



INDEPENDENT AUDITOR'S REPORT

Western NSW Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Western NSW Local Health District (the District), 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, service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entity it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 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 does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, statement of financial position and statement of cash flows.

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

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of 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 District's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

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

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



Renee Meimaroglou
Director, Financial Audit Services

20 September 2013
SYDNEY

**Western NSW 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 Western NSW 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 Western NSW Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Scott McLachlan
Chief Executive
13 September 2013



Geoffrey Hanson
Director, Finance

Western NSW Local Health District
Statement of Comprehensive Income for the year ended 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	
Expenses excluding losses							
Operating Expenses							
----	----	----	Employee Related	3	435,009	426,347	415,261
423,517	418,327	392,543	Personnel Services	4	----	----	----
57,788	48,549	51,260	Visiting Medical Officers		57,788	48,549	51,260
215,493	206,366	226,259	Other Operating Expenses	5	215,493	206,366	226,259
35,195	35,158	29,874	Depreciation and Amortisation	2(i), 6	35,195	35,158	29,874
3,651	4,243	3,642	Grants and Subsidies	7	3,651	4,243	3,642
15,238	15,249	9,987	Finance Costs	8	15,238	15,249	9,987
12,829	12,244	12,320	Payments to Affiliated Health Organisations	9	12,829	12,244	12,320
763,711	740,136	725,885	Total Expenses excluding losses		775,203	748,156	748,603
Revenue							
621,514	600,115	581,004	NSW Ministry of Health Recurrent Allocations	2(d)	621,514	600,115	581,004
34,491	34,715	27,607	NSW Ministry of Health Capital Allocations	2(d)	34,491	34,715	27,607
----	----	(930)	Transfers to the Ministry of Health		----	----	(930)
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	11,492	8,020	22,718
83,074	83,002	77,119	Sale of Goods and Services	10	83,074	83,002	77,119
686	683	705	Investment Revenue	11	686	683	705
16,399	11,932	9,937	Grants and Contributions	12	16,399	11,932	9,937
8,621	4,251	9,736	Other Revenue	14	8,621	4,251	9,736
764,785	734,698	705,178	Total Revenue		776,277	742,718	727,896
(1,942)	(950)	(8,030)	Gain / (Loss) on Disposal	15	(1,942)	(950)	(8,030)
(32)	(246)	(3,101)	Other Gains / (Losses)	16	(32)	(246)	(3,101)
(900)	(6,634)	(31,838)	Net Result	32	(900)	(6,634)	(31,838)
Other Comprehensive Income							
Items that will not be reclassified to net result							
Net Increase/(Decrease) in Property, Plant &							
23,740	----	112,690	Equipment Asset Revaluation Surplus		23,740	----	112,690
23,740	----	112,690	Total Other Comprehensive Income for the year		23,740	----	112,690
22,840	(6,634)	80,852	TOTAL COMPREHENSIVE INCOME		22,840	(6,634)	80,852

The accompanying notes form part of these financial statements.

Western NSW 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									
12,391	12,982	12,044	Cash and Cash Equivalents	19	12,391	12,982	12,044		
15,928	15,199	15,299	Receivables	20	15,928	15,199	15,299		
3,234	2,155	2,356	Inventories	21	3,234	2,155	2,356		
<u>31,553</u>	<u>30,336</u>	<u>29,699</u>			<u>31,553</u>	<u>30,336</u>	<u>29,699</u>		
10,559	10,886	10,886	Non-Current Assets Held for Sale	23	10,559	10,886	10,886		
42,112	41,222	40,585	Total Current Assets		42,112	41,222	40,585		
Non-Current Assets									
(10)	(5)	76	Receivables	20	(10)	(5)	76		
Property, Plant and Equipment									
695,814	658,852	678,264	- Land and Buildings	22	695,814	658,852	678,264		
43,648	55,280	35,120	- Plant and Equipment	22	43,648	55,280	35,120		
62,626	65,250	67,615	- Infrastructure Systems	22	62,626	65,250	67,615		
<u>802,088</u>	<u>779,382</u>	<u>780,999</u>	Total Property, Plant and Equipment		<u>802,088</u>	<u>779,382</u>	<u>780,999</u>		
802,078	779,377	781,075	Total Non-Current Assets		802,078	779,377	781,075		
844,190	820,599	821,660	Total Assets		844,190	820,599	821,660		
LIABILITIES									
Current Liabilities									
47,100	46,685	45,759	Payables	25	47,100	46,685	45,759		
24	358	80	Borrowings	26	24	358	80		
55,942	57,256	56,328	Provisions	27	55,942	57,256	56,328		
39	851	851	Other	28	39	851	851		
<u>103,105</u>	<u>105,150</u>	<u>103,018</u>	Total Current Liabilities		<u>103,105</u>	<u>105,150</u>	<u>103,018</u>		
Non-Current Liabilities									
162,091	162,554	162,115	Borrowings	26	162,091	162,554	162,115		
349	2,454	358	Provisions	27	349	2,454	358		
----	18	----	Other	28	----	18	----		
<u>162,440</u>	<u>165,026</u>	<u>162,473</u>	Total Non-Current Liabilities		<u>162,440</u>	<u>165,026</u>	<u>162,473</u>		
265,545	270,176	265,491	Total Liabilities		265,545	270,176	265,491		
578,645	550,423	556,169	Net Assets		578,645	550,423	556,169		
EQUITY									
136,430	112,690	112,690	Reserves		136,430	112,690	112,690		
442,215	437,733	443,479	Accumulated Funds		442,215	437,733	443,479		
<u>578,645</u>	<u>550,423</u>	<u>556,169</u>	Total Equity		<u>578,645</u>	<u>550,423</u>	<u>556,169</u>		

The accompanying notes form part of these financial statements.

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

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
		\$000	\$000	\$000	\$000
Balance at 1 July 2012		443,479	112,690	-----	556,169
Net Result for the year		(900)			(900)
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		-----	23,740	-----	23,740
Total Other Comprehensive Income		-----	23,740	-----	23,740
Total Comprehensive Income for the year		(900)	23,740	-----	22,840
Transactions With Owners In Their Capacity As Owners					
Increase/(Decrease) in Net Assets From Equity Transfers	37	(364)	-----	-----	(364)
Balance at 30 June 2013		442,215	136,430	-----	578,645
Balance at 1 July 2011		477,205	-----	-----	477,205
Net Result for the year		(31,838)			(31,838)
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		-----	112,690	-----	112,690
Total Other Comprehensive Income		-----	112,690	-----	112,690
Total Comprehensive Income for the year		(31,838)	112,690	-----	80,852
Transactions With Owners In Their Capacity As Owners					
Increase/(Decrease) in Net Assets From Equity Transfers	37	(1,888)	-----	-----	(1,888)
Balance at 30 June 2012		443,479	112,690	-----	556,169

The accompanying notes form part of these financial statements.

Western NSW 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						
----	----	----				
(18,220)	(18,228)	(18,283)		(429,025)	(420,010)	(393,628)
(15,235)	(15,249)	(9,975)		(18,220)	(18,228)	(18,283)
(731,022)	(701,009)	(754,195)		(15,235)	(15,249)	(9,975)
				(301,997)	(280,999)	(360,567)
<u>(764,477)</u>	<u>(734,486)</u>	<u>(782,453)</u>		<u>(764,477)</u>	<u>(734,486)</u>	<u>(782,453)</u>
Total Payments						
Receipts						
621,514	600,115	581,004		621,514	600,115	581,004
34,491	34,715	27,607		34,491	34,715	27,607
----	----	(930)		----	----	(930)
7,549	7,549	6,197		7,549	7,549	6,197
81,795	83,281	117,868		81,795	83,281	117,868
686	683	705		686	683	705
16,699	12,232	14,231		16,699	12,232	14,231
36,333	30,623	47,214		36,333	30,623	47,214
<u>799,067</u>	<u>769,198</u>	<u>793,896</u>		<u>799,067</u>	<u>769,198</u>	<u>793,896</u>
Total Receipts						
NET CASH FLOWS FROM OPERATING ACTIVITIES						
<u>34,590</u>	<u>34,712</u>	<u>11,443</u>	32	<u>34,590</u>	<u>34,712</u>	<u>11,443</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
595	1,256	1,274		595	1,256	1,274
(34,754)	(35,746)	(13,118)		(34,754)	(35,746)	(13,118)
<u>(34,159)</u>	<u>(34,490)</u>	<u>(11,844)</u>		<u>(34,159)</u>	<u>(34,490)</u>	<u>(11,844)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
(84)	716	(365)		(84)	716	(365)
<u>(84)</u>	<u>716</u>	<u>(365)</u>		<u>(84)</u>	<u>716</u>	<u>(365)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES						
NET INCREASE / (DECREASE) IN CASH						
347	938	(766)		347	938	(766)
12,044	12,044	8,568		12,044	12,044	8,568
----	----	4,242	37	----	----	4,242
<u>12,391</u>	<u>12,982</u>	<u>12,044</u>	19	<u>12,391</u>	<u>12,982</u>	<u>12,044</u>
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

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

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total				
	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	
Expenses excluding losses																									
Operating Expenses	41,500	52,845	5,567	7,452	49,243	36,321	36,106	28,743	156,734	164,487	55,072	65,657	81,695	51,006	8,004	7,108	1,088	1,642					435,009	415,261	
Employee Related	1,971	3,454	22	88	5,577	4,499	4,791	3,463	28,767	25,062	6,963	7,624	9,183	6,719	497	351	17					57,788	51,260		
Visiting Medical Officers	15,041	21,023	1,185	2,341	31,182	31,521	21,269	18,123	99,105	106,598	15,494	21,643	28,661	21,343	3,319	3,028	237	639					215,493	226,259	
Other Operating Expenses	2,569	3,003	162	191	5,329	3,356	3,132	2,362	13,205	13,668	2,654	3,166	7,651	3,697	433	339	60	92					35,195	29,874	
Depreciation and Amortisation	1,633	2,360	1	6	1,323	57	2	53	9	243	300	386	383	503				2					3,651	3,642	
Grants and Subsidies	297	1,144	6	130	1,757	1,047	1,300	728	7,081	4,299	3,454	1,332	1,224	1,137	81	138	38	32					15,238	9,987	
Finance Costs	5,008												7,821	12,320									12,829	12,320	
Payments to Affiliated Health Organisations																									
Other Expenses																									
Total Expenses excluding losses	68,019	83,829	6,943	10,208	94,411	76,801	66,600	53,472	304,901	314,357	83,937	99,808	136,618	96,725	12,334	10,996	1,440	2,407					775,203	748,603	
Revenue																									
NSW Ministry of Health Recurrent Allocations **																									
NSW Ministry of Health Capital Allocations **																									
Transfers to the NSW Ministry of Health																									
Acceptance by the Crown Entity																									
of Employee Benefits and Other Liabilities	1,096	2,891	147	408	1,301	1,967	954	1,572	4,141	8,999	1,455	3,592	2,158	2,790	211	389	29	90					11,492	22,718	
Sale of Goods and Services	1,869	16,845	16	4,066	11,830	1,126	4,494	312	31,394	17,610			33,047	35,850	424	1,233	76						83,074	77,119	
Investment Revenue	4	193	1	43	89	74	40	16	273	188	4	9	275	131		11		40					686	705	
Grants and Contributions	226	1,574	331	231	5,377	540	284	36	2,302	369	13	23	2,271	6,398	5,551	766	44						16,399	9,937	
Other Revenue	1,187	202	142	3	913	2,218	738	525	3,454	5,942	822	195	1,253	605	90	18	22	32					8,621	9,736	
Total Revenue	4,382	21,705	637	4,752	19,510	5,945	6,510	2,461	41,564	32,643	2,294	3,586	39,004	45,541	6,276	2,417	95	238					776,277	727,896	
Gain / (Loss) on Disposal	(97)	(807)	(16)	(51)	(457)	(902)	(74)	(635)	(518)	(3,674)	(59)	(851)	(218)	(994)	(480)	(91)	(23)	(25)					(1,942)	(8,030)	
Other Gains / (Losses)	(1)	(312)	1	(19)	(5)	(348)	(2)	(245)	(12)	(1,419)		(329)	(13)	(384)		(35)		(10)					(32)	(3,101)	
Net Result	(63,735)	(63,243)	(6,321)	(5,526)	(75,363)	(72,106)	(60,166)	(51,891)	(263,867)	(286,807)	(81,702)	(97,402)	(97,845)	(62,562)	(6,538)	(8,705)	(1,368)	(2,204)					(900)	(31,838)	
Other Comprehensive Income																									
Increase/(Decrease) in Revaluation Surplus	1,733	11,326	114	721	3,594	12,661	2,113	8,911	8,903	51,560	1,790	11,942	5,161	13,945	292	1,277	40	347					23,740	112,690	
Other (SPECIFY)	1,733	11,326	114	721	3,594	12,661	2,113	8,911	8,903	51,560	1,790	11,942	5,161	13,945	292	1,277	40	347					23,740	112,690	
Total Other Comprehensive Income	(62,002)	(51,917)	(6,207)	(4,805)	(71,769)	(59,445)	(58,053)	(42,980)	(254,964)	(235,247)	(79,912)	(85,460)	(92,684)	(38,617)	(6,246)	(7,428)	(1,328)	(1,857)					22,840	80,852	
Total Comprehensive Income																									

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.

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

1. The Reporting Entity

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

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

- * The parent entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the District.
- * The District controls the Western NSW 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 District to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service 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 District 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 13 September 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Notwithstanding the consolidated entity has a working capital deficiency of \$61.m (2012 deficiency of \$62.4m) and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

The Director General of Health, the Chair of Western NSW 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 District'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 District 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 District has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.

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

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

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

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

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

Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period is a 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 14.9% 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 17.0%).

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

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

ii) Long Service Leave and Superannuation

The District's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity. The District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

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

Long Service Leave is measured at present value in accordance with 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 District's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

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

b) Insurance

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

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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 District, 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 District 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 District'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.

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

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

Western NSW Local Health District
Notes to and forming part of the Financial Statements
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e) Accounting for the Goods & Services Tax (GST)

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

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

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

f) Interstate Patient Flows

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 District recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 10.

g) Acquisition of Assets

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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the 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 District are deemed to be controlled by the District and are reflected as such in the financial statements.

h) Capitalisation Thresholds

Individual items of property, plant & equipment 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 District. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

Western NSW Local Health District
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Details of depreciation rates initially applied for major asset categories are as follows:

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

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

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

j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB 116, Property, Plant and Equipment and AASB 140, Investment Property.

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

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

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

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District was split over the 2011/12 (all significant sites) and 2012/13 (all remaining sites) financial years, being completed on 26 March 2013 and based on an independent assessment.

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

Non-specialised assets with short useful lives are measured at depreciated historical cost, as 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.

Western NSW Local Health District
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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 District 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.

l) Restoration Costs

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

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

The District has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

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

n) Investment Properties

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

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

o) 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.

Western NSW Local Health District
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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.

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

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

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

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

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

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

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

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

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

t) Impairment of financial assets

Western NSW Local Health District
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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.

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 District transfers the financial asset:

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

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

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

v) Payables

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

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

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

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.

Western NSW Local Health District
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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 District's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(ii) Accumulated Funds

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

(iii) Separate Reserves

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

z) Trust Funds

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

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

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 District take action to identify those components that can be specifically identified and reported by service groups.

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

Western NSW Local Health District
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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 District.

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement. It is not expected that the changes will have 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 District.

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

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

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

Western NSW Local Health District
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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.

Western NSW Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	281,480	265,850
----	----	Overtime	15,560	16,889
----	----	Penalties	30,300	28,340
----	----	Superannuation - Defined Benefit Plans	5,834	6,237
----	----	Superannuation - Defined Contribution Plans	31,176	27,839
----	----	Long Service Leave	5,483	19,535
----	----	Annual Leave	35,215	31,366
----	----	Sick Leave and Other Leave	21,044	13,536
----	----	Redundancies	2,296	582
----	----	Workers' Compensation Insurance	6,553	5,051
----	----	Payroll Tax and Fringe Benefits Tax	68	36
-----	-----		<u>435,009</u>	<u>415,261</u>
The following additional information is provided:				
----	----	Employee Related Expenses Capitalised - Land and Buildings	185	----
----	----	Employee Related Expenses Capitalised - Plant and Equipment	2	----
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
281,480	265,850	Salaries and Wages	----	----
15,560	16,889	Overtime	----	----
30,300	28,340	Penalties	----	----
(0)	(0)	Superannuation - Defined Benefit Plans	----	----
31,176	27,839	Superannuation - Defined Contribution Plans	----	----
(175)	3,055	Long Service Leave	----	----
35,215	31,366	Annual Leave	----	----
21,044	13,536	Sick Leave and Other Leave	----	----
2,296	582	Redundancies	----	----
6,553	5,051	Workers' Compensation Insurance	----	----
68	36	Payroll Tax and Fringe Benefits Tax	----	----
<u>423,517</u>	<u>392,543</u>		<u>-----</u>	<u>-----</u>
The following additional information is provided:				
185	----	Personnel Services Expenses Capitalised - Land and Buildings	----	----
2	----	Personnel Services Expenses Capitalised - Plant and Equipment	----	----
5. Other Operating Expenses				
2,634	2,675	Blood and Blood Products	2,634	2,675
7,338	6,508	Domestic Supplies and Services	7,338	6,508
18,194	17,600	Drug Supplies	18,194	17,600
7,891	7,804	Food Supplies	7,891	7,804
9,614	7,943	Fuel, Light and Power	9,614	7,943
39,553	56,937	General Expenses (See (b) below)	39,553	56,937
19,819	18,549	Hospital Ambulance Transport Costs	19,819	18,549
9,219	7,157	Information Management Expenses	9,219	7,157
1,042	1,358	Insurance	1,042	1,358
Maintenance (See (c) below)				
3,294	2,667	Maintenance Contracts	3,294	2,667
7,412	18,347	New/Replacement Equipment under \$10,000	7,412	18,347
1,928	1,985	Repairs Maintenance/Non Contract	1,928	1,985
4	585	Other	4	585
23,989	22,708	Medical and Surgical Supplies	23,989	22,708
2,601	1,968	Motor Vehicle Expenses	2,601	1,968
2,684	2,371	Postal and Telephone Costs	2,684	2,371
1,405	1,329	Printing and Stationery	1,405	1,329
1,694	1,255	Rates and Charges	1,694	1,255
4,243	2,933	Rental	4,243	2,933
30,738	31,107	Special Service Departments	30,738	31,107
7,124	5,325	Staff Related Costs	7,124	5,325
7,846	3,122	Sundry Operating Expenses (See (a) below)	7,846	3,122
5,227	4,026	Travel Related Costs	5,227	4,026
<u>215,493</u>	<u>226,259</u>		<u>215,493</u>	<u>226,259</u>

Western NSW 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
4,846	1,521	(a) Sundry Operating Expenses comprise :		
3,000	1,601	Contract for Patient Services	4,846	1,521
		Isolated Patient Travel and Accommodation Assistance Scheme	3,000	1,601
7,846	3,122		7,846	3,122
		(b) General Expenses include :-		
443	447	Advertising	443	447
302	177	Auditor's Remuneration - External Audit	302	177
86	151	Books, Magazines and Journals	86	151
734	61	Consultancies - Operating Activities	734	61
4,330	4,370	Corporate Support Services	4,330	4,370
412	377	Courier and Freight	412	377
153	113	Data Recording and Storage	153	113
192	39	Legal Services	192	39
145	133	Membership/Professional Fees	145	133
2,775	3,079	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,775	3,079
23,885	22,346	Public Private Partnership	23,885	22,346
2,149	1,464	Other Operating Lease Expense - Minimum Lease Payments	2,149	1,464
6	5	Payroll Services	6	5
294	132	Quality Assurance/Accreditation	294	132
680	569	Security Services	680	569
-----	21,534	Services Purchased from Health Reform Transition Organisations	-----	21,534
19	6	Translator Services	19	6
2,948	1,934	Other	2,948	1,934
39,553	56,937		39,553	56,937
		(c) Reconciliation of Total Maintenance		
12,638	23,584	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	12,638	23,584
4,281	2,341	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	4,281	2,341
16,919	25,925	Total Maintenance Expenses included in Notes 3, 4 and 5	16,919	25,925

Western NSW 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. Depreciation and Amortisation				
26,032	22,236	Depreciation - Buildings	26,032	22,236
341	166	Amortisation - Leased Buildings	341	166
6,453	6,796	Depreciation - Plant and Equipment	6,453	6,796
2,369	676	Depreciation - Infrastructure Systems	2,369	676
<hr/>	<hr/>		<hr/>	<hr/>
35,195	29,874		35,195	29,874
7. Grants and Subsidies				
1,777	1,495	Non-Government Organisations	1,777	1,495
1,545	1,343	Community Aged Care Packages	1,545	1,343
2	-----	Promotion of Research	2	-----
327	804	Other Grants	327	804
<hr/>	<hr/>		<hr/>	<hr/>
3,651	3,642		3,651	3,642
8. Finance Costs				
15,234	9,975	PPP Interest Charges	15,234	9,975
4	12	Interest on Loans	4	12
<hr/>	<hr/>		<hr/>	<hr/>
15,238	9,987	Total Finance Costs	15,238	9,987
9. Payments to Affiliated Health Organisations				
(a) Recurrent Sourced				
9,739	9,185	Lourdes Hospital and Community Services	9,739	9,185
3,090	3,135	St Vincent's Outreach Service	3,090	3,135
<hr/>	<hr/>		<hr/>	<hr/>
12,829	12,320		12,829	12,320

Western NSW 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:-				
1,484	1,152	Sale of Prosthesis	1,484	1,152
76	166	Other	76	166
206	129	Pharmacy Sales	206	129
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
39,008	34,087	- Inpatient Fees	39,008	34,087
789	1,062	- Nursing Home Fees	789	1,062
531	1,925	- Non Inpatient Fees	531	1,925
12,188	10,626	Department of Veterans' Affairs	12,188	10,626
346	400	Staff-Meals and Accommodation	346	400
9,270	8,101	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	9,270	8,101
22	19	Cafeteria/Kiosk	22	19
-----	5	Car Parking	-----	5
631	336	Clinical Services (excluding Clinical Drug Trials)	631	336
435	853	Commercial Activities	435	853
33	40	Fees for Medical Records	33	40
27	27	Information Retrieval	27	27
7,506	7,230	High Cost Drugs	7,506	7,230
301	301	Meals on Wheels	301	301
2,549	2,200	Motor Accident Authority Third Party	2,549	2,200
-----	1,571	Patient Inflows from Interstate*	-----	1,571
1	-----	Patient Transport Fees	1	-----
97	88	Private Use of Motor Vehicles	97	88
237	212	Salary Packaging Fee	237	212
90	38	Services Provided to Non NSW Health Organisations	90	38
6,255	5,928	Multi Purpose Service Centre Fees	6,255	5,928
992	623	Other	992	623
83,074	77,119		83,074	77,119
*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		
686	705	- Other	686	705
686	705		686	705

Western NSW 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
12. Grants and Contributions				
7,624	3,031	Commonwealth Government Grants	7,624	3,031
1,120	1,035	Industry Contributions/Donations	1,120	1,035
3,070	3,639	Cancer Institute Grants	3,070	3,639
2,709	806	NSW Government Grants	2,709	806
37	20	Research Grants	37	20
1,839	1,406	Other Grants	1,839	1,406
<u>16,399</u>	<u>9,937</u>		<u>16,399</u>	<u>9,937</u>
13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	5,834	6,237
----	----	Long Service Leave	5,658	16,481
<u>----</u>	<u>----</u>		<u>11,492</u>	<u>22,718</u>
14. Other Revenue				
Other Revenue comprises the following:-				
17	27	Bad Debts Recovered	17	27
150	75	Commissions	150	75
12	41	Conference and Training Fees	12	41
----	4	Discounts	----	4
106	61	Insurance Refunds	106	61
235	395	Lease and Rental Income	235	395
210	----	Property not Previously Recognised	210	----
5	15	Sale of Merchandise, Old Wares and Books	5	15
----	(5)	Sponsorship Income	----	(5)
2,171	2,920	Treasury Managed Fund Hindsight Adjustment	2,171	2,920
5,715	6,203	Other	5,715	6,203
<u>8,621</u>	<u>9,736</u>		<u>8,621</u>	<u>9,736</u>

Western NSW 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				
10,415	9,557	Property, Plant and Equipment	10,415	9,557
<u>8,535</u>	<u>7,028</u>	Less: Accumulated Depreciation	<u>8,535</u>	<u>7,028</u>
1,880	2,529	Written Down Value	1,880	2,529
167	18	Less: Proceeds from Disposal	167	18
<u>(1,713)</u>	<u>(2,511)</u>	Gain/(Loss) on Disposal of	<u>(1,713)</u>	<u>(2,511)</u>
		Property, Plant and Equipment		
656	6,775	Assets Held for Sale	656	6,775
<u>427</u>	<u>1,256</u>	Less: Proceeds from Disposal	<u>427</u>	<u>1,256</u>
<u>(229)</u>	<u>(5,519)</u>	Gain/(Loss) on Disposal of Assets	<u>(229)</u>	<u>(5,519)</u>
		Held for Sale		
<u>(1,942)</u>	<u>(8,030)</u>	Total Gain/(Loss) on Disposal	<u>(1,942)</u>	<u>(8,030)</u>
16. Other Gains / (Losses)				
-----	(1,891)	Property, Plant and Equipment	-----	(1,891)
(32)	(1,210)	Asset Revaluation Increment/Decrement	(32)	(1,210)
		Impairment of Receivables		
<u>(32)</u>	<u>(3,101)</u>		<u>(32)</u>	<u>(3,101)</u>

Western NSW 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

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	144	84	5,544	5,772
Contributions recognised in previous years which were not expended in the current reporting period	198	38	2,811	3,047
Total amount of unexpended contributions as at balance date	<u>342</u>	<u>122</u>	<u>8,355</u>	<u>8,819</u>

Comment on restricted assets appears in Note 24

18. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

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

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

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

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.

Western NSW 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.

Western NSW 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
19. Cash and Cash Equivalents			
4,075	2,468	4,075	2,468
8,316	9,576	8,316	9,576
12,391	12,044	12,391	12,044
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:			
12,391	12,044	12,391	12,044
Cash and Cash Equivalents (per Statement of Financial Position)			
12,391	12,044	12,391	12,044
Closing Cash and Cash Equivalents (per Statement of Cash Flows)			

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

Western NSW 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				
5,747	6,383	Sale of Goods and Services	5,747	6,383
4,204	2,217	Intra Health Receivables	4,204	2,217
2,134	1,777	Goods and Services Tax	2,134	1,777
<u>3,276</u>	<u>5,323</u>	Other Debtors	<u>3,276</u>	<u>5,323</u>
15,361	15,700	Sub Total	15,361	15,700
<u>(131)</u>	<u>(538)</u>	Less Allowance for Impairment	<u>(131)</u>	<u>(538)</u>
15,230	15,162	Sub Total	15,230	15,162
698	137	Prepayments	698	137
<u>15,928</u>	<u>15,299</u>		<u>15,928</u>	<u>15,299</u>
 (a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(504)	(989)	Balance at Commencement of Reporting Period	(504)	(989)
394	546	Amounts written off during the year	394	546
-----	(61)	(Increase)/decrease in Allowance Recognised in	-----	(61)
<u>(110)</u>	<u>(504)</u>	Result for the Year	<u>(110)</u>	<u>(504)</u>
Balance at 30 June				
 (b) Movement in the Allowance for Impairment				
Other Debtors				
(34)	(10)	Balance at Commencement of Reporting Period	(34)	(10)
18	636	Amounts written off during the year	18	636
(5)	(659)	(Increase)/decrease in Allowance Recognised in	(5)	(659)
<u>(21)</u>	<u>(34)</u>	Result for the Year	<u>(21)</u>	<u>(34)</u>
<u>(131)</u>	<u>(538)</u>	Balance at 30 June	<u>(131)</u>	<u>(538)</u>
 Non-Current				
312	692	Sale of Goods and Services	312	692
<u>25</u>	<u>25</u>	Other Debtors	<u>25</u>	<u>25</u>
337	717	Sub Total	337	717
<u>(336)</u>	<u>(636)</u>	Less Allowance for Impairment	<u>(336)</u>	<u>(636)</u>
1	81	Sub Total	1	81
<u>(11)</u>	<u>(5)</u>	Prepayments	<u>(11)</u>	<u>(5)</u>
<u>(10)</u>	<u>76</u>		<u>(10)</u>	<u>76</u>

Western NSW 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
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(490)	-----	Balance at Commencement of Reporting Period	(490)	-----
226	-----	Amounts written off during the year	226	-----
17	-----	Amounts recovered during the year	17	-----
-----	(490)	(Increase)/decrease in Allowance Recognised in	-----	(490)
(247)	(490)	Result for the Year	(247)	(490)
		Balance at 30 June		
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(146)	-----	Balance at Commencement of Reporting Period	(146)	-----
84	-----	Amounts written off during the year	84	-----
(26)	(146)	(Increase)/decrease in Allowance Recognised in	(26)	(146)
(89)	(146)	Result for the Year	(89)	(146)
		Balance at 30 June		
<u>(336)</u>	<u>(636)</u>		<u>(336)</u>	<u>(636)</u>
		(c) Patient Fee Receivables		
		(Current and Non-Current) include:		
632	360	Patient Fees - Compensable	632	360
284	48	Patient Fees - Ineligible	284	48
3,515	5,045	Patient Fees - Other	3,515	5,045
<u>4,431</u>	<u>5,453</u>		<u>4,431</u>	<u>5,453</u>

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

Western NSW 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
21. Inventories - Current - Held for Distribution				
1,509	1,190	Drugs	1,509	1,190
1,689	1,166	Medical and Surgical Supplies	1,689	1,166
13	-----	Engineering Supplies	13	-----
23	-----	Other Including Goods in Transit	23	-----
3,234	2,356		3,234	2,356
3,234	2,356		3,234	2,356

Western NSW 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
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,137,887	1,093,916		1,137,887	1,093,916
442,073	415,652		442,073	415,652
<u>695,814</u>	<u>678,264</u>		<u>695,814</u>	<u>678,264</u>
Plant and Equipment - Fair Value				
83,931	72,631		83,931	72,631
40,283	37,511		40,283	37,511
<u>43,648</u>	<u>35,120</u>		<u>43,648</u>	<u>35,120</u>
Infrastructure Systems - Fair Value				
107,504	93,123		107,504	93,123
44,878	25,508		44,878	25,508
<u>62,626</u>	<u>67,615</u>		<u>62,626</u>	<u>67,615</u>
<u>802,088</u>	<u>780,999</u>		<u>802,088</u>	<u>780,999</u>
		Total Property, Plant and Equipment At Net Carrying Amount		

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

PARENT & CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013								
Net Carrying Amount at Start of Year	13,164	653,595	8,804	2,702	35,120	67,614	----	780,999
Additions	----	----	22,578	----	12,108	67	----	34,753
Reclassifications to Intangibles	----	----	----	----	----	----	----	----
Recognition of Assets Held for Sale	(215)	(112)	----	----	----	----	----	(327)
Disposals	----	(393)	----	----	(1,471)	(16)	----	(1,880)
Administrative Restructures - Transfers In/(Out)	----	----	----	----	----	----	----	----
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	418	25,995	----	----	----	(2,674)	----	23,739
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----	----	----
Depreciation Expense	----	(26,036)	----	(342)	(6,453)	(2,365)	----	(35,196)
Reclassifications	----	12,365	(16,709)	----	4,344	----	----	----
Net Carrying Amount at End of Year	13,367	665,414	14,673	2,360	43,648	62,626	0	802,088

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Net Carrying Amount at Start of Year	8,980	576,175	16,688	----	50,970	8,599	----	661,412
Additions	----	11	9,846	----	3,276	----	----	13,133
Reclassifications to Intangibles	----	----	----	----	----	----	----	----
Recognition of Assets Held for Sale	40	(553)	----	----	----	(2)	----	(515)
Disposals	----	(159)	----	----	(2,369)	----	----	(2,528)
Administrative Restructures - Transfers In/(Out)	(13)	(3,193)	25,618	----	4,288	(13)	----	26,687
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	4,157	50,028	----	----	----	58,504	----	112,689
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----	----	----
Depreciation Expense	----	(22,236)	----	(166)	(6,801)	(676)	----	(29,879)
Reclassifications	----	53,522	(43,348)	2,868	(14,244)	1,202	----	----
Net Carrying Amount at End of Year	13,164	653,595	8,804	2,702	35,120	67,614	0	780,999

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 District [see note 2(g)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Corporeal Pty Ltd in accordance with note 2(j). Corporeal Pty Ltd is not an employee of the District.
- (iii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value. The following table details the indices applied to Non Current Assets as determined by Corporeal Pty Ltd :

Year	Land	Buildings	Infrastructure
2010/11	1.0%	1.0%	1.0%
2011/12	0.0%	0.0%	0.0%
2012/13	0.0%	2.5%	2.5%

Western NSW Local Health District
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PARENT	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
23. Non-Current Assets (or Disposal Groups) Held for Sale				
Assets Held for Sale				
Land and Buildings	10,526	10,853	10,526	10,853
Infrastructure Systems	33	33	33	33
	<u>10,559</u>	<u>10,886</u>	<u>10,559</u>	<u>10,886</u>
	<u><u>10,559</u></u>	<u><u>10,886</u></u>	<u><u>10,559</u></u>	<u><u>10,886</u></u>

The non-current assets held for resale constitute assets that are surplus to requirements and will be actively marketed for sale in the next twelve months, with an expectation that the sale will be effected by 30th June 2014.

These assets comprise land, buildings and infrastructure primarily associated with properties surrounding the former Orange Base Hospital site. Prior to the commissioning of the new Orange Health Service these properties were used to provide services such as paediatric clinics, breast screening, physiotherapy, mental health and administration.

Western NSW Local Health District
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	PARENT	CONSOLIDATION	
	2013 \$000	2013 \$000	2012 \$000
24. Restricted Assets			
The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.			
Category			
5,263 Specific Purposes	5,263	5,263	5,904
1,780 Private Practice Funds	3,556	3,556	1,780
	8,819	8,819	7,684
	8,819	8,819	7,684

Western NSW 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
		25. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	9,819	9,110
----	----	Taxation and Payroll Deductions	2,796	2,562
12,615	11,672	Accrued Liability - Purchase of Personnel Services	----	----
22,153	17,781	Creditors	22,153	17,781
		Other Creditors		
----	1,929	- Capital Works	----	1,929
3,859	3,865	- Intra Health Liability	3,859	3,865
8,473	10,512	- Other	8,473	10,512
47,100	45,759		47,100	45,759

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

		26. Borrowings		
		Current		
24	80	Other Loans and Deposits	24	80
24	80		24	80
		Non-Current		
----	24	Other Loans and Deposits	----	24
162,091	162,091	Public Private Partnership	162,091	162,091
162,091	162,115		162,091	162,115

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 HealthShare, NSW Ministry of Health and Treasury.

Final repayment is scheduled for September 2035.

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

Western NSW 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
27. Provisions				
-----	-----	Annual Leave - Short Term Benefit	36,928	30,133
-----	-----	Annual Leave - Long Term Benefit	12,371	19,386
-----	-----	Sick Leave	8	8
-----	-----	Long Service Leave On-Costs	6,635	6,801
55,942	56,328	Provision for Personnel Services Liability	-----	-----
55,942	56,328	Total Current Provisions	55,942	56,328
Non-Current Employee Benefits and Related On-Costs				
-----	-----	Long Service Leave On-Costs	349	358
349	358	Provision for Personnel Services Liability	-----	-----
349	358	Total Non-Current Provisions	349	358
Aggregate Employee Benefits and Related On-Costs				
-----	-----	Provisions - Current	55,942	56,328
-----	-----	Provisions - Non-Current	349	358
-----	-----	Accrued Salaries, Wages and On-Costs (Note 25)	12,615	11,672
68,906	68,358	Liability - Purchase of Personnel Services	-----	-----
68,906	68,358		68,906	68,358

Western NSW 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
28. Other Liabilities			
39	851	39	851
39	851	39	851

Income in advance comprises prepaid nursing home type patient fees.

Western NSW 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
		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:		
8,630	9,260	Not later than one year	8,630	9,260
1,308	4,469	Later than one year and not later than five years	1,308	4,469
-----	-----	Later than five years	-----	-----
<u>9,938</u>	<u>13,729</u>	Total Capital Expenditure Commitments (Including GST)	<u>9,938</u>	<u>13,729</u>
		Of the commitments reported at 30 June 2013 it is expected that nil will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
4,199	4,499	Not later than one year	4,199	4,499
3,933	2,785	Later than one year and not later than five years	3,933	2,785
-----	62	Later than five years	-----	62
<u>8,132</u>	<u>7,346</u>	Total Operating Lease Commitments (Including GST)	<u>8,132</u>	<u>7,346</u>
		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. \$18,070 million as at 30 June 2013 includes input tax credits of \$1,643 million that are expected to be recoverable from the Australian Taxation Office (2012 \$1,916 million).		
		(d) Finance Lease Commitments		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
		Not later than one year	16,722	16,418
		Later than one year and not later than five years	71,385	69,710
		Later than five years	405,866	425,058
		Minimum Lease Payments	<u>493,973</u>	<u>511,186</u>
		Less: Future Finance Charges	315,673	332,886
		Less: GST Component	<u>16,209</u>	<u>16,209</u>
		Present Value of Minimum Lease Payments	<u>162,091</u>	<u>162,091</u>
		The present value of finance lease commitments is as follows:		
		Not later than one year	-----	-----
		Later than one year and not later than five years	740	130
		Later than five years	161,351	161,961
		Present Value of Minimum Lease Payments	<u>162,091</u>	<u>162,091</u>
		Classified as:		
		(a) Current (Note 26)	-----	-----
		(b) Non-Current (Note 26)	162,091	162,091
			<u>162,091</u>	<u>162,091</u>
			<u>162,091</u>	<u>162,091</u>
		In December 2007, a private sector company, Pinnacle Healthcare (OAHS) Pty Limited, was engaged to finance, design and construct the new Orange Hospital and new health facilities including Orange Tertiary Mental Health and other expansion works. Pinnacle would also refurbish existing buildings and provide facilities management and delivery of ancillary non-clinical services for these hospital facilities and the new Bathurst Hospital under a Project Deed. Provision of facilities maintenance commenced in April 2007, followed by other non-clinical support services in December 2008.		
		In 2008/09, NSW Health requested a contract variation to expand the Orange Hospital and health facilities to accommodate additional clinical services. Following the change procedures in the Project Deed and subsequently government approval, the Project Deed was amended through the Deed of Amendment No. 1 in June 2010.		
		Upon construction completion of the new facilities including the Orange Hospital in March 2011, Western NSW Local Health District (LHD) recognised these facilities as an asset of \$162.1m under the original PPP financing arrangements. The basis for the accounting treatment is that services will be delivered by Western NSW LHD for the duration of the term until December 2035.		
		In addition, Western NSW LHD recognised the liability to Pinnacle Healthcare, payable over the period to 2035 for the construction of the new Orange Hospital, Orange Tertiary Mental Health and refurbished facilities.		
		The construction costs of the extended works due to the State variations were progressively paid outside of the PPP financing during construction. Western NSW LHD recognised the extended works as its assets at the completion of construction in March 2011.		
		Other Expenditure Commitments – Provision of facilities management and other non-clinical services to the new and existing facilities.		
		Nominal \$'000		
		Not later than one year	29,472	29,856
		Later than one year and not later than five years	137,520	128,752
		Later than five years	<u>845,035</u>	<u>884,269</u>
		The expenditure commitments include Goods and Services Tax. Related input tax credits of \$137M (2012: \$141M) are expected to be recoverable from the Australian Taxation Office.		

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

PARENT AND CONSOLIDATION

30. Trust Funds

The District holds trust fund moneys of \$2.7 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

These monies are excluded from the financial statements as the District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	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	366	68	2,904	226	335	151	3,606	446
Receipts	2,630	393	18,930	4,911	6,991	1,822	28,551	7,126
Expenditure	(2,570)	(95)	(19,845)	(2,233)	(7,056)	(1,638)	(29,471)	(3,966)
Cash Balance at the end of the financial year	426	366	1,989	2,904	270	335	2,686	3,606

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

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 District will be paid in 2013/14. It is not possible for the District 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 District's consolidated financial statements to the extent of cash payments made.

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

c) Public Private Partnership

Since the liability to pay Pinnacle Healthcare is based on a financing arrangement involving a CPI indexed annuity bond, the capital financing payment will be adjusted in accordance with a CPI index over the project term. The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

Western NSW Local Health District
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PARENT

2013 \$000	2012 \$000
34,590	11,443
(35,195)	(29,874)
(32)	(1,210)
811	(305)
(494)	(4,899)
1,426	(47,626)
(64)	50,554
-----	(1,891)
(1,942)	(8,030)

32. Reconciliation of Cash Flows from Operating Activities to Net Result

Net Cash Flows from Operating Activities	34,590
Depreciation	(35,195)
Allowance for Impairment	(32)
(Increase)/ Decrease Income in Advance	811
(Increase)/ Decrease in Provisions	(494)
Increase / (Decrease) in Prepayments and Other Assets	1,426
(Increase)/ Decrease in Creditors	(64)
Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	-----
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(1,942)

Net Result

<u>(900)</u>	<u>(31,838)</u>
--------------	-----------------

33. Non-Cash Financing and Investing Activities

Assets Received by Donation

631	398
-----	-----

34. 2012/13 Voluntary Services

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

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

CONSOLIDATION

2013 \$000	2012 \$000
34,590	11,443
(35,195)	(29,874)
(32)	(1,210)
811	(305)
(494)	(4,899)
1,426	(47,626)
(64)	50,554
-----	(1,891)
(1,942)	(8,030)

(900)

<u>(900)</u>	<u>(31,838)</u>
--------------	-----------------

631

631	398
-----	-----

631

<u>631</u>	<u>398</u>
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Western NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT AND CONSOLIDATED

35. Unclaimed Moneys

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

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

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

36. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than budget by \$6 million, primarily due to:

The high volume of the District's Base Hospital inpatient activity at 5.3% above target (measured in National Weighted Activity Units).

Total expenses were higher than budget by \$27.047 million with the high ongoing cost of providing services reflected in the Employee Related, Sessional Visiting Medical Officer and Other Operating Expenses. The additional costs incurred were mostly through the use of premium labour cost agency nursing and overtime required to fill staff vacancies across the District. Further, the costs incurred in contracting locum clinicians to support core clinical services continued to be a major issue for the District.

Total revenues were higher than budget by \$33.559 million primarily due to liquidity assistance provided by the Ministry of Health. There was improved Grants Income of \$4.467 million.

Assets and Liabilities

In Non-Current Assets, Buildings varied significantly from budget due to the District revaluation of Land, Buildings and Infrastructure being split between the 2011/12 and 2012/13 financial years [refer to note 2(j)].

Cash Flows

Flows from Operating Activities:

Total payments exceeded budget by \$29.991 million due to the expenditure outlined in the Net Result. This was funded by the \$21.4 million cash liquidity assistance received from the Ministry as part of the Recurrent Allocation cash for 2012/13, for which no budget was allocated, along with favourabilities in grants and other receipts.

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

PARENT AND CONSOLIDATED

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2012 are as follows:

	\$000
Initial Allocation, 1 July 2012	585,490
Award Increases	182
Special Projects:	
Aged Care	435
Community Action and Engagement	126
Dental	1,025
Healthy Children Initiative	748
Immunisation Programs	282
Improving Workplace Culture	194
IPTAAS	1,018
Other	485
Stepping On Program	209
Tobacco Compliance Monitoring	143
Other:	
Aboriginal Nursing and Midwifery Strategy	290
Compensable Patient Adjustment	(959)
Drug and Alcohol - General Budget	739
HealthOne Funding Lightning Ridge	130
Medical Intern Training Positions	120
Miscellaneous	548
Nurse/Midwife Strategy	269
Nurse/Midwife Strategy Reserve	1,078
Pain Management Service	450
Public Private Partnership	2,880
Rural Doctor Obstetric and Anaesthetic Incentive Grants	473
Service alignment with FWLHD	(623)
State Reperfusion Strategy	133
Statewide Clinical Leadership Program	99
Surgical Services Enhancement	300
Trachoma Screening in Aboriginal Communities	218
Treasury Managed Fund Adjustment	1,283
Voluntary Redundancies	2,350
Balance as per Statement of Comprehensive Income	600,115

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

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

Equity transfers effected in the 2011/12 year were:

An increase in net assets of \$3.117 million relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31st May 2012.

A decrease in net assets of \$1.104 million relating to other restructuring of services with Far West Local Health District.

A decrease in net assets of \$3.901 million relating to the transfer of Lake Cargelligo to Murrumbidgee Local Health District

Equity transfers effected in the 2012/13 year were:

A decrease in net assets of \$1.253 million relating to the transfer of payables from Sydney LHD as part of the finalisation of the dissolution of the Health Reform Transitional Organisation.

An increase in net assets of \$0.889 million relating to the transfer of long service leave on-costs to the Crown Entity.

	2013	2012
	\$000	\$000
Equity transfers effected comprised:		
Health Reform Transitional Organisation	-----	3,117
Far West Local Health District	-----	(1,104)
Murrumbidgee Local Health District	-----	(3,901)
Sydney Local Health District	(1,253)	-----
Crown Entity - Transfer of Long Service Leave On-costs	889	-----
	(364)	(1,888)

Assets and Liabilities transferred are as follows:

	2013	2012
	\$000	\$000
Assets		
Cash and Cash Equivalents	-----	4,242
Debtors	-----	24,900
Prepayments	-----	(58)
Inventory	-----	-----
Land and Buildings	-----	(3,206)
Infrastructure	-----	(13)
Plant and Equipment	-----	4,288
Work in Progress	-----	25,618
Liabilities		
Payables	(1,253)	(48,032)
Provisions	889	(9,427)
Loans	-----	(200)
Increase/(Decrease) in Net Assets From Equity Transfers	(364)	(1,888)

Western NSW Local Health District
Notes to and forming part of the Financial Statements
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38. Financial Instruments

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

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the District, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a regular 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	12,391	12,044
Receivables (note 20)*	Loans and receivables (at amortised cost)	13,097	13,466
Total Financial Assets		25,488	25,510
Financial Liabilities			
Borrowings (note 26)	Financial liabilities	162,115	162,195
Payables (note 25)**	measured at	44,304	43,197
Other (note 28)	amortised cost	-----	-----
Total Financial Liabilities		206,419	205,392

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

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

Credit risk associated with the District's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

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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% in 2012/13 compared to 5% in the previous year.

Receivables - trade debtors

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013:\$5.229 million; 2012: \$5.558 million) and not more than 3 months past due (2013: \$1.309 million; 2012:\$1.033 million) are not considered impaired and together these represent 89% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

2013	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	1,309	1,309	-----
3 months - 6 months overdue	275	261	14
> 6 months overdue	493	40	453
2012			
<3 months overdue	1,033	1,033	-----
3 months - 6 months overdue	622	495	127
> 6 months overdue	1,533	486	1,047

Notes

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

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

Western NSW Local Health District
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(c) Liquidity Risk

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

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The District 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 District 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 with creditors.

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

Western NSW Local Health District
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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	\$000	\$000	\$000
2013									
Payables:									
- Accrued Salaries Wages, On-Costs and Payroll Deductions		9,819	-----	-----	9,819	9,819	-----	-----	-----
- Creditors		34,485	-----	-----	34,485	34,485	-----	-----	-----
Borrowings:									
- Loans and Deposits	7	24	24	-----	-----	24	-----	-----	-----
- Public Private Partnership	9	162,091	-----	162,091	-----	-----	-----	-----	162,091
		<u>206,419</u>	<u>24</u>	<u>162,091</u>	<u>44,304</u>	<u>44,328</u>	<u>-----</u>	<u>-----</u>	<u>162,091</u>
2012									
Payables:									
- Accrued Salaries Wages, On-Costs and Payroll Deductions		9,110	-----	-----	9,110	9,110	-----	-----	-----
- Creditors		34,087	-----	-----	34,087	34,087	-----	-----	-----
Borrowings:									
- Loans and Deposits	7	104	104	-----	-----	80	24	-----	-----
- Public Private Partnership	9	162,091	-----	162,091	-----	-----	-----	-----	162,091
		<u>205,392</u>	<u>104</u>	<u>162,091</u>	<u>43,197</u>	<u>43,277</u>	<u>24</u>	<u>-----</u>	<u>162,091</u>

Notes:

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

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d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

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

	Carrying Amount \$'000	-1%		+1%	
		Profit	Equity	Profit	Equity
2013					
Financial Assets					
Cash and Cash Equivalents	12,391	(124)	(124)	124	124
Receivables	13,097	----	----	----	----
Financial Liabilities					
Payables	44,304	----	----	----	----
Borrowings	162,115	(1,621)	(1,621)	1,621	1,621
2012					
Financial Assets					
Cash and Cash Equivalents	12,044	(120)	(120)	120	120
Receivables	13,466	----	----	----	----
Financial Liabilities					
Payables	43,197	----	----	----	----
Borrowings	162,195	(1,622)	(1,622)	1,622	1,622

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39. 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