75,537	49,126	3,821	-	112,616	61,407

Comment on restricted assets appears in Note 24

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

18. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

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

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

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

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

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

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

PARENT		CONSOLIDATION	
2012 \$000	2011 \$000	2012 \$000	2011 \$000
19. Cash and Cash Equivalents			
63,309	56,365	63,309	56,365
72,087	-	72,087	-
135,396	56,365	135,396	56,365
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:			
135,396	56,365	135,396	56,365
135,396	56,365	135,396	56,365

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

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

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		20. Receivables		
		Current		
21,493	17,157	Sale of Goods and Services	21,493	17,157
23,112	8,129	Intra Health Receivables	23,112	8,129
4,316	7,756	Goods and Services Tax	4,316	7,756
39,798	6,359	Other Debtors	39,798	6,359
<u>88,719</u>	<u>39,401</u>	Sub Total	<u>88,719</u>	<u>39,401</u>
(7,791)	(813)	Less Allowance for Impairment	(7,791)	(813)
80,928	38,588	Sub Total	80,928	38,588
1,278	376	Prepayments	1,278	376
<u>82,206</u>	<u>38,964</u>		<u>82,206</u>	<u>38,964</u>
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(581)	-	Balance at Commencement of Reporting Period	(581)	-
		Provision transferred in during year through		
(1,640)	-	Administrative Restructure	(1,640)	-
810	17	Amounts written off during the year	810	17
		(Increase)/decrease in Allowance Recognised in		
(721)	(598)	Result for the Year	(721)	(598)
(2,132)	(581)	Balance at 30 June	(2,132)	(581)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(232)	-	Balance at Commencement of Reporting Period	(232)	-
		Provision transferred in during year through		
(5,415)	-	Administrative Restructure	(5,415)	-
22	2	Amounts written off during the year	22	2
		(Increase)/decrease in Allowance Recognised in		
(34)	(234)	Result for the Year	(34)	(234)
(5,659)	(232)	Balance at 30 June	(5,659)	(232)
<u>(7,791)</u>	<u>(813)</u>		<u>(7,791)</u>	<u>(813)</u>
		Non-Current		
3,843	3,414	Prepayments	3,843	3,414
<u>3,843</u>	<u>3,414</u>		<u>3,843</u>	<u>3,414</u>
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
1,691	1,667	Patient Fees - Compensable	1,691	1,667
3,435	3,507	Patient Fees - Ineligible	3,435	3,507
5,379	(1,890)	Patient Fees - Other	5,379	(1,890)
<u>10,505</u>	<u>3,284</u>		<u>10,505</u>	<u>3,284</u>

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

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
21. Inventories - Current - Held for Distribution				
6,411	7,352	Drugs	6,411	7,352
2,770	1,575	Medical and Surgical Supplies	2,770	1,575
877	-	Other Including Goods in Transit	877	-
<u>10,058</u>	<u>8,927</u>		<u>10,058</u>	<u>8,927</u>

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

PARENT & CONSOLIDATION			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,975,129	1,903,345	Gross Carrying Amount	1,975,129	1,903,345
1,065,464	1,026,715	Less Accumulated Depreciation and Impairment	1,065,464	1,026,715
<u>909,665</u>	<u>876,630</u>	Net Carrying Amount	<u>909,665</u>	<u>876,630</u>
Plant and Equipment - Fair Value				
232,984	139,175	Gross Carrying Amount	232,984	139,175
148,612	79,014	Less Accumulated Depreciation and Impairment	148,612	79,014
<u>84,372</u>	<u>60,161</u>	Net Carrying Amount	<u>84,372</u>	<u>60,161</u>
Infrastructure Systems - Fair Value				
69,229	60,596	Gross Carrying Amount	69,229	60,596
42,577	37,968	Less Accumulated Depreciation and Impairment	42,577	37,968
<u>26,652</u>	<u>22,628</u>	Net Carrying Amount	<u>26,652</u>	<u>22,628</u>
<u>1,020,689</u>	<u>959,419</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,020,689</u>	<u>959,419</u>

The Property, Plant and Equipment balances above are inclusive of works in progress (WIP). Land and Buildings includes WIP of \$30.350 million, Plant and Equipment \$2.088 million and Infrastructure Systems \$0.009 million.

The balances above do therefore not agree with the Property, Plant and Equipment reconciliation that follows in which Land and Buildings, Plant and Equipment and Infrastructure Systems are recorded exclusive of WIP.

WIP is disclosed separately in the reconciliation.

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

PARENT & CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Net Carrying Amount at Start of Year	244,003	606,944	27,157	58,687	22,628	959,419
Additions	-	1,248	24,214	15,015	44	40,521
Disposals	-	-	-	(186)	-	(186)
Administrative Restructures - Transfers In/(Out)	19,610	2,893	2,015	25,193	16	49,727
Net Revaluation Increment Less						
Revaluation Decrements	8,379	15,152	-	-	5,678	29,209
Depreciation Expense	-	(39,851)	-	(16,425)	(1,725)	(58,001)
Reclassifications	-	20,937	(20,939)	-	2	0
Net Carrying Amount at End of Year	271,992	607,323	32,447	82,284	26,643	1,020,689

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2011						
Net Carrying Amount at Start of Reporting Period	-	-	-	-	-	0
Additions	-	527	7,547	9,507	16	17,597
Disposals	-	-	-	(3,345)	-	(3,345)
Administrative Restructures - Transfers In/(Out)	244,003	627,778	19,648	58,262	23,369	973,060
Depreciation Expense	-	(21,361)	-	(5,885)	(757)	(28,003)
Reclassifications	-	-	(38)	148	-	110
Net Carrying Amount at End of Year	244,003	606,944	27,157	58,687	22,628	959,419

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were valued by AON Valuation Services on 1 July 2011 [see note 2(j)]. AON Valuation Services is not an employee of the District.

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

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		23. Intangible Assets		
		Software		
10,300	-	Cost (Gross Carrying Amount)	10,300	-
<u>2,984</u>	<u>-</u>	Less Accumulated Amortisation and Impairment	<u>2,984</u>	<u>-</u>
<u>7,316</u>	<u>-</u>	Total Intangible Assets at Net Carrying Amount	<u>7,316</u>	<u>-</u>

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

PARENT & CONSOLIDATION

23. Intangibles - Reconciliation

	Software \$000	Total \$000
2012		
Net Carrying Amount at Start of Year	-	-
Administrative Restructures - Transfer In/(Out)	7,994	7,994
Amortisation (Recognised in Depreciation and Amortisation)	(678)	(678)
Net Carrying Amount at End of Year	7,316	7,316

	Software \$000	Total \$000
2011		
Net Carrying Amount at Start of Reporting Period	-	-
Net Carrying Amount at End of Year	-	-

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

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		25. Payables		
		Current		
-	-	Accrued Salaries, Wages and On-Costs	15,939	10,210
-	-	Taxation and Payroll Deductions	6,801	7,599
22,740	17,809	Accrued Liability - Purchase of Personnel Services	-	-
38,509	29,924	Creditors	38,509	29,924
		Other Creditors		
14,434	16,427	- Intra Health Liability	14,434	16,427
24,350	29,278	- Other	24,350	29,278
100,033	93,438		100,033	93,438

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

		26. Borrowings		
		Current		
1,828	2,954	Other Loans and Deposits	1,828	2,954
1,828	2,954		1,828	2,954
		Non-Current		
4,844	3,489	Other Loans and Deposits	4,844	3,489
4,844	3,489		4,844	3,489

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 the Health Support Services, NSW Ministry of Health and Treasury.
Final Repayment is scheduled for 30 June 2019.

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

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
27. Provisions				
-	-	Annual Leave - Short Term Benefit	61,431	59,904
-	-	Annual Leave - Long Term Benefit	66,311	45,610
-	-	Long Service Leave - Long Term Benefit	22	-
-	-	Long Service Leave On-Costs	16,444	7,987
144,208	113,501	Provision for Personnel Services Liability	-	-
<u>144,208</u>	<u>113,501</u>	Total Current Provisions	<u>144,208</u>	<u>113,501</u>
Non-Current Employee Benefits and Related On-Costs				
-	-	Long Service Leave On-Costs	865	420
865	420	Provision for Personnel Services Liability	-	-
<u>865</u>	<u>420</u>	Total Non-Current Provisions	<u>865</u>	<u>420</u>
Aggregate Employee Benefits and Related On-Costs				
144,208	113,501	Provisions - Current	144,208	113,501
865	420	Provisions - Non-Current	865	420
-	-	Accrued Salaries, Wages and On-Costs (Note 25)	22,740	17,809
22,740	17,809	Accrued Liability - Purchase of Personnel Services (Note 25)	-	-
<u>167,813</u>	<u>131,730</u>		<u>167,813</u>	<u>131,730</u>

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

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
28 Other Liabilities				
		Current		
943	667	Income in Advance	943	667
<hr/>	<hr/>		<hr/>	<hr/>
943	667		943	667
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

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

PARENT	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
29 Commitments for Expenditure				
(a) Capital Commitments				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:				
Not later than one year	9,376	18,225	9,376	18,225
Later than one year and not later than five years	3,989	2,785	3,989	2,785
Total Capital Expenditure Commitments (Including GST)	13,365	21,010	13,365	21,010
Of the commitments reported at 30 June 2012 it is expected that \$Nil (2011: \$1.360 million) will be met from locally generated moneys.				
(b) Operating Lease Commitments				
Commitments in relation to non-cancellable operating leases are payable as follows:				
Not later than one year	4,801	3,202	4,801	3,202
Later than one year and not later than five years	16,532	11,656	16,532	11,656
Later than five years	15,136	14,106	15,136	14,106
Total Operating Lease Commitments (Including GST)	36,469	28,964	36,469	28,964

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

(c) Contingent Asset Related to Commitments for Expenditure

The total of 'Commitments for Expenditure' above, i.e. \$49.834 million as at 30 June 2012 includes input tax credits of \$4.53 million that are expected to be recoverable from the Australian Taxation Office (2011 \$4.543 million).

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

PARENT & CONSOLIDATION

30. Trust Funds

The District holds trust fund moneys of \$29,018 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.

	Refundable Deposits		Private Practice Trust Funds		Total	
	2012 \$000	Period Ended 30 June 2011 \$000	2012 \$000	Period Ended 30 June 2011 \$000	2012 \$000	Period Ended 30 June 2011 \$000
Cash Balance at the beginning of the financial year	130	-	8,251	-	8,381	-
Administrative Restructure transferred in	-	129	-	7,880	-	8,009
Receipts	-	9	52,526	14,951	52,526	14,960
Expenditure	(32)	(8)	(31,857)	(14,580)	(31,889)	(14,588)
Cash Balance at the end of the financial year	98	130	28,920	8,251	29,018	8,381

PARENT AND CONSOLIDATED

31. 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 interim adjustment 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 District's consolidated financial statements to the extent of cash payments made.

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

c) The District is unaware of any other contingent liabilities.

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

PARENT	Actual Period Ended	Actual Period Ended
2012	30 June 2011	30 June 2011
\$000	\$000	\$000
32. Reconciliation of Cash Flows from Operating Activities to Net Result		
33,800	13,247	13,247
(58,678)	(28,003)	(28,003)
755	(832)	(832)
(273)	-	-
(18,228)	(13,689)	(13,689)
(41,565)	28,475	28,475
47,381	(54,573)	(54,573)
(186)	(3,264)	(3,264)
(36,994)	(58,639)	(58,639)
33. 2011/12 Voluntary Services		
It is considered impracticable to quantify the monetary value of voluntary service provided to the District. Services provided include:		
-	-	-
-	-	-
-	-	-
-	-	-
(36,994)	(58,639)	(58,639)

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

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

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

35. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was \$12.718 million higher than budget primarily due to the high volume of inpatient activity (cost weighted) at approximately 4.7% above target and Emergency activity 6.5% above target.

Assets and Liabilities

The Net Asset result is relatively consistent with the Budget

Cash Flows

The actual Net Cash Flows from Operating Activities are lower than the budget due to the impact of the ongoing high level of patient activity including Emergency Department activity during the financial year.

The variance in the Net Cash Flows from Investing Activities compared to budget reflects the timing of the capital works in progress recognised throughout the year.

The variance in the Net Cash Flows from Financing Activities reflects the loan movements from the capital works program over the reporting period.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 6 September 2012 are as follows:

	\$000
Initial Allocation, 6 September 2011	926,505
Award Increases	11,811
Special Projects	
Connecting Care Program Supplementary Funding	121
Annualisation of IPTAAS Funds (Garling)	116
2011'12 Mental Health Program 9th Supplementation	1,448
2011'12 Funding for Long Stay Older Patients	1,124
HVSSS Funding	850
1st Supplementation - Drug & Alcohol	169
Home & Community Care Program	167
NSP Equipment Adjustment Project	149
Statewide Genetics Services Plan	136
Aboriginal Statewide Enhancements Budget	125
Other	
2011'12 Recurrent Cash Allocation	68,000
Other Enhancements & LHD Budget Realignment	56,514
Pathology charges 2011'12	16,197
Treasury Managed Fund 2011'12 Allocation Adjustment	3,143
National Speciality Centres	3,292
2011'12 Voluntary Redundancy Program	2,767
2011'12 Leap Year costs	1,869
Nurse/Midwifery Strategy Reserve	517
Home Dialysis Fluids Funding	444
2011'12 Clinical Redesign	380
Emergency Department Specialist Supplementation	367
Implementation Plan for ACAP	309
Oral Health Services	297
Improving Workplace Culture	286
2011'12 Compacts Funding	283
Graduate Radiation Therapists	237
Escalation for NGOs	231
HealthOne NSW One Off Funding	203
Multidisciplinary Bariatric Clinic	200
Victorian Bed Board Pilot Project	200
Medical Specialist Training	200
Winter Strategies 2012	191
Health Workforce Aust Simulated Learning Environments	185
Balance as per Statement of Comprehensive Income	<u>1,099,033</u>

Western 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 \$158.683 Million relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisations on 31 May 2012.

Transfer of Assets of \$0.035 Million to NSW Health Pathology

Transfer of Assets of \$0.5 Million to Nepean Blue Mountains Local Health District

Assets and Liabilities transferred are as follows:

	2012
	\$000
Assets	
Cash and Cash Equivalents	86,193
Receivables	117,311
Inventory	57
Land & Buildings	22,503
Plant & Equipment	25,193
Infrastructure Assets	16
Intangible Assets	7,701
Work in Progress	2,015
Total Assets	<u>260,989</u>
Liabilities	
Creditors and Accruals	(86,114)
Employee Provisions	(12,923)
Reserves	(3,804)
Total Liabilities	<u>(102,841)</u>
Increase/(Decrease) in Net Assets From Equity Transfers	<u><u>158,148</u></u>

Western 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 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 control and monitor risks. Compliance with policies is reviewed by the Audit & Risk Committee/internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT & CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 19)	N/A	135,396	56,365
Receivables (note 20)1	Loans and receivables (at amortised cost)	76,612	30,832
Total Financial Assets		<u>212,008</u>	<u>87,197</u>
Financial Liabilities			
Borrowings (note 26)	Financial liabilities measured at	6,672	6,443
Payables (note 25)2	amortised cost	94,978	87,663
Total Financial Liabilities		<u>101,650</u>	<u>94,106</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)

(b) Credit Risk

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

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

Credit risk associated with the District's financial assets, other than receivables, is managed

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

through the selection of counterparties and establishment of minimum credit rating standards.

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 4.28% in 2011/12 compared to 4.84% in the previous year.

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: \$22.524M; 2011: \$7.978M) and not more than 3 months past due (2012: \$5.109M; 2011: \$5.6M) are not considered impaired and together these represent 62.9% 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' 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	27,634	27,634	-
3 months - 6 months overdue	5,086	5,086	-
> 6 months overdue	11,215	3,424	7,791
2011			
<3 months overdue	5,600	5,600	-
3 months - 6 months overdue	3,248	2,435	813
> 6 months overdue	-	-	-

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.

Western 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 Western Sydney Local Health District Service (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, eg due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Western 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

	Interest Rate Exposure				Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
2012							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions	NA	17,685	-	17,685	-	-	-
Creditors	NA	77,293	-	77,293	-	-	-
Borrowings:							
Other Loans and Deposits		6,672	6,672	-	1,828	3,721	1,123
		<u>101,650</u>	<u>6,672</u>	<u>94,978</u>	<u>1,828</u>	<u>3,721</u>	<u>1,123</u>
2011							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions	NA	12,034	-	12,034	-	-	-
Creditors	NA	75,629	-	75,629	-	-	-
Borrowings:							
Other Loans and Deposits		6,443	6,340	103	2,955	3,286	202
		<u>94,106</u>	<u>6,340</u>	<u>87,766</u>	<u>2,955</u>	<u>3,286</u>	<u>202</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 \$3.721 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.

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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The District's exposures to market risk are primarily through interest rate risk on the District's borrowings.

The District has no exposure to foreign currency risk and does not enter into commodity contracts 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, the District is not permitted to borrow external to the NSW Ministry of Health (energy loans which are negotiated through Treasury excepted).

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

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

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2012					
Financial Assets					
Cash and Cash Equivalents	135,396	-	-	-	-
Receivables	76,612	-	-	-	-
Financial Liabilities					
Payables	94,978	-	-	-	-
Borrowings	6,672	67	67	-67	-67
2011					
Financial Assets					
Cash and Cash Equivalents	56,365	-	-	-	-
Receivables	30,832	-	-	-	-
Financial Liabilities					
Payables	87,663	-	-	-	-
Borrowings	6,443	64	64	-64	-64

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

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

