



INDEPENDENT AUDITOR'S REPORT

South Western Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of South Western Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2013, 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 entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 2013, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



A Oyetunji
Director, Financial Audit Service

20 September 2013
SYDNEY



INDEPENDENT AUDITOR'S REPORT

South Western Sydney Local Health District Special Purpose Service Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of South Western Sydney Local Health District Special Purpose Service Entity (the Entity), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Entity as at 30 June 2013, and of its financial performance and its 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 should be read in conjunction with the rest of this report.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



A Oyetunji
Director, Financial Audit Services

20 September 2013
SYDNEY

**South Western Sydney Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2013**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the South Western Sydney Local Health District for the year ended 30 June 2013 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 General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the South Western Sydney Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Amanda Larkin
Chief Executive
19 September 2013



Greg King
Director Finance

**South Western Sydney Local Health District
Statement of Financial Position as at 30 June 2013**

PARENT							CONSOLIDATION		
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual		
2013	2013	2012			2013	2013	2012		
\$000	\$000	\$000			\$000	\$000	\$000		
ASSETS									
Current Assets									
52,029	65,167	62,691	Cash and Cash Equivalents	19	52,029	65,167	62,691		
42,466	32,493	35,652	Receivables	20	42,466	32,493	35,652		
3,613	3,838	3,838	Inventories	21	3,613	3,838	3,838		
----	----	1	Other Financial Assets	22	----	----	1		
98,108	101,498	102,182	Total Current Assets		98,108	101,498	102,182		
Non-Current Assets									
1,395	1,485	1,485	Receivables	20	1,395	1,485	1,485		
Property, Plant and Equipment									
1,101,081	975,738	978,186	- Land and Buildings	23	1,101,081	975,738	978,186		
73,762	79,970	76,258	- Plant and Equipment	23	73,762	79,970	76,258		
11,991	1,833	1,333	- Infrastructure Systems	23	11,991	1,833	1,333		
1,186,834	1,057,541	1,055,777	Total Property, Plant and Equipment		1,186,834	1,057,541	1,055,777		
----	69	----	Intangible Assets	23(a)	----	69	----		
1,188,229	1,059,095	1,057,262	Total Non-Current Assets		1,188,229	1,059,095	1,057,262		
1,286,337	1,160,593	1,159,444	Total Assets		1,286,337	1,160,593	1,159,444		
LIABILITIES									
Current Liabilities									
89,143	97,381	97,075	Payables	25	89,143	97,381	97,075		
800	----	----	Borrowings	26	800	----	----		
149,294	140,875	148,804	Provisions	27	149,294	140,875	148,804		
8,196	1,478	1,478	Other	28	8,196	1,478	1,478		
247,433	239,734	247,357	Total Current Liabilities		247,433	239,734	247,357		
Non-Current Liabilities									
29,908	31,973	16,804	Borrowings	26	29,908	31,973	16,804		
2,234	10,694	2,078	Provisions	27	2,234	10,694	2,078		
32,142	42,667	18,882	Total Non-Current Liabilities		32,142	42,667	18,882		
279,575	282,401	266,239	Total Liabilities		279,575	282,401	266,239		
1,006,762	878,192	893,205	Net Assets		1,006,762	878,192	893,205		
EQUITY									
110,621	----	----	Reserves		110,621	----	----		
896,141	878,192	893,205	Accumulated Funds		896,141	878,192	893,205		
1,006,762	878,192	893,205	Total Equity		1,006,762	878,192	893,205		

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2013

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2012		893,205	-----	893,205
Total Equity at 1 July 2012		893,205	-----	893,205
Net Result for the year		(19,881)		(19,881)
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	110,621	110,621
Total Other Comprehensive Income		-----	110,621	110,621
Total Comprehensive Income for the year		(19,881)	110,621	90,740
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	22,817	-----	22,817
Balance at 30 June 2013		896,141	110,621	1,006,762
Balance at 1 July 2011		844,762	-----	844,762
Total Equity at 1 July 2011		844,762	-----	844,762
Net Result for the year		19,721		19,721
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		-----	-----	-----
Total Other Comprehensive Income		-----	-----	-----
Total Comprehensive Income for the year		19,721	-----	19,721
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	36	28,722	-----	28,722
Balance at 30 June 2012		893,205	-----	893,205

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2013

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual
2013	2013	2012	Notes	2013	2013	2012
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
				(866,498)	(915,207)	(845,518)
(35,302)	(26,560)	(30,618)		(35,302)	(26,560)	(30,618)
(1,302,434)	(1,292,351)	(1,266,051)		(435,936)	(377,144)	(420,533)
(1,337,736)	(1,318,911)	(1,296,669)		(1,337,736)	(1,318,911)	(1,296,669)
Receipts						
1,145,391	1,144,194	1,084,718		1,145,391	1,144,194	1,084,718
33,662	34,245	76,570		33,662	34,245	76,570
20,100	20,100	45,303		20,100	20,100	45,303
133,811	152,966	129,199		133,811	152,966	129,199
2,451	592	1,192		2,451	592	1,192
24,195	4,451	16,987		24,195	4,451	16,987
14,227	---	4,155		14,227	---	4,155
1,373,837	1,356,548	1,358,124		1,373,837	1,356,548	1,358,124
36,101	37,637	61,455	32	36,101	37,637	61,455
CASH FLOWS FROM INVESTING ACTIVITIES						
32	---	---		32	---	---
---	---	31,652		---	---	31,652
(59,704)	(50,329)	(81,841)		(59,704)	(50,329)	(81,841)
(59,672)	(50,329)	(50,189)		(59,672)	(50,329)	(50,189)
CASH FLOWS FROM FINANCING ACTIVITIES						
30,708	30,708	15,074		30,708	30,708	15,074
(17,799)	(15,540)	---		(17,799)	(15,540)	---
12,909	15,168	15,074		12,909	15,168	15,074
(10,662)	2,476	26,340		(10,662)	2,476	26,340
62,691	62,691	15,091		62,691	62,691	15,091
---	---	21,260	36	---	---	21,260
52,029	65,167	62,691	19	52,029	65,167	62,691

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Service Group Statements
for the year ended 30 June 2013

SWSLHD 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			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Expenses excluding losses																								
Operating Expenses	41,881	40,576	1,504	1,458	133,718	129,555	90,691	87,887	440,001	426,300	72,516	70,258	70,118	67,835	16,422	15,910	11,495	11,137					878,346	
Employee Related	105	103	1		7,670	7,576	2,427	2,398	48,643	48,643	3,087	3,049	1,372	1,356			651	643					64,582	
Visiting Medical Officers	11,142	10,964	291	286	60,936	59,962	30,107	29,626	205,814	202,526	14,816	14,590	22,757	22,394	5,651	5,462	4,100	4,034					349,834	
Other Operating Expenses	2,836	2,254	54	43	14,663	11,654	3,526	2,803	24,284	19,300	2,112	1,678	3,015	2,396	363	289	954	758					41,175	
Depreciation and Amortisation	8,526	3,533		1	150	62	7	3	1,050	435	7	3	10	4	25	10	30	12					9,805	
Grants and Subsidies	38	14	2		190	68	76	27	516	185	73	26	75	27	10	4	17	6					4,063	
Finance Costs	10,499	9,289	1	1							3,676	3,253	15,837	14,012									30,013	
Payments to Affiliated Health Organisations																							28,555	
Total Expenses excluding losses	75,027	66,733	1,853	1,789	217,327	208,877	126,834	122,724	720,914	697,389	96,287	92,847	113,184	108,124	22,371	21,675	17,247	16,590					1,336,748	
Revenue																								
NSW Ministry of Health Recurrent Allocations **																							1,145,391	
NSW Ministry of Health Capital Allocations **																							33,662	
Acceptance by the Crown Entity																							1,084,718	
of Employee Benefits and Other Liabilities	958	2,160	35	77	3,060	6,897	2,075	4,678	10,069	22,694	1,659	3,740	1,605	3,617	376	847	263	593					20,100	
Sale of Goods and Services	1,005	995	9	9	31,512	31,208	4,436	4,393	75,466	74,738	1,034	1,024	22,418	22,202	384	380	537	532					136,801	
Investment Revenue	2	1	(1)		458	223	58	28	1,477	718	4	2	453	220									2,451	
Grants and Contributions	3,348	2,170			7,165	4,645	241	156	4,360	2,826	296	192	4,653	3,016	1,406	912	4,737	3,070					26,206	
Other Revenue	911	466	2		1,263	657	310	159	3,273	1,676	7	4	1,326	679	13	7	990	507					8,115	
Total Revenue	6,224	5,792	45	86	43,478	43,630	7,120	9,414	94,645	102,652	3,000	4,962	30,455	29,734	2,179	2,146	6,527	4,702					1,372,726	
Gain / (Loss) on Disposal	(41)	(162)	(1)	(3)	(210)	(837)	(51)	(201)	(348)	(1,367)	(30)	(121)	(43)	(172)	(5)	(21)	(14)	(54)					(743)	
Other Gains / (Losses)	(63)	(37)	(1)	(1)	(189)	(1,148)	(27)	(162)	(452)	(2,749)	(6)	(38)	(134)	(817)	(2)	(14)	(3)	(20)					(820)	
Net Result	(68,850)	(61,140)	(1,810)	(1,705)	(174,248)	(167,232)	(119,792)	(113,673)	(627,069)	(598,873)	(93,323)	(88,044)	(82,906)	(79,379)	(20,199)	(19,564)	(10,737)	(11,962)					(19,881)	
Other Comprehensive Income																								
Increase/(Decrease) in Revaluation Surplus	6,055		118		31,310		7,529		51,852		4,509		6,437		775		2,036						110,621	
Total Other Comprehensive Income	6,055		118		31,310		7,529		51,852		4,509		6,437		775		2,036						110,621	
Total Comprehensive Income	(62,795)	(61,140)	(1,692)	(1,705)	(142,938)	(167,232)	(112,263)	(113,673)	(575,217)	(598,873)	(88,814)	(88,044)	(76,469)	(79,379)	(19,424)	(19,564)	(8,701)	(11,962)					90,740	
																								19,721

Service Group Statements focus on the key measures of service delivery performance, refer note 2ab)

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

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

South Western Sydney Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2013

SWSLHD 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			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	2,806	3,130	70	83	8,129	9,796	4,744	5,756	28,964	32,706	3,601	4,354	4,233	5,071	637	1,017	645	778						
Receivables	312	262	3	2	9,782	8,213	1,377	1,156	23,426	19,667	321	270	6,959	5,842	119	100	167	140						
Inventories	113	120	3	3	619	658	306	325	2,082	2,222	151	160	231	246	56	60	42	44						
Other Financial Assets											1													
Total Current Assets	3,231	3,512	76	88	18,530	18,667	6,427	7,237	52,482	54,596	4,073	4,784	11,423	11,159	1,012	1,177	854	962						
Non-Current Assets																								
Receivables	10	11			321	342	45	48	770	819	11	11	229	243	4	4	5	6						
Property, Plant and Equipment																								
- Land and Buildings	60,268	53,542	1,163	1,032	311,650	276,865	74,945	66,560	516,117	458,512	44,863	39,874	64,071	56,920	7,716	6,655	20,268	18,006						
- Plant and Equipment	4,037	4,174	77	82	20,878	21,584	5,021	5,190	34,575	35,745	3,007	3,108	4,292	4,437	517	534	1,358	1,404						
- Infrastructure Systems	556	73	12	1	3,394	377	816	91	5,621	625	489	54	688	78	84	9	221	25						
Total Non-Current Assets	64,871	57,800	1,252	1,116	336,243	299,168	80,827	71,908	557,083	495,701	48,390	43,047	69,290	61,678	8,321	7,402	21,852	19,441						
TOTAL ASSETS	68,202	61,312	1,328	1,204	354,773	317,835	87,254	79,146	609,565	550,297	52,463	47,831	80,713	72,837	9,333	8,579	22,706	20,403						
LIABILITIES																								
Current Liabilities																								
Payables	2,794	3,042	73	79	15,279	16,639	7,549	8,221	51,607	56,199	3,715	4,046	5,706	6,214	1,392	1,516	1,028	1,119						
Borrowings	43		1		125		73		415		55		65		13		10							
Provisions	7,119	7,095	255	256	22,728	22,854	15,415	15,368	74,788	74,542	12,326	12,285	11,918	11,879	2,791	2,762	1,954	1,947						
Other	442	74	11	1	1,280	231	747	136	4,248	771	567	103	667	120	132	24	102	18						
Total Current Liabilities	10,398	10,211	340	336	39,412	39,524	23,784	23,721	131,058	131,512	16,563	16,434	18,356	18,213	4,328	4,322	3,094	3,084						
Non-Current Liabilities																								
Borrowings	1,613	839	39	22	4,673	2,626	2,727	1,543	15,500	8,767	2,070	1,167	2,434	1,359	481	272	371	209						
Provisions	107	99	4	3	340	316	231	215	1,119	1,041	184	172	178	166	42	39	29	27						
Total Non-Current Liabilities	1,720	938	43	25	5,013	2,942	2,958	1,758	16,619	9,808	2,254	1,339	2,612	1,525	523	311	400	236						
TOTAL LIABILITIES	12,118	11,149	383	361	44,425	42,466	26,742	25,479	147,677	141,320	18,917	17,773	20,968	19,738	4,851	4,633	3,494	3,320						
NET ASSETS	56,084	50,163	945	843	310,348	275,369	60,512	53,667	461,888	408,977	33,546	30,058	59,745	53,099	4,462	3,946	19,212	17,063						

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

1. The Reporting Entity

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

The SWSLHD 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 SWSLHD.

- * The SWSLHD controls the South Western Sydney Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the SWSLHD 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 entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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 SWSLHD is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive on 19 September 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The SWSLHD'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' Directions. Apart from the basis for the SWSLHD'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(aa).

Notwithstanding the consolidated entity has a working capital deficiency of \$149.3m (2012 deficiency of \$145.2m) 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 SWSLHD have been prepared on a going concern basis.

The Director General of Health, the Chair of South Western Sydney Local Health District Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The service agreement sets out the level of financial resources for public health services under the SWSLHD's control and the source of these funds. By agreement, the service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the SWSLHD fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other mitigating circumstances why the going concern is appropriate include:

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

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

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

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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 twelve month period.

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 14.90% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were 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 SWSLHD's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity.

The SWSLHD 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 and other liabilities'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the SWSLHD as shown in Note 27.

Long Service Leave is measured at present value in accordance with AASB 119, 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 factors were determined based on an actuarial review to approximate present value.

The SWSLHD'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 in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the 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 SWSLHD 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.

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b) Insurance

The SWSLHD's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. 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 entities.

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. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

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. Revenue is recognised when the drugs have been provided to the patient.

Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents. The SWSLHD, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. For inpatient services, revenue is recognised by the SWSLHD on an accrual basis by reference to patient admissions. Non admitted patients are recognised by the Ministry of Health in the form of a block grant.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Rental revenue from operating leases is recognised in accordance with AASB 117, Leases on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB 118, Revenue when the SWSLHD's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB 118, on an accrual basis in accordance with the substance of the relevant agreement.

South Western Sydney Local Health District
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Debt Forgiveness

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

Use of Hospital Facilities

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

- * a monthly charge raised by the Ministry based on a percentage of receipts generated
- * the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for SWSLHD use in the advancement of the SWSLHD or individuals within it.

Use of Outside Facilities

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

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

Grants and Contributions

Grants and contributions are generally recognised as revenues when the SWSLHD 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 SWSLHD 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.

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 SWSLHD 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

From 1 July 2012, interstate patient flows are funded through the state pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation.

In the previous year, the SWSLHD recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 10.

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g) Acquisition of Assets

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

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

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

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

h) Capitalisation Thresholds

Individual items of property, plant & equipment and intangibles 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 SWSLHD. 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.

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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 AASB 116, Property, Plant and Equipment and AASB 140, Investment Property.

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

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 SWSLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the SWSLHD was completed in the 2012/13 financial year 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 revaluation surplus, 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, 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 revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

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

Where an asset that has previously been revalued is disposed of, any balance remaining in the 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 SWSLHD is effectively exempt from AASB 136, Impairment of Assets.

This is because AASB 136 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.

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l) Restoration Costs

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

m) 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 SWSLHD does not have any property that meets the definition of Investment Property.

n) Intangible Assets

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

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

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.

o) 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.

p) 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, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

q) 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.

r) 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.

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s) **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 SWSLHD 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 SWSLHD subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

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

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

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

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

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

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

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

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

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

t) **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.

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u) 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 SWSLHD transfers the financial asset:

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

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

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

v) Payables

These amounts represent liabilities for goods and services provided to the SWSLHD 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 SWSLHD.

w) 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.

x) Equity Transfers

The transfer of net assets between entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities 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 AASB 1004, Contributions and Australian Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

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

y) Equity and Reserves

(i) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the SWSLHD'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.

z) Trust Funds

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

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

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aa) 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".

ab) Service Group Statements Allocation Methodology

The Ministry of Health, in conjunction with all health entities, undertook an analysis of service group statements to ensure that the National Health Funding reforms definitions are consistently applied to 2011/12 and 2012/13 financial statements. Using the statistical data for twelve months ending 30 June 2012, new percentages were derived which resulted in variances in several service groups for the 2011/12 comparative year, which have been restated.

The data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2012/13 year. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires the SWSLHD 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.

ac) New Australian Accounting Standards Issued but not Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. 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 SWSLHD.

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 a material impact.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions 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 2013/14 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 SWSLHD.

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 SWSLHD.

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 policy of NSW Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the SWSLHD.

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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 policy of NSW 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 of Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013. The exemption is not expected to have a material impact.

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. For not-for-profits, the changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

AASB 2011-11, Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements, applicable from 1 July 2013 assessed as having no material impact.

The following changes will depend on the policies determined by NSW Treasury.

AASB 2012-1, Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements. Sets out reduced disclosure requirements as a consequence of the issuance of AASB 13, having application from 1 July 2013.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2012-4, Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards'). Applicable to reporting periods on or after 1 January 2013.

AASB 2012-5 regarding annual improvements 2009 to 2011 cycle. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-7, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Applicable to reporting periods on or after 1 July 2013.

AASB 2012-9, Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-10, Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. Applicable to reporting periods on or after 1 January 2013.

AASB 2012-11, Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments, having application from 1 July 2013.

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements, having application from 1 July 2014.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	581,873	545,451
----	----	Overtime	33,970	34,601
----	----	Penalties	60,535	56,416
----	----	Superannuation - Defined Benefit Plans	8,413	9,516
----	----	Superannuation - Defined Contribution Plans	61,298	55,280
----	----	Long Service Leave	12,727	43,211
----	----	Annual Leave	68,137	72,038
----	----	Sick Leave and Other Leave	28,304	21,771
----	----	Redundancies	249	184
----	----	Workers' Compensation Insurance	22,701	12,528
----	----	Payroll Tax and Fringe Benefits Tax	139	----
-----	-----		878,346	850,996
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
581,873	545,451	Salaries and Wages	----	----
33,970	34,601	Overtime	----	----
60,535	56,416	Penalties	----	----
0	(0)	Superannuation - Defined Benefit Plans	----	----
61,298	55,280	Superannuation - Defined Contribution Plans	----	----
1,040	7,424	Long Service Leave	----	----
68,137	72,038	Annual Leave	----	----
28,304	21,771	Sick Leave and Other Leave	----	----
249	184	Redundancies	----	----
22,701	12,528	Workers' Compensation Insurance	----	----
139	----	Payroll Tax and Fringe Benefits Tax	----	----
858,246	805,693		-----	-----
5. Other Operating Expenses				
9,463	9,087	Blood and Blood Products	9,463	9,087
11	----	Capital Project Expense	11	----
17,765	16,643	Domestic Supplies and Services	17,765	16,643
52,931	51,971	Drug Supplies	52,931	51,971
28,310	25,587	Food Supplies	28,310	25,587
12,841	10,022	Fuel, Light and Power	12,841	10,022
18,183	40,589	General Expenses (See (b) below)	18,183	40,589
5,278	4,171	Hospital Ambulance Transport Costs	5,278	4,171
6,022	4,135	Information Management Expenses	6,022	4,135
1,947	1,653	Insurance	1,947	1,653
		Maintenance (See (c) below)		
15,213	12,597	Maintenance Contracts	15,213	12,597
12,007	7,114	New/Replacement Equipment under \$10,000	12,007	7,114
3,959	4,215	Repairs Maintenance/Non Contract	3,959	4,215
(1,052)	17	Other	(1,052)	17
83,687	79,520	Medical and Surgical Supplies	83,687	79,520
2,388	2,010	Motor Vehicle Expenses	2,388	2,010
2,612	2,072	Postal and Telephone Costs	2,612	2,072
4,499	3,541	Printing and Stationery	4,499	3,541
2,501	1,714	Rates and Charges	2,501	1,714
2,014	2,074	Rental	2,014	2,074
8,177	----	Hosted services purchased from Other LHDs	8,177	----
48,591	49,819	Special Service Departments	48,591	49,819
7,821	6,869	Staff Related Costs	7,821	6,869
6,241	10,567	Sundry Operating Expenses (See (a) below)	6,241	10,567
4,105	3,847	Travel Related Costs	4,105	3,847
355,514	349,834		355,514	349,834

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
6,150	10,563	(a) Sundry Operating Expenses comprise :	6,150	10,563
91	4	Contract for Patient Services	91	4
<u>6,241</u>	<u>10,567</u>	Isolated Patient Travel and Accommodation Assistance Scheme	<u>6,241</u>	<u>10,567</u>
		(b) General Expenses include :-		
258	492	Advertising	258	492
303	305	Auditor's Remuneration - External Audit	303	305
473	663	Books, Magazines and Journals	473	663
574	398	Consultancies		
2,191	1,471	- Operating Activities	574	398
2,987	-----	Contractors	2,191	1,471
633	656	Corporate Support Services	2,987	-----
32	31	Courier and Freight	633	656
201	330	Data Recording and Storage	32	31
151	138	Legal Services	201	330
3,452	3,009	Membership/Professional Fees	151	138
6	42	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	3,452	3,009
978	972	Public Private Partnership	6	42
12	5	Other Operating Lease Expense - Minimum Lease Payments	978	972
93	20	Payroll Services	12	5
3,316	3,081	Quality Assurance/Accreditation	93	20
-----	18,941	Security Services	3,316	3,081
153	1,073	Services Purchased from Health Reform Transition Organisations	-----	18,941
2,370	8,962	Translator Services	153	1,073
<u>18,183</u>	<u>40,589</u>	Other	2,370	8,962
			<u>18,183</u>	<u>40,589</u>
		(c) Reconciliation of Total Maintenance		
30,127	23,943	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	30,127	23,943
2,982	2,675	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	2,982	2,675
<u>33,109</u>	<u>26,618</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>33,109</u>	<u>26,618</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
37,488	29,644	Depreciation - Buildings	37,488	29,644
13,764	11,531	Depreciation - Plant and Equipment	13,764	11,531
555	-----	Depreciation - Infrastructure Systems	555	-----
<u>51,807</u>	<u>41,175</u>		<u>51,807</u>	<u>41,175</u>
7. Grants and Subsidies				
7,594	3,495	Non-Government Organisations	7,594	3,495
1,326	-----	Grants to Research Orgs	1,326	-----
6	215	Budget Sector Other Grants	6	215
879	353	Other Grants	879	353
<u>9,805</u>	<u>4,063</u>		<u>9,805</u>	<u>4,063</u>
8. Finance Costs				
997	357	Interest on Loans	997	357
<u>997</u>	<u>357</u>	Total Finance Costs	<u>997</u>	<u>357</u>
9. Payments to Affiliated Health Organisations				
(a) Recurrent Sourced				
15,919	14,574	Braeside Hospital	15,919	14,574
3,130	2,594	Carrington Centennial Hospital	3,130	2,594
5,502	5,178	Karitane	5,502	5,178
505	494	South West Sydney Scarba Service	505	494
4,957	3,715	STARTTS	4,957	3,715
<u>30,013</u>	<u>26,555</u>	Total Payments to Affiliated Health Organisations	<u>30,013</u>	<u>26,555</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
2,980	2,277	Sale of Prosthesis	2,980	2,277
115	2	Other	115	2
876	1,075	Pharmacy Sales	876	1,075
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
51,173	44,183	- Inpatient Fees	51,173	44,183
10	----	- Nursing Home Fees	10	----
1,081	1,267	- Non Inpatient Fees	1,081	1,267
23,655	22,000	Department of Veterans' Affairs	23,655	22,000
145	157	Staff-Meals and Accommodation	145	157
11,827	9,214	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	11,827	9,214
6,820	7,551	- Annual Charge	6,820	7,551
1,993	3,020	Cafeteria/Kiosk	1,993	3,020
2,675	2,512	Car Parking	2,675	2,512
1,291	1,538	Child Care Fees	1,291	1,538
42	----	Clinical Services (excluding Clinical Drug Trials)	42	----
1,702	7,448	Commercial Activities	1,702	7,448
161	154	Fees for Medical Records	161	154
32	16	Information Retrieval	32	16
21,229	21,730	High Cost Drugs	21,229	21,730
44	----	Linen Service Revenues - Other Health Services	44	----
7,905	8,296	Motor Accident Authority Third Party	7,905	8,296
----	1,895	Patient Inflows from Interstate*	----	1,895
34	----	Private Use of Motor Vehicles	34	----
583	506	Salary Packaging Fee	583	506
290	262	Services Provided to Non NSW Health Organisations	290	262
1	----	Multi Purpose Service Centre Fees	1	----
137	378	Other	137	378
136,801	135,481		136,801	135,481
*From 1 July 2012, interstate patient flows are paid through the state pool account. As a result, these funds are now recognised through recurrent allocation. Refer note 2(f).				
11. Investment Revenue				
		Interest		
2,451	1,191	- Other	2,451	1,191
----	1	Other	----	1
2,451	1,192		2,451	1,192

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
12. Grants and Contributions				
1,012	1,242	Clinical Drug Trials	1,012	1,242
10,803	218	Commonwealth Government Grants	10,803	218
1,023	347	Commonwealth Teaching Hospital Grants	1,023	347
2,900	2,326	Industry Contributions/Donations	2,900	2,326
991	1,591	Cancer Institute Grants	991	1,591
2,921	4,532	NSW Government Grants	2,921	4,532
1,060	-----	Research Grants	1,060	-----
5,496	6,731	Other Grants	5,496	6,731
<u>26,206</u>	<u>16,987</u>		<u>26,206</u>	<u>16,987</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	8,413	9,516
-----	-----	Long Service Leave	11,687	35,787
<u>-----</u>	<u>-----</u>		<u>20,100</u>	<u>45,303</u>
14. Other Revenue				
Other Revenue comprises the following:-				
-----	2	Bad Debts Recovered	-----	2
438	207	Commissions	438	207
941	444	Conference and Training Fees	941	444
11	17	Discounts	11	17
42	9	Insurance Refunds	42	9
1,332	880	Lease and Rental Income	1,332	880
3,753	363	Property not Previously Recognised	3,753	363
6	15	Sale of Merchandise, Old Wares and Books	6	15
145	122	Sponsorship Income	145	122
-----	901	Treasury Managed Fund Hindsight Adjustment	-----	901
7	(7)	Unclaimed Deposits	7	(7)
1,440	1,202	Other	1,440	1,202
<u>8,115</u>	<u>4,155</u>		<u>8,115</u>	<u>4,155</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
15. Gain / (Loss) on Disposal				
30,450	23,614	Property, Plant and Equipment	30,450	23,614
29,675	20,624	Less: Accumulated Depreciation	29,675	20,624
<u>775</u>	<u>2,990</u>	Written Down Value	<u>775</u>	<u>2,990</u>
32	32	Less: Proceeds from Disposal	32	32
<u>(743)</u>	<u>(2,958)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(743)</u>	<u>(2,958)</u>
<u>(743)</u>	<u>(2,958)</u>	Total Gain/(Loss) on Disposal	<u>(743)</u>	<u>(2,958)</u>
16. Other Gains / (Losses)				
(820)	(4,984)	Impairment of Receivables	(820)	(4,984)
<u>(820)</u>	<u>(4,984)</u>		<u>(820)</u>	<u>(4,984)</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT & CONSOLIDATION

17. Conditions on Contributions

	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	6,245	11,017	17,262
Contributions recognised in previous years which were not expended in the current reporting period	8,852	19,918	28,770
Total amount of unexpended contributions as at balance date	15,097	30,935	46,032

Comment on restricted assets appears in Note 24

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

18. Service Groups of the SWSLHD

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 program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that 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 road and air ambulance services and treatment of patients in 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 hospitals, including elective surgery and maternity services.

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

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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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 illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT		CONSOLIDATION	
2013	2012	2013	2012
\$000	\$000	\$000	\$000
19. Cash and Cash Equivalents			
12,191	24,268	12,191	24,268
39,838	38,423	39,838	38,423
52,029	62,691	52,029	62,691
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:			
52,029	62,691	52,029	62,691
52,029	62,691	52,029	62,691

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
20. Receivables				
Current				
18,905	12,532	Sale of Goods and Services	18,905	12,532
11,176	6,144	Intra Health Receivables	11,176	6,144
3,721	6,086	Goods and Services Tax	3,721	6,086
10,271	14,081	Other Debtors	10,271	14,081
<u>44,073</u>	<u>38,843</u>	Sub Total	<u>44,073</u>	<u>38,843</u>
(4,187)	(4,787)	Less Allowance for Impairment	(4,187)	(4,787)
39,886	34,056	Sub Total	39,886	34,056
2,580	1,596	Prepayments	2,580	1,596
<u>42,466</u>	<u>35,652</u>		<u>42,466</u>	<u>35,652</u>
(a) Movement in the Allowance for Impairment				
-----	-----	Sale of Goods and Services		
(4,450)	(371)	Balance at Commencement of Reporting Period	(4,450)	(371)
1,186	2,426	Amounts written off during the year	1,186	2,426
32	-----	Amounts recovered during the year	32	-----
(501)	(6,505)	(Increase)/decrease in Allowance Recognised in		
(3,733)	(4,450)	Result for the Year	(501)	(6,505)
		Balance at 30 June	(3,733)	(4,450)
(b) Movement in the Allowance for Impairment				
		Other Debtors		
(337)	(254)	Balance at Commencement of Reporting Period	(337)	(254)
202	-----	Amounts written off during the year	202	-----
-----	(83)	Amounts recovered during the year	-----	(83)
(319)	-----	(Increase)/decrease in Allowance Recognised in		
(454)	(337)	Result for the Year	(319)	-----
		Balance at 30 June	(454)	(337)
<u>(4,187)</u>	<u>(4,787)</u>		<u>(4,187)</u>	<u>(4,787)</u>
Non-Current				
1,395	1,485	Prepayments	1,395	1,485
<u>1,395</u>	<u>1,485</u>		<u>1,395</u>	<u>1,485</u>
(c) Patient Fee Receivables				
(Current and Non-Current) include:				
909	-----	Patient Fees - Compensable	909	-----
4,090	1,014	Patient Fees - Ineligible	4,090	1,014
9,840	7,634	Patient Fees - Other	9,840	7,634
<u>14,839</u>	<u>8,648</u>		<u>14,839</u>	<u>8,648</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.

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

CONSOLIDATION

2013
\$000

2012
\$000

2013
\$000

2012
\$000

21. Inventories - Current - Held for Distribution

3,329	3,631	Drugs	3,329	3,631
126	120	Medical and Surgical Supplies	126	120
94	87	Engineering Supplies	94	87
64	-----	Other Including Goods in Transit	64	-----
<u>3,613</u>	<u>3,838</u>		<u>3,613</u>	<u>3,838</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

	PARENT		CONSOLIDATION
	2013	2012	2012
	\$000	\$000	\$000
22. Other Financial Assets			
Current			
Advances Receivable - Intra Health	-----	1	-----
	-----	1	-----
	-----	1	-----

Refer to Note 37 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
23. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,642,031	1,350,675	Gross Carrying Amount	1,642,031	1,350,675
540,950	372,489	Less: Accumulated Depreciation and Impairment	540,950	372,489
<u>1,101,081</u>	<u>978,186</u>	Net Carrying Amount	<u>1,101,081</u>	<u>978,186</u>
Plant and Equipment - Fair Value				
166,542	184,839	Gross Carrying Amount	166,542	184,839
92,780	108,581	Less: Accumulated Depreciation and Impairment	92,780	108,581
<u>73,762</u>	<u>76,258</u>	Net Carrying Amount	<u>73,762</u>	<u>76,258</u>
Infrastructure Systems - Fair Value				
13,322	1,333	Gross Carrying Amount	13,322	1,333
1,331	-----	Less: Accumulated Depreciation and Impairment	1,331	-----
<u>11,991</u>	<u>1,333</u>	Net Carrying Amount	<u>11,991</u>	<u>1,333</u>
<u>1,186,834</u>	<u>1,055,777</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,186,834</u>	<u>1,055,777</u>

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

23. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2013						
Net Carrying Amount at Start of Year	85,770	865,483	26,931	76,260	1,333	1,055,777
Additions	1,410	442	49,307	11,636	221	63,016
Disposals	----	----	----	(775)	----	(775)
Administrative Restructures - Transfers In/(Out)	----	13,948	----	71	----	14,019
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	7,308	103,313	----	----	----	110,621
Depreciation Expense	----	(41,467)	----	(13,803)	(554)	(55,824)
Reclassifications	----	22,029	(33,383)	373	10,981	----
Net Carrying Amount at End of Year	94,488	963,748	42,855	73,762	11,981	1,186,834

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Net Carrying Amount at Start of Year	84,350	832,516	6,245	70,022	----	993,133
Additions	----	55,733	23,938	19,498	1,333	100,502
Disposals	----	----	----	(2,990)	----	(2,990)
Administrative Restructures - Transfers In/(Out)	1,420	4,562	----	325	----	6,307
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----
Depreciation Expense	----	(29,644)	----	(11,531)	----	(41,175)
Reclassifications	----	2,316	(3,252)	936	----	----
Net Carrying Amount at End of Year	85,770	865,483	26,931	76,260	1,333	1,055,777

Above categories and transaction type should be deleted if not applicable.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SWSLHD [see note 2(g)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Liquid Pacific Holdings Pty Ltd in accordance with note 2(j). Liquid Pacific Holdings Pty Ltd is not an employee of the SWSLHD.
- (iii) The valuation of land and buildings was conducted as at 01 July, 2012. The valuer, Liquid Pacific Holdings Pty Ltd. (Liquid Pacific), performed the valuation in accordance with AASB 116 Property, Plant and Equipment and TPP07-1 Valuation of Physical Non-Current Assets at Fair Value. Written confirmation was provided by Liquid Pacific that given the current market, the fair value movements between 1 July 2012 and 30 June 2013 were insignificant and required no adjustments.
- (iv) Certain key assumptions used in the valuation are:
 - a) An alternate higher and better use is legally and financially feasible in the foreseeable future.
 - b) Any development potential would meet all necessary regulatory and legislative requirements
 - c) The properties are saleable and marketable assets on their own legal title and could be put to market as at the date of valuation.
 - d) The sites have legal access together with full access to all site services.
 - e) The sites are not contaminated.
- (v) Fair value of buildings is determined using depreciated replacement cost and fair value of land is based on market value.

South Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		23(a). Intangible Assets		
		Software		
----	----	Cost (Gross Carrying Amount)	----	----
----	----	Less Accumulated Amortisation and Impairment	----	----
=====	=====	Net Carrying Amount	=====	=====
		Intangibles		
----	----	Cost (Gross Carrying Amount)	----	----
----	----	Less Accumulated Amortisation and Impairment	----	----
=====	=====	Net Carrying Amount	=====	=====
=====	=====	Total Intangible Assets at Net Carrying Amount	=====	=====

South Western Sydney Local Health District
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PARENT		CONSOLIDATION	
2013 \$000	2012 \$000	2013 \$000	2012 \$000
24. Restricted Assets			
The SWSLHD's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.			
	Category		
14,900	14,155	14,900	14,155
	Specific Purposes		
10,617	8,938	10,617	8,938
	Research Grants		
14,877	16,058	14,877	16,058
	Private Practice Funds		
1,071	1,132	1,071	1,132
	Other - Clinical Services		
2,872	2,532	2,872	2,532
	Other - Community Services		
1,695	1,388	1,695	1,388
	Other - Nursing Services		
46,032	44,203	46,032	44,203

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		25. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	20,978	14,739
----	----	Taxation and Payroll Deductions	4,754	4,608
25,732	19,347	Accrued Liability - Purchase of Personnel Services	----	----
35,632	35,094	Creditors	35,632	35,094
		Other Creditors		
11,237	13,144	- Intra Health Liability	11,237	13,144
16,542	29,490	- Other	16,542	29,490
<u>89,143</u>	<u>97,075</u>		<u>89,143</u>	<u>97,075</u>

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

		26. Borrowings		
		Current		
800	----	Other Loans and Deposits	800	----
<u>800</u>	----		<u>800</u>	----
		Non-Current		
29,908	16,804	Other Loans and Deposits	29,908	16,804
<u>29,908</u>	<u>16,804</u>		<u>29,908</u>	<u>16,804</u>

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

Other loans still to be extinguished represent monies to be repaid to the NSW Ministry of Health for the Liverpool Hospital Carpark loan - \$30.625m, and the Commonwealth Department of Education, Employment and Workplace Relations loan for the Birralee Childcare Centre at Bankstown Hospital - \$83,000.

Final Repayment is scheduled for 30 June 2020 and 31 March 2018 respectively.

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
27. Provisions				
----	----	Annual Leave - Short Term Benefit	82,033	74,818
----	----	Annual Leave - Long Term Benefit	55,616	63,226
----	----	Long Service Leave - Short Term Benefit	479	447
----	----	Long Service Leave - Long Term Benefit	11,055	10,313
----	----	Long Service Leave On-Costs	111	----
149,294	148,804	Provision for Personnel Services Liability	----	----
<u>149,294</u>	<u>148,804</u>	Total Current Provisions	<u>149,294</u>	<u>148,804</u>
Non-Current Employee Benefits and Related On-Costs				
----	----	Long Service Leave - Conditional	2,228	2,078
----	----	Long Service Leave On-Costs	6	----
2,234	2,078	Provision for Personnel Services Liability	----	----
<u>2,234</u>	<u>2,078</u>	Total Non-Current Provisions	<u>2,234</u>	<u>2,078</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	149,294	148,804
----	----	Provisions - Non-Current	2,234	2,078
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	25,732	19,347
177,260	170,229	Liability - Purchase of Personnel Services	----	----
<u>177,260</u>	<u>170,229</u>		<u>177,260</u>	<u>170,229</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
28. Other Liabilities				
		Current		
8,196	1,478	Income in Advance	8,196	1,478
<u>8,196</u>	<u>1,478</u>		<u>8,196</u>	<u>1,478</u>

Income in advance includes Health Workforce Australia grants of \$6.2m received for the construction of the Nursing & Midwifery Education Centre, Health Program grants of \$1.2m received for the replacement of Radiation Oncology equipment at Liverpool and Campbelltown and Clinical Trials of approximately \$500,000. Prepaid Patient accounts, primarily for Accommodation, make up \$267,000.

South Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$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	33,234	15,676
33,234	15,676	Later than one year and not later than five years	38,569	4,473
38,569	4,473			
		Total Capital Expenditure Commitments (Including GST)	71,803	20,149
71,803	20,149			
		Of the commitments reported at 30 June 2013 it is expected that \$7.9 million will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	3,587	3,389
3,587	3,389	Later than one year and not later than five years	3,920	3,309
3,920	3,309			
		Total Operating Lease Commitments (Including GST)	7,507	6,698
7,507	6,698			
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Contingent Asset Related to Commitments for Expenditure		
		The total of 'Commitments for Expenditure' above, i.e. \$79.310 million as at 30 June 2013 includes input tax credits of \$7.210 million that are expected to be recoverable from the Australian Taxation Office (2012 : \$2.441 million).		

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

30. Trust Funds

The SWSLHD holds trust fund moneys of \$820 thousand 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 SWSLHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	107	101	622	659	45	807	774	1,567
Receipts	21	6	218	170	27,615	25,486	27,854	25,662
Expenditure	(16)	----	(178)	(207)	(27,614)	(26,248)	(27,808)	(26,455)
Cash Balance at the end of the financial year	112	107	662	622	46	45	820	774

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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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 2006/07 fund year and an interim adjustment for the 2008/09 fund year were not calculated until 2012/13.

As a result, the 2007/08 final and 2009/10 pertaining to the hospitals and community services now forming part of the SWSLHD will be paid in 2013/14. It is not possible for the SWSLHD to reliably quantify the benefit to be received or amount payable.

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 SWSLHD'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 SWSLHD and the Ministry.

South Western Sydney Local Health District
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	PARENT		CONSOLIDATION
	2013	2012	2013
	\$000	\$000	\$000
32. Reconciliation of Cash Flows from Operating Activities to Net Result			
	36,101	61,455	36,101
Net Cash Flows from Operating Activities	(51,807)	(41,175)	(51,807)
Depreciation	(820)	(4,984)	(820)
Allowance for Impairment	(6,718)	1,478	(6,718)
(Increase)/ Decrease Income in Advance	(3,150)	(9,208)	(3,150)
(Increase)/ Decrease in Provisions	1,689	14,387	1,689
Increase / (Decrease) in Prepayments and Other Assets	5,567	726	5,567
(Increase)/ Decrease in Creditors	(743)	(2,958)	(743)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment			
	<u>(19,881)</u>	<u>19,721</u>	<u>(19,881)</u>
			<u><u>19,721</u></u>

33. 2012/13 Voluntary Services

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

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

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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 SWSLHD 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 SWSLHD.

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 lower than budget by \$2.4 million. Expenses were over budget due a Workers Compensation hindsight penalty of \$6 million, whilst revenue was favourable due to the write-back of the Picton Lakes Village and Wollondilly Community Health Centre properties, as well as an increase in grants & contributions actual income.

Assets and Liabilities

The actual net assets for the SWSLHD are higher than budgeted net assets by \$128.6 million. Total assets are higher than budget by \$125.7 million, predominantly due to an unbudgeted net asset revaluation increase of \$110.6 million. Total liabilities are lower than budget by \$2.8 million, mainly due to non current liabilities being lower than budget by \$10.5 million, which is partly offset by current liabilities being higher than budget by \$7.7 million.

Cash Flows

The variance of \$13m between the budgeted and actual cash flows is due to the under-budgeted cash outflows of \$9.34m in Investing Activities (Property, Plant and Equipment purchases). Net cash flows from Financing Activities (namely the Liverpool Car Park loan from the Ministry of Health) are over-budgeted by \$2.3m, whilst net cash flows from Operating Activities have been over-budgeted by \$1.5m.

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

	\$000
Initial Allocation	1,010,233
Growth Allocation	27,064
Employee Award Changes: health services and medical staff	27,130
General Escalation	9,374
NSW Pathology Charges	35,185
Budget distribution between LHDs	13,900
TMF allocation adjustment	3,529
NSW Office of Preventive Health	1,019
New Initiatives and projects	16,760
	1,144,194
Balance as per Statement of Comprehensive Income	1,144,194

South Western Sydney Local Health District
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36. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2011/12 year were:

An increase in net assets of \$28.722 million relating to the District's assumption of responsibilities upon the dissolution of Health Reform Transitional Organisations (HRTOs) on 31 May 2012.

Equity transfers effected in the 2012/13 year were:

An increase in net assets of \$13.948 million relating to the transfer from NSW Health Pathology of the SWAPS Pathology building at Liverpool.

An increase in net assets of \$0.071 million relating to the transfer from Sydney Local Health District (SLHD) of motor vehicles incorrectly assigned upon the dissolution of Sydney South West Area Health Service on 31 December 2010.

A decrease in net assets of \$0.707 million relating to Intercompany balances with SLHD that were not effected upon the dissolution of HRTOs on 31 May 2012.

An increase in net assets of \$7m relating to the closure and split of the HRTO Western bank account funds between SWSLHD and SLHD. A receivable has been recognised with the cash to be transferred in July 2013.

A decrease in Annual Leave provisions of \$2.505m for the transfer to the Crown Entity of accrued Long Service Leave on Recreation Leave taken in service no longer being borne by SWSLHD.

	2013	2012
	\$000	\$000
Equity transfers effected comprised:		
NSW Health Pathology	13,948	----
Sydney Local Health District	6,364	----
Crown Entity - Transfer of Long Service Leave On-costs	2,505	----
Health Reform Transition Organisation	----	28,722
	<u>22,817</u>	<u>28,722</u>
Assets and Liabilities transferred are as follows:		
	2013	2012
	\$000	\$000
Assets		
Cash	----	5
Receivables	7,000	25,170
Land and Buildings	13,948	5,982
Plant and Equipment	71	324
Liabilities		
Payables	(707)	(738)
Provisions	2,505	(2,021)
Increase/(Decrease) in Net Assets From Equity Transfers	<u>22,817</u>	<u>28,722</u>

South Western Sydney Local Health District
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37. Financial Instruments

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

The SWSLHD's main risks arising from financial instruments are outlined below, together with the SWSLHD'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 SWSLHD, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	52,029	62,691
Receivables (note 20)*	Loans and receivables (at amortised cost)	36,165	27,970
Other Financial Assets (note 22)	Loans and receivables (at amortised cost)	----	1
Total Financial Assets		88,194	90,662
Financial Liabilities			
Borrowings (note 26)	Financial liabilities	30,708	16,804
Payables (note 25)**	(at amortised cost)	84,389	92,467
Total Financial Liabilities		115,097	109,271

Notes

*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

(b) Credit Risk

Credit risk arises when there is the possibility of the SWSLHD's debtors defaulting on their contractual obligations, resulting in a financial loss to the SWSLHD. 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 SWSLHD, including cash, receivables and authority deposits. No collateral is held by the SWSLHD. The SWSLHD has not granted any financial guarantees.

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

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Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.60% in 2012/13 compared to 3.42% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the SWSLHD 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 SWSLHD 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 (2013:\$30.366m; 2012: \$15.498m) and not more than 3 months past due (2013: \$5.691m; 2012:\$3.821m) are not considered impaired and together these represent 82% 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 SWSLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

2013	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	5,691	5,691	-----
3 months - 6 months overdue	3,311	3,311	-----
> 6 months overdue	4,706	519	4,187
2012			
<3 months overdue	3,821	3,821	-----
3 months - 6 months overdue	912	82	830
> 6 months overdue	3,958	-----	3,958

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.

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Authority Deposits

The SWSLHD has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.58% (2012: 1.68%), while over the year the weighted average interest rate was 3.68% (2012: 1.87%) on a weighted average balance during the year of \$39.116m (2012: \$8.335m). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the SWSLHD will be unable to meet its payment obligations when they fall due. The SWSLHD 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 SWSLHD 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 of loans payable. No assets have been pledged as collateral. The SWSLHD has exposure to liquidity risk.

However, the risk is minimised by the service agreement, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the SWSLHD fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 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 in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	
2013								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		20,978	-----	-----	20,978	-----	-----	
- Creditors		63,411	-----	-----	63,411	-----	-----	
Borrowings:								
- Other Loans and Deposits	7.74%	30,708	30,625	-----	83	818	11,625	
		<u>115,097</u>	<u>30,625</u>	<u>-----</u>	<u>84,472</u>	<u>85,207</u>	<u>18,265</u>	
							<u>11,625</u>	
2012								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		14,739	-----	-----	14,739	-----	-----	
- Creditors		77,728	-----	-----	77,728	-----	-----	
Borrowings:								
- Other Loans and Deposits	9.74%	16,804	16,804	-----	-----	1,374	15,430	
		<u>109,271</u>	<u>16,804</u>	<u>-----</u>	<u>92,467</u>	<u>1,374</u>	<u>15,430</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 SWSLHD 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.

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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 SWSLHD's exposures to market risk are primarily through interest rate risk on the SWSLHD's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The SWSLHD has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the SWSLHD 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 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, SWSLHD 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 SWSLHD 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 SWSLHD's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2013					
Financial Assets					
Cash and Cash Equivalents	52,029	(520)	(520)	520	520
Receivables	36,165	----	----	----	----
Financial Liabilities					
Payables	84,389	----	----	----	----
Borrowings	30,708	(307)	(307)	307	307
2012					
Financial Assets					
Cash and Cash Equivalents	62,691	(627)	(627)	627	627
Receivables	27,970	----	----	----	----
Other Financial Assets	1	----	----	----	----
Financial Liabilities					
Payables	92,467	----	----	----	----
Borrowings	16,804	(168)	(168)	168	168

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Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2013 \$'000	2012 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	39,838	38,423

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

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

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

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

	Change in unit price	Impact on profit/loss	
		2013 \$'000	2012 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	398	384

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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 SWSLHD's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

Except where specified below, the amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount:

	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
	Carrying amount	Carrying amount	Fair value	Fair value
Financial assets	39,838	38,423	39,838	38,423
TCorp Hour-Glass Invt. Facility				

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

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	39,838	-----	39,838

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

There were no transfers between level 1 and 2 during the period ended 30 June 2013.

Note 38. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS