



INDEPENDENT AUDITOR'S REPORT

South Western Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of South Western Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

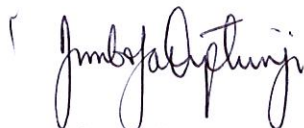
My opinion does *not* provide assurance:

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

Independence

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

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



A Oyetunji
Director, Financial Audit Service

19 September 2014
SYDNEY

**South Western Sydney Local Health District
Certification of the Financial Statements
for the year ended 30 June 2014**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the South Western Sydney Local Health District for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the South Western Sydney Local Health District; and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Amanda Larkin
Chief Executive
19 September 2014



Greg King
Director Finance
19 September 2014

South Western Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2014

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2014 \$000	2014 \$000	2013 \$000		2014 \$000	2014 \$000	2013 \$000	
			Expenses excluding losses				
			Operating Expenses				
-----	-----	-----					
909,979	902,729	858,246	Employee Related	3	950,068	946,642	878,346
68,790	62,895	64,562	Personnel Services	4	-----	-----	-----
362,362	366,220	355,514	Visiting Medical Officers		68,790	62,895	64,562
52,041	52,064	51,807	Other Operating Expenses	5	362,362	366,220	355,514
8,875	7,674	9,805	Depreciation and Amortisation	2(i), 6	52,041	52,064	51,807
2,421	-----	997	Grants and Subsidies	7	8,875	7,674	9,805
28,913	30,247	30,013	Finance Costs	8	2,421	-----	997
<u>1,433,381</u>	<u>1,421,829</u>	<u>1,370,944</u>	Payments to Affiliated Health Organisations	9	28,913	30,247	30,013
			Total Expenses excluding losses		<u>1,473,470</u>	<u>1,465,742</u>	<u>1,391,044</u>
			Revenue				
1,195,518	1,195,519	1,145,391	NSW Ministry of Health Recurrent Allocations	2(d)	1,195,518	1,195,519	1,145,391
63,706	63,915	33,662	NSW Ministry of Health Capital Allocations	2(d)	63,706	63,915	33,662
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	40,089	43,913	20,100
147,245	130,845	136,801	Sale of Goods and Services	10	147,245	130,845	136,801
2,103	2,771	2,451	Investment Revenue	11	2,103	2,771	2,451
36,793	32,818	26,206	Grants and Contributions	12	36,793	32,818	26,206
4,065	6,295	8,115	Other Revenue	14	4,065	6,295	8,115
<u>1,449,430</u>	<u>1,432,163</u>	<u>1,352,626</u>	Total Revenue		<u>1,489,519</u>	<u>1,476,076</u>	<u>1,372,726</u>
(338)	-----	(743)	Gain / (Loss) on Disposal	15	(338)	-----	(743)
(105)	(770)	(820)	Other Gains / (Losses)	16	(105)	(770)	(820)
<u>15,606</u>	<u>9,564</u>	<u>(19,881)</u>	Net Result	33	<u>15,606</u>	<u>9,564</u>	<u>(19,881)</u>
			Other Comprehensive Income				
			Items that will not be reclassified to net result				
			Net Increase/(Decrease) in Property, Plant &				
-----	-----	110,621	Equipment Revaluation Surplus	22	-----	-----	110,621
-----	-----	<u>110,621</u>	Total Other Comprehensive Income		-----	-----	<u>110,621</u>
<u>15,606</u>	<u>9,564</u>	<u>90,740</u>	TOTAL COMPREHENSIVE INCOME		<u>15,606</u>	<u>9,564</u>	<u>90,740</u>

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Statement of Financial Position as at 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2014 \$000	2014 \$000	2013 \$000		2014 \$000	2014 \$000	2013 \$000
ASSETS						
Current Assets						
59,628	54,245	52,029		59,628	54,245	52,029
37,920	35,466	42,466	19	37,920	35,466	42,466
3,530	3,612	3,613	20	3,530	3,612	3,613
<u>101,078</u>	<u>93,323</u>	<u>98,108</u>	21	<u>101,078</u>	<u>93,323</u>	<u>98,108</u>
1,000	----	----	23	1,000	----	----
102,078	93,323	98,108		102,078	93,323	98,108
Non-Current Assets						
1,305	1,395	1,395		1,305	1,395	1,395
1,126,282	1,164,899	1,101,081	20	1,126,282	1,164,899	1,101,081
73,350	37,081	73,762	22	73,350	37,081	73,762
11,901	11,991	11,991	22	11,901	11,991	11,991
<u>1,211,533</u>	<u>1,213,971</u>	<u>1,186,834</u>		<u>1,211,533</u>	<u>1,213,971</u>	<u>1,186,834</u>
1,212,838	1,215,366	1,188,229		1,212,838	1,215,366	1,188,229
1,314,916	1,308,689	1,286,337		1,314,916	1,308,689	1,286,337
LIABILITIES						
Current Liabilities						
91,004	92,603	89,143		91,004	92,603	89,143
3,518	800	800	26	3,518	800	800
165,849	146,657	149,294	27	165,849	146,657	149,294
376	8,196	8,196	28	376	8,196	8,196
<u>260,747</u>	<u>248,256</u>	<u>247,433</u>	29	<u>260,747</u>	<u>248,256</u>	<u>247,433</u>
Non-Current Liabilities						
28,818	29,931	29,908		28,818	29,931	29,908
784	10,934	2,234	27	784	10,934	2,234
<u>29,602</u>	<u>40,865</u>	<u>32,142</u>	28	<u>29,602</u>	<u>40,865</u>	<u>32,142</u>
290,349	289,121	279,575		290,349	289,121	279,575
1,024,567	1,019,568	1,006,762		1,024,567	1,019,568	1,006,762
EQUITY						
110,621	110,621	110,621		110,621	110,621	110,621
913,946	908,947	896,141		913,946	908,947	896,141
<u>1,024,567</u>	<u>1,019,568</u>	<u>1,006,762</u>		<u>1,024,567</u>	<u>1,019,568</u>	<u>1,006,762</u>

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2014

PARENT AND CONSOLIDATION	Accumulated Funds	Asset Revaluation Surplus	Total
Notes	\$000	\$000	\$000
Balance at 1 July 2013	896,141	110,621	1,006,762
Total Equity at 1 July 2013	896,141	110,621	1,006,762
Net Result for the year	15,606		15,606
Other Comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment	-----	-----	-----
Available for Sale Financial Assets:			
-Valuation Gains/(Losses)	-----	-----	-----
-Transfers on Disposal	-----	-----	-----
Total Other Comprehensive Income	-----	-----	-----
Total Comprehensive Income for the year	15,606	-----	15,606
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	2,199	-----	2,199
Balance at 30 June 2014	913,946	110,621	1,024,567
Balance at 1 July 2012	893,205	-----	893,205
Total Equity at 1 July 2012	893,205	-----	893,205
Net Result for the year	(19,881)		(19,881)
Other Comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment	-----	110,621	110,621
Available for Sale Financial Assets:			
-Valuation Gains/(Losses)	-----	-----	-----
-Transfers on Disposal	-----	-----	-----
Total Other Comprehensive Income	-----	110,621	110,621
Total Comprehensive Income for the year	(19,881)	110,621	90,740
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	22,817	-----	22,817
Balance at 30 June 2013	896,141	110,621	1,006,762

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2014

PARENT			CONSOLIDATION		
Actual	Budget Unaudited	Actual	Actual	Budget Unaudited	Actual
2014	2014	2013	Notes	2014	2013
\$000	\$000	\$000		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
----	----	----		(905,505)	(866,498)
(41,334)	(41,467)	(35,302)		(41,334)	(35,302)
(2,420)	-----	-----		(2,420)	-----
(1,374,900)	(1,373,069)	(1,302,434)		(469,395)	(435,936)
<u>(1,419,654)</u>	<u>(1,414,536)</u>	<u>(1,337,736)</u>		<u>(1,418,654)</u>	<u>(1,337,736)</u>
Receipts					
1,195,518	1,195,519	1,145,391		1,195,518	1,145,391
63,706	63,915	33,662		63,706	33,662
10,553	10,553	20,100		10,553	20,100
159,266	139,305	133,811		159,266	133,811
2,103	2,771	2,451		2,103	2,451
39,423	35,446	24,195		39,423	24,195
29,937	45,179	14,227		29,937	14,227
<u>1,500,506</u>	<u>1,492,688</u>	<u>1,373,837</u>		<u>1,500,506</u>	<u>1,373,837</u>
81,852	78,152	36,101	33	81,852	36,101
NET CASH FLOWS FROM OPERATING ACTIVITIES					
CASH FLOWS FROM INVESTING ACTIVITIES					
10	-----	32		10	32
(76,933)	(77,003)	(59,704)		(76,933)	(59,704)
<u>(76,923)</u>	<u>(77,003)</u>	<u>(59,672)</u>		<u>(76,923)</u>	<u>(59,672)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES					
CASH FLOWS FROM FINANCING ACTIVITIES					
1,626	23	12,909		1,626	12,909
<u>1,626</u>	<u>23</u>	<u>12,909</u>		<u>1,626</u>	<u>12,909</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES					
6,555	1,172	(10,662)		6,555	(10,662)
52,029	52,029	62,691		52,029	62,691
1,044	1,044	-----	38	1,044	-----
<u>59,628</u>	<u>54,245</u>	<u>52,029</u>	19	<u>59,628</u>	<u>52,029</u>
CLOSING CASH AND CASH EQUIVALENTS					

The accompanying notes form part of these financial statements.

South Western Sydney Local Health District
Service Group Statements
for the year ended 30 June 2014

	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			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
SWSHO EXPENSES AND INCOME																								
Expenses excluding losses																								
Operating Expenses	44,247	41,881	1,912	1,504	133,718	107,001	90,691	461,262	440,001	89,249	72,516	71,087	70,118	13,677	16,422	12,277	11,495	950,068	875,346					
Employee Related	160	105	1	1	7,971	7,670	744	54,529	49,249	3,346	3,087	1,372	1,372	651	651	723	651	68,730	64,562					
Visiting Medical Officers	10,787	11,142	377	291	60,936	33,269	30,107	190,073	205,814	16,969	14,817	19,405	22,757	4,408	5,551	1,317	4,100	362,362	355,514					
Other Operating Expenses	3,419	2,836	68	54	14,663	5,617	3,526	23,418	24,284	2,785	2,112	3,166	3,015	344	363	986	954	52,041	51,807					
Depreciation and Amortisation	6,504	8,526	(1)	150	150	7	7	1,050	1,050	370	7	7	7	28	25	1,974	30	8,875	9,905					
Grants and Subsidies	89	38	3	2	461	193	76	1,232	516	200	73	176	75	21	10	46	17	2,421	997					
Finance Costs	10,562	10,499		1						3,527	3,676	14,824	15,837					28,913	30,013					
Payments to Affiliated Health Organisations																								
Other Expenses																								
Total Expenses excluding losses	75,578	74,027	2,360	1,853	217,327	146,824	126,834	730,514	720,914	116,446	96,287	109,974	113,184	18,478	22,371	17,263	17,247	1,473,470	1,391,044					
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	2,250	956	60	35	4,414	4,728	2,075	21,295	10,069	3,360	1,659	3,545	1,605	254	376	183	263	40,089	20,100					
Sale of Goods and Services	703	1,095	9	9	36,343	31,512	4,436	87,225	75,466	2,999	1,034	17,163	22,418	40	384	54	537	147,245	136,801					
Investment Revenue	24	2		(1)	478	458	62	1,213	1,477	57	7	4	453	2	2	2	2	2,103	2,451					
Grants and Contributions	1,153	3,348	506		11,426	7,165	379	3,078	4,360	91	296	13,845	4,653	3,577	1,406	2,736	4,737	36,793	26,206					
Other Revenue	47	911	1	2	921	1,293	310	2,344	3,273	112	7	510	1,326	4	4	4	990	4,065	6,115					
Total Revenue	4,177	6,224	578	45	53,582	43,478	8,010	115,155	94,645	6,609	3,000	35,328	30,455	3,877	2,179	2,979	6,527	1,489,519	1,372,726					
Gain / (Loss) on Disposal	(19)	(41)		(1)	(95)	(210)	(51)	(156)	(348)	(14)	(30)	(20)	(43)	(2)	(5)	(6)	(14)	(338)	(743)					
Other Gains / (Losses)	(1)	(63)	(1)	(1)	(24)	(189)	(37)	(58)	(452)	(11)	(6)	(6)	(17)	(6)	(2)	(3)	(3)	(105)	(820)					
Net Result	(71,421)	(68,350)	(1,783)	(1,810)	(202,571)	(174,248)	(118,840)	(615,575)	(627,069)	(109,852)	(93,323)	(74,683)	(82,906)	(14,603)	(20,199)	(14,290)	(10,737)	1,259,224	1,179,053	15,606	(19,881)			
Other Comprehensive Income Increase/(Decrease) in Revaluation Surplus																								
Other (SPECIFY)																								
Total Other Comprehensive Income	0	6,055	0	118	0	31,310	0	7,529	51,852	4,509	4,509	0	6,437	0	775	0	2,036	0	110,621	0	110,621			
Total Comprehensive Income	(71,421)	(62,295)	(1,783)	(1,692)	(202,571)	(142,938)	(111,263)	(615,575)	(675,217)	(105,343)	(88,814)	(74,683)	(76,469)	(14,603)	(19,424)	(14,290)	(8,701)	1,259,224	1,179,053	15,606	(9,260)	90,740		

* The name and purpose of each service group is summarised in Note 16

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

South Western Sydney Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2014

SWSLHD ASSETS AND LIABILITIES	Service Group 1.1 - Primary And Community Based Services		Service Group 1.2 - Aboriginal Health Services		Service Group 1.3 - Outpatient Services		Service Group 2.1 - Emergency Services		Service Group 2.2 - Inpatient Hospital Services		Service Group 3.1 - Mental Health Services		Service Group 4.1 - Rehabilitation And Extended Care Services		Service Group 5.1 - Population Health Services		Service Group 6.1 - Teaching And Research		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
ASSETS																						
Current Assets																						
Cash and Cash Equivalents	3,058	2,805	96	70	10,361	8,129	5,942	4,744	29,562	26,964	4,712	3,601	4,450	4,233	748	837	645	645			59,628	52,029
Receivables	181	312	3	3	9,359	9,782	700	1,377	22,463	23,426	770	321	4,420	6,959	10	119	14	167			37,920	42,466
Inventories	105	113	4	3	835	619	324	306	1,852	2,092	165	151	189	231	43	56	13	42			3,530	3,513
Financial Assets at Fair Value																						
Other Financial Assets																						
Other	62				240		108		450		54		61								1,000	
Non-Current Assets Held for Sale																						
Total Current Assets	3,406	3,231	103	76	20,795	18,530	7,074	6,427	54,327	52,482	5,701	4,073	9,120	11,423	808	1,012	744	854			102,078	98,108
Non-Current Assets																						
Receivables	6	10	2		322	321	24	45	773	770	26	11	152	229		4		5			1,305	1,395
Financial Assets at Fair Value																						
Other Financial Assets																						
Property, Plant and Equipment																						
- Land and Buildings	69,867	60,266	1,465	1,163	270,479	311,650	121,562	74,945	506,827	516,117	60,280	44,883	66,512	64,071	7,448	7,716	20,042	20,268			1,126,282	1,101,081
- Plant and Equipment	4,537	4,037	95	77	17,615	20,878	7,917	5,021	33,008	34,575	3,925	3,007	4,462	4,252	485	517	1,305	1,358			73,350	73,762
- Infrastructure Systems	736	656	15	12	2,858	3,394	1,285	816	5,355	5,621	637	489	724	698	79	84	212	221			11,901	11,991
- Leasehold Improvements																						
Intangible Assets																						
Other																						
Total Non-Current Assets	74,946	64,971	1,577	1,252	291,274	336,243	130,788	80,827	545,963	557,083	64,869	48,390	73,850	69,290	8,012	8,321	21,559	21,852			1,212,838	1,188,229
TOTAL ASSETS	78,352	68,202	1,680	1,328	312,069	354,773	137,862	87,254	600,290	609,565	70,570	52,463	82,970	80,713	8,820	9,333	22,303	22,706			1,314,916	1,286,337
LIABILITIES																						
Current Liabilities																						
Payables	2,712	2,794	94	73	21,535	15,279	8,355	7,549	47,735	51,607	4,262	3,715	4,873	5,706	1,107	1,392	331	1,026			81,004	89,143
Borrowings	180	43	6	1	611	125	351	73	1,744	415	278	55	263	65	44	13	41	10			3,516	800
Provisions	7,724	7,119	334	255	26,072	22,728	18,679	15,415	80,520	74,788	15,680	12,326	12,409	11,918	2,388	2,791	2,143	1,954			165,849	146,294
Other	19	442	2	11	65	1,280	37	747	186	4,248	30	557	28	667	5	132	4	102			376	8,195
Total Current Liabilities	10,635	10,389	436	340	48,283	39,412	27,422	23,784	130,185	131,058	20,150	16,663	17,573	18,356	3,544	4,328	2,519	3,094			260,747	247,433
Non-Current Liabilities																						
Borrowings	1,478	1,613	47	39	5,007	4,673	2,872	2,727	14,287	15,500	2,277	2,070	2,151	2,434	361	481	338	371			28,618	28,908
Provisions	37	107	1	4	123	340	88	231	381	1,119	74	184	59	178	11	42	10	29			764	2,234
Other																						
Total Non-Current Liabilities	1,515	1,720	48	43	5,130	5,013	2,960	2,958	14,668	16,619	2,351	2,254	2,210	2,612	372	523	348	400			29,602	32,142
TOTAL LIABILITIES	12,150	12,109	484	383	53,413	44,425	30,382	26,742	144,853	147,677	22,501	18,917	19,783	20,968	3,916	4,851	2,867	3,494			290,349	279,575
NET ASSETS	66,202	56,094	1,196	945	258,656	310,348	107,480	60,512	455,437	461,888	48,069	33,546	63,187	59,745	4,904	4,482	19,436	19,212			1,024,567	1,006,762

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

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

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

- * The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Special Purposes Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The South Western Sydney Local Health District Special Purpose Service Entity which was established as a Division of the Health Service on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the SWSLHD to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive on 19 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The SWSLHD's financial statements are general purpose financial statements which have been prepared on an accrual basis and 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 Public Finance and Audit Regulation 2010, and the Treasurers' Directions. Apart from the basis for the SWSLHD's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ad).

The financial statements of the SWSLHD have been prepared on a going concern basis.

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

Other circumstances why the going concern is appropriate include:

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

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

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

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

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.

Statement of Compliance

The financial statements and notes 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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.5% are applied to the value of leave payable at 30 June 2014 (comparable on-costs for 30 June 2013 were 14.9%). The SWSLHD has assessed the actuarial advice based on the SWSLHD's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

ii) Long Service Leave and Superannuation

The SWSLHD's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the SWSLHD as shown in Note 28.

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 14/04) 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 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) Consequential On-Costs

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

iv) Other Provisions

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

b) Insurance

The SWSLHD's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claims 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 SWSLHD transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

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

Patient Fees

Patient fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

High Cost Drugs

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

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

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

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the SWSLHD's right to receive payment is established.

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 residual of the Private Practice Trust Fund at the end of each financial year, such sum being credited for SWSLHD use in the advancement of the SWSLHD or individuals within it.

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

General operating expenses/revenues of \$28.913m (AFFILIATED HEALTH ORGANISATIONS) have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The SWSLHD is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

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

f) Interstate Patient Flows

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.

g) Acquisition of Assets

Assets acquired are initially recognised at cost. 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(aa)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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

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

h) Capitalisation Thresholds

Individual items of Property, Plant & Equipment are capitalised where their cost is \$10,000 or above.

i) Depreciation of Property, Plant and Equipment

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

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

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

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

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

j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 22 and Note 24 for further information regarding fair value.

The SWSLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the SWSLHD was completed in the 30 June 2013 financial year and was based on an independent assessment.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, 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 using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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

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

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

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus 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, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

l) Assets Not Able to be Reliably Measured

The SWSLHD does not hold assets that are not recognised in the Statement of Financial Position because they are unable to measure reliably the value of those assets.

m) Restoration Costs

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

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

The SWSLHD 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 of disposal. These assets are not depreciated while they are classified as held for sale.

o) Investment Properties

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

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

p) Intangible Assets

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

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

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

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

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

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

q) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

r) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

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

s) Inventories

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

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

t) Loans and Receivables

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

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

u) Investments

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

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

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

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

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

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

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

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

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

v) Impairment of financial assets

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

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

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

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

w) De-recognition of financial assets and financial liabilities

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

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

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

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

x) Payables

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

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

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

y) Borrowings

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

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

z) Fair Value Hierarchy

A number of the SWSLHD's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the SWSLHD categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- * Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- * Level 3 – inputs that are not based on observable market data (unobservable inputs).

The SWSLHD recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 24 and Note 39 for further disclosures regarding fair value measurements of financial and non-financial assets.

aa) Equity Transfers

The transfer of net assets between entities 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 SWSLHD recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the SWSLHD does not recognise that asset.

ab) Equity and Reserves

(i) Accumulated Funds

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

(ii) Revaluation Surplus

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

ac) Trust Funds

The SWSLHD receives monies in a trustee capacity for various trusts as set out in Note 31.

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

ad) 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".

ae) Service Group Statements Allocation Methodology

Using the statistical data for twelve months ending 30 June 2013, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2013-14 year.

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

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

af) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 January 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. No impact to prior year values, increased note disclosures, refer note 24.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 3 and 28.

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. Minor Adjustment has been made to note 39.

(ii) Issued but not yet 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 2010-7, regarding Financial Instruments has 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 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 profit entities, the changes have application from 1 July 2014. Based on the initial high level assessment performed by the Ministry of Health, this standard has been assessed as having no material effect. The SWSLHD in conjunction with the Ministry will be performing a detailed review of the impact of the standard to assess if any small foundations, trust or any other type of entities are controlled, noting if such relationship exists, it is still likely to be immaterial.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted for whole of government reporting.

AASB 9, Financial Instruments, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

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 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments has application from 1 July 2014.

AASB 2014-1, Amendments to Australian Accounting Standards is a summary of changes and impacts on wording arising from changes in other standards issued by the Australian Accounting Standards Board which have been already assessed above. This standard has application from 1 July 2014.

AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements which should have minimal impact due to exemptions not applying to General Government Sector Entities. This standard has application from 1 July 2014.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	596,823	581,873
----	----	Overtime	32,219	33,970
----	----	Penalties	60,523	60,535
----	----	Superannuation - Defined Benefit Plans	8,192	8,413
----	----	Superannuation - Defined Contribution Plans	66,415	61,298
----	----	Long Service Leave	33,694	12,727
----	----	Annual Leave	84,594	68,137
----	----	Sick Leave and Other Leave	46,962	28,304
----	----	Redundancies	190	249
----	----	Workers' Compensation Insurance	20,243	22,701
----	----	Fringe Benefits Tax	213	139
----	----		950,068	878,346
The following additional information is provided:				
----	----	Employee Related Expenses Capitalised - Land and Buildings	259	180
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
596,823	581,873	Salaries and Wages	----	----
32,219	33,970	Overtime	----	----
60,523	60,535	Penalties	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
66,415	61,298	Superannuation - Defined Contribution Plans	----	----
1,797	1,040	Long Service Leave	----	----
84,594	68,137	Annual Leave	----	----
46,962	28,304	Sick Leave and Other Leave	----	----
190	249	Redundancies	----	----
20,243	22,701	Workers' Compensation Insurance	----	----
213	139	Fringe Benefits Tax	----	----
909,979	858,246		----	----
The following additional information is provided:				
259	180	Personnel Services Expenses Capitalised - Land and Buildings	----	----
5. Other Operating Expenses				
413	258	Advertising	413	258
261	303	Auditor's Remuneration - Audit of Financial Statements	261	303
10,069	9,463	Blood and Blood Products	10,069	9,463
25	11	Capital Project Expense	25	11
819	574	Consultancies	819	574
2,773	2,191	Contractors	2,773	2,191
19,427	17,765	Domestic Supplies and Services	19,427	17,765
56,032	52,931	Drug Supplies	56,032	52,931
26,889	28,310	Food Supplies	26,889	28,310
12,912	12,841	Fuel, Light and Power	12,912	12,841
21,425	21,098	Other (See (a) below)	21,425	21,098
4,938	5,278	Hospital Ambulance Transport Costs	4,938	5,278
8,051	6,022	Information Management Expenses	8,051	6,022
1,764	1,947	Insurance	1,764	1,947
31,240	30,127	Maintenance (See (b) below)	31,240	30,127
80,957	83,687	Medical and Surgical Supplies	80,957	83,687
2,272	2,388	Motor Vehicle Expenses	2,272	2,388
2,463	2,612	Postal and Telephone Costs	2,463	2,612
3,853	4,499	Printing and Stationery	3,853	4,499
2,000	2,501	Rates and Charges	2,000	2,501
2,393	2,014	Rental	2,393	2,014
4,826	8,177	Hosted services purchased from Other LHDs	4,826	8,177
53,371	48,591	Special Service Departments	53,371	48,591
7,476	7,821	Staff Related Costs	7,476	7,821
5,713	4,105	Travel Related Costs	5,713	4,105
362,362	355,514		362,362	355,514

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		(a) Other Includes:		
6,570	6,150	Contract for Patient Services	6,570	6,150
3,060	2,987	Corporate Support Services	3,060	2,987
625	633	Courier and Freight	625	633
61	91	Isolated Patient Travel and Accommodation Assistance Scheme	61	91
214	201	Legal Services	214	201
203	151	Membership/Professional Fees	203	151
2,592	3,452	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,592	3,452
-----	6	Public Private Partnership	-----	6
1,163	978	Other Operating Lease Expense - Minimum Lease Payments	1,163	978
47	93	Quality Assurance/Accreditation	47	93
2,764	3,316	Security Services	2,764	3,316
4,126	3,040	Other Miscellaneous	4,126	3,040
21,425	21,098		21,425	21,098
		(b) Reconciliation of Total Maintenance		
16,792	15,213	Maintenance Contracts	16,792	15,213
8,691	12,007	New/Replacement Equipment under \$10,000	8,691	12,007
5,752	3,959	Repairs Maintenance/Non Contract	5,752	3,959
5	(1,052)	Other	5	(1,052)
31,240	30,127	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	31,240	30,127
4,296	2,982	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	4,296	2,982
35,536	33,109	Total Maintenance Expenses	35,536	33,109

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
6. Depreciation and Amortisation				
37,643	37,488	Depreciation - Buildings	37,643	37,488
14,064	13,764	Depreciation - Plant and Equipment	14,064	13,764
334	555	Depreciation - Infrastructure Systems	334	555
<u>52,041</u>	<u>51,807</u>		<u>52,041</u>	<u>51,807</u>
7. Grants and Subsidies				
7,879	7,594	Non-Government Organisations	7,879	7,594
428	1,326	Grants to Research Organisations	428	1,326
-----	6	NSW Government Sector Grants	-----	6
568	879	Other Grants	568	879
<u>8,875</u>	<u>9,805</u>		<u>8,875</u>	<u>9,805</u>
8. Finance Costs				
2,421	997	Interest on Loans	2,421	997
<u>2,421</u>	<u>997</u>		<u>2,421</u>	<u>997</u>
9. Payments to Affiliated Health Organisations				
16,253	15,919	Braeside Hospital	16,253	15,919
2,061	3,130	Carrington Centennial Care	2,061	3,130
5,620	5,502	Karitane	5,620	5,502
514	505	South Western Sydney Scarba Service	514	505
4,464	4,957	STARTTS	4,464	4,957
<u>28,913</u>	<u>30,013</u>		<u>28,913</u>	<u>30,013</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
10. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
862	876	Pharmacy Sales	862	876
2,592	2,980	Sale of Prosthesis	2,592	2,980
140	115	Other	140	115
(b) Rendering of Services comprise the following:-				
		Patient Fees		
49,579	51,173	- Inpatient Fees	49,579	51,173
233	10	- Nursing Home Fees	233	10
1,203	1,081	- Non Inpatient Fees	1,203	1,081
25,381	23,655	Department of Veterans' Affairs	25,381	23,655
121	145	Staff-Meals and Accommodation	121	145
14,088	11,827	Infrastructure Fees - Monthly Facility Charge	14,088	11,827
5,737	6,820	- Annual Charge	5,737	6,820
1,162	1,993	Cafeteria/Kiosk	1,162	1,993
3,330	2,675	Car Parking	3,330	2,675
1,581	1,291	Child Care Fees	1,581	1,291
164	42	Clinical Services (excluding Clinical Drug Trials)	164	42
552	1,702	Commercial Activities	552	1,702
201	161	Fees for Medical Records	201	161
42	32	Information Retrieval	42	32
24,307	21,229	High Cost Drugs	24,307	21,229
18	44	Linen Service Revenues - Other Health Services	18	44
14,026	7,905	Motor Accident Authority Third Party	14,026	7,905
167	34	Private Use of Motor Vehicles	167	34
638	583	Salary Packaging Fee	638	583
519	290	Services Provided to Non NSW Health Organisations	519	290
2	----	Shared Corporate Services	2	----
45	1	Multi Purpose Service Centre Fees	45	1
555	137	Other	555	137
147,245	136,801		147,245	136,801
11. Investment Revenue				
----	----	Dividends	----	----
2,103	2,451	Interest	2,103	2,451
----	----	T Corp Hour Glass Investment Facilities Designated at Fair Value	----	----
----	----	through Profit or Loss	----	----
----	----	Other	----	----
2,103	2,451		2,103	2,451

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
12. Grants and Contributions				
2,030	1,012	Clinical Drug Trials	2,030	1,012
21,519	10,803	Commonwealth Government Grants	21,519	10,803
474	1,023	Commonwealth Teaching Hospital Grants	474	1,023
2,586	2,900	Industry Contributions/Donations	2,586	2,900
2,875	991	Cancer Institute Grants	2,875	991
3,487	2,921	NSW Government Grants	3,487	2,921
432	----	Grants from Other NSW Health Entities	432	----
683	1,060	Research Grants	683	1,060
2,707	5,496	Other Grants	2,707	5,496
36,793	26,206		36,793	26,206
13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	8,192	8,413
----	----	Long Service Leave	31,897	11,687
----	----		40,089	20,100
14. Other Revenue				
Other Revenue comprises the following:-				
22	----	Bad Debts Recovered	22	----
557	438	Commissions	557	438
1,016	941	Conference and Training Fees	1,016	941
163	11	Discounts	163	11
66	42	Insurance Refunds	66	42
1,036	1,332	Lease and Rental Income	1,036	1,332
----	3,753	Property not Previously Recognised	----	3,753
2	6	Sale of Merchandise, Old Wares and Books	2	6
202	145	Sponsorship Income	202	145
38	7	Unclaimed Deposits	38	7
963	1,440	Other	963	1,440
4,065	8,115		4,065	8,115

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
15. Gain / (Loss) on Disposal				
8,077	30,450	Property, Plant and Equipment	8,077	30,450
7,729	29,675	Less: Accumulated Depreciation	7,729	29,675
<u>348</u>	<u>775</u>	Written Down Value	<u>348</u>	<u>775</u>
10	32	Less: Proceeds from Disposal	10	32
<u>(338)</u>	<u>(743)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(338)</u>	<u>(743)</u>
<u>(338)</u>	<u>(743)</u>	Total Gain/(Loss) on Disposal	<u>(338)</u>	<u>(743)</u>
16. Other Gains / (Losses)				
(105)	(820)	Impairment of Receivables	(105)	(820)
<u>(105)</u>	<u>(820)</u>		<u>(105)</u>	<u>(820)</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT & CONSOLIDATION

17. Conditions on Contributions

	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	3,972	7,259	11,231
Contributions recognised in previous years which were not expended in the current reporting period	11,659	24,208	35,867
Total amount of unexpended contributions as at balance date	<u>15,631</u>	<u>31,467</u>	<u>47,099</u>

Comment on restricted assets appears in Note 25

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

18. Service Groups of the SWSLHD

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

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

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	CONSOLIDATION		
PARENT	2014	2013	2013
	\$000	\$000	\$000
19. Cash and Cash Equivalents			
Cash at Bank and On Hand	18,625	12,191	12,191
Short Term Deposits	41,003	39,838	39,838
	59,628	52,029	52,029
<p>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>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:</p>			
	59,628	52,029	52,029
	59,628	52,029	52,029

Refer to Note 39 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT		CONSOLIDATION	
2014 \$000	2013 \$000	2014 \$000	2013 \$000
20. Receivables			
Current			
19,282	18,905	19,282	18,905
6,682	17,998	6,682	17,998
4,106	3,721	4,106	3,721
<u>8,628</u>	<u>3,449</u>	<u>8,628</u>	<u>3,449</u>
38,698	44,073	38,698	44,073
<u>(2,741)</u>	<u>(4,187)</u>	<u>(2,741)</u>	<u>(4,187)</u>
35,957	39,886	35,957	39,886
1,963	2,580	1,963	2,580
<u>37,920</u>	<u>42,466</u>	<u>37,920</u>	<u>42,466</u>
(a) Movement in the Allowance for Impairment			
Sale of Goods and Services			
(3,733)	(4,450)	(3,733)	(4,450)
1,334	1,186	1,334	1,186
----	32	----	32
----	(501)	----	(501)
<u>(2,399)</u>	<u>(3,733)</u>	<u>(2,399)</u>	<u>(3,733)</u>
(b) Movement in the Allowance for Impairment			
Other Debtors			
(454)	(337)	(454)	(337)
217	202	217	202
----	----	----	----
(105)	(319)	(105)	(319)
<u>(342)</u>	<u>(454)</u>	<u>(342)</u>	<u>(454)</u>
<u>(2,741)</u>	<u>(4,187)</u>	<u>(2,741)</u>	<u>(4,187)</u>
Non-Current			
1,305	1,395	1,305	1,395
<u>1,305</u>	<u>1,395</u>	<u>1,305</u>	<u>1,395</u>
The current and non-current sale of goods and services balances above include the following patient fee receivables:			
(Current and Non-Current) include:			
2,029	909	2,029	909
4,368	4,090	4,368	4,090
8,523	9,840	8,523	9,840
<u>14,920</u>	<u>14,839</u>	<u>14,920</u>	<u>14,839</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 39.

South Western Sydney Local-Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
21. Inventories - Current - Held for Distribution				
3,331	3,329	Drugs	3,331	3,329
131	126	Medical and Surgical Supplies	131	126
68	94	Engineering Supplies	68	94
----	64	Other Including Goods in Transit	----	64
<u>3,530</u>	<u>3,613</u>		<u>3,530</u>	<u>3,613</u>

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
1,704,850	1,642,031	Gross Carrying Amount	1,704,850	1,642,031
578,568	540,950	Less: Accumulated Depreciation and Impairment	578,568	540,950
<u>1,126,282</u>	<u>1,101,081</u>	Net Carrying Amount	<u>1,126,282</u>	<u>1,101,081</u>
Plant and Equipment - Fair Value				
172,847	166,542	Gross Carrying Amount	172,847	166,542
99,497	92,780	Less: Accumulated Depreciation and Impairment	99,497	92,780
<u>73,350</u>	<u>73,762</u>	Net Carrying Amount	<u>73,350</u>	<u>73,762</u>
Infrastructure Systems - Fair Value				
13,567	13,322	Gross Carrying Amount	13,567	13,322
1,666	1,331	Less: Accumulated Depreciation and Impairment	1,666	1,331
<u>11,901</u>	<u>11,991</u>	Net Carrying Amount	<u>11,901</u>	<u>11,991</u>
<u>1,211,533</u>	<u>1,186,834</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,211,533</u>	<u>1,186,834</u>

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

22. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2014					
Net Carrying Amount at Start of Year	94,488	1,006,593	73,762	11,991	1,186,834
Additions	-----	63,751	13,182	-----	76,933
Reclassifications to Intangibles	-----	-----	-----	-----	-----
Recognition of Assets Held for Sale	(1,000)	-----	-----	-----	(1,000)
Disposals	-----	(6)	(342)	-----	(348)
Administrative Restructures - Transfers In/(Out)	-----	-----	1,155	-----	1,155
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	-----	-----	-----	-----	-----
Impairment Losses (Recognised in "Other Gains/Losses")	-----	-----	-----	-----	-----
Depreciation Expense	-----	(37,643)	(14,064)	(334)	(52,041)
Reclassifications	-----	99	(343)	244	-----
Net Carrying Amount at End of Year	93,488	1,032,794	73,350	11,901	1,211,533

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2013					
Net Carrying Amount at Start of Year	85,770	892,414	76,260	1,333	1,055,777
Additions	1,410	49,739	11,636	231	63,016
Reclassifications to Intangibles	-----	-----	-----	-----	-----
Recognition of Assets Held for Sale	-----	-----	-----	-----	-----
Disposals	-----	-----	(775)	-----	(775)
Administrative Restructures - Transfers In/(Out)	-----	13,948	71	-----	14,019
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	7,308	103,313	-----	-----	110,621
Impairment Losses (Recognised in "Other Gains/Losses")	-----	-----	-----	-----	-----
Depreciation Expense	-----	(41,467)	(13,803)	(554)	(55,824)
Reclassifications	-----	(11,354)	373	10,981	-----
Net Carrying Amount at End of Year	94,488	1,006,593	73,762	11,991	1,186,834

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 24.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the SWSLHD [see note 2(g)].
- (ii) Indices provided by Liquid Pacific Holdings P/L were not applied as immaterial.

South Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
23. Non-Current Assets (or Disposal Groups) Held for Sale				
		Assets Held for Sale		
1,000	-----	Land and Buildings	1,000	-----
1,000	-----		1,000	-----

The non-current asset held for sale constitutes an asset that is surplus to requirements and is actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale in the next twelve months. The Asset Held for Sale property is measured at the net carrying amount of the Land and Building of the Community Health Centre, located at 28 Cordeaux Street, Campbelltown. An independent market valuation conducted by Egan National Valuers (NSW) in May 2014 provided a market valuation of \$1.2m, however in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, measurement is at the lower of the carrying amount and its fair value less costs to sell.

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

24. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for the following has not been provided as permitted by the transitional provisions of the new standard.

a) Fair Value Hierarchy	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2014				
Property, Plant and Equipment (Note 22)*				
- Land and Buildings	----	157,285	968,997	1,126,282
- Infrastructure Systems	----	----	11,901	11,901
Non-Current Assets (or Disposal Groups) Held for Sale (Note 23)	----	1,000	----	1,000
	-----	-----	-----	-----
	----	158,285	980,898	1,139,183

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

*For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant and Equipment are not required to be reported under the fair value hierarchy.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure the SWSLHD obtains external valuations by independent valuers every three years. The last revaluation was performed by Liquid Pacific Holdings P/L for the 2012/13 financial year. Liquid Pacific Holdings P/L is an independent entity and is not an employee of the SWSLHD.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 22 reconciliation.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The following non-current assets categorised in a) above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

All of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations.

All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs although these lands are not identical.

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and are included in level 2.

Work in Progress and Newly Completed Buildings are categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer an identical correlation with the "shelf product".

Non-Current Assets Held for Sale is a non-recurring item that is measured at fair value less cost to sell, which is less than its carrying amount. These assets are categorised as level 2.

Level 3 disclosures:

Buildings and Infrastructure

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual building and infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations. The useful economic life of the assets is initially assessed at 40 years. The remaining economic life is assessed based upon physical depreciation and obsolescence. The district provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed over the past four years have been included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The District is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

South Western Sydney Local Health District
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PARENT & CONSOLIDATION

24. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements	Land and Buildings \$000	Infrastructure \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2013	1,005,913	11,991	1,017,904
Disposals	(6)	----	(6)
Depreciation	(35,910)	(334)	(36,244)
Other - Transfer to Asset Held for Sale / Reclass from Infrastructure WIP	(1,000)	244	(756)
Fair value as at 30 June 2014	<u><u>968,997</u></u>	<u><u>11,901</u></u>	<u><u>980,898</u></u>

There have been no transfers from Level 2 to Level 3. Any such transfers from Level 2 would mainly relate to assets initially recognised at cost (e.g. Work in Progress) which have in the current year, been subject to asset revaluations consistent with the specialised nature/use of the assets.

South Western Sydney Local Health District
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	PARENT	CONSOLIDATION	
	2014	2014	2013
	\$000	\$000	\$000
25. Restricted Assets			
<p>The SWSLHD's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>			
	Category		
	12,313	12,313	15,056
			Specific Purposes
	11,147	11,147	10,617
			Research Grants
	18,120	18,120	14,877
			Private Practice Funds
	1,034	1,034	1,071
			Other - Clinical Services
	2,948	2,948	2,872
			Other - Community Services
	1,536	1,536	1,695
			Other - Nursing Services
	47,099	47,099	46,188

South Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		26. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	23,307	20,978
----	----	Taxation and Payroll Deductions	5,008	4,754
28,315	25,732	Accrued Liability - Purchase of Personnel Services	----	----
30,395	35,632	Creditors	30,395	35,632
		Other Creditors		
16,468	13,115	- Intra Health Liability	16,468	13,115
15,826	14,664	- Other	15,826	14,664
91,004	89,143		91,004	89,143

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

27. Borrowings

		Current		
3,518	800	Other Loans and Deposits	3,518	800
3,518	800		3,518	800
		Non-Current		
28,818	29,908	Other Loans and Deposits	28,818	29,908
28,818	29,908		28,818	29,908

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

Final Repayment is scheduled for 31st March, 2018 for the Birralee Childcare Centre loan and 31st March, 2023 for the Liverpool Carpark loan.

These loans still to be extinguished represent monies to be repaid to the Commonwealth Department of Family and Community Services, and the NSW Ministry of Health respectively.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

South Western Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
28. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	79,033	82,033
----	----	Annual Leave - Long Term Benefit	71,925	55,616
----	----	Long Service Leave - Short Term Benefit	----	479
----	----	Long Service Leave - Long Term Benefit	----	11,055
----	----	Long Service Leave Consequential On-Costs	14,891	111
165,849	149,294	Provision for Personnel Services Liability	----	----
165,849	149,294	Total Current Provisions	165,849	149,294
Non-Current				
----	----	Long Service Leave - Conditional	----	2,228
----	----	Long Service Leave Consequential On-Costs	784	6
784	2,234	Provision for Personnel Services Liability	----	----
784	2,234	Total Non-Current Provisions	784	2,234
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	165,849	149,294
----	----	Provisions - Non-Current	784	2,234
----	----	Accrued Salaries, Wages and On-Costs (Note 26)	28,315	25,732
194,948	177,260	Liability - Purchase of Personnel Services	----	----
194,948	177,260		194,948	177,260
29. Other Liabilities				
Current				
376	8,196	Income in Advance	376	8,196
376	8,196		376	8,196

Income in Advance in 2013/14 is made up of prepaid patient accounts, i.e. deferred Patient Fees revenue. This compares to \$0.267m in 2012/13.

The balance of 2012/13 Income in Advance comprised grant and clinical trials revenue of \$7.9m that was allocated to revenue in 2013/14.

South Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		30. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	22,555	33,234
22,555	33,234	Later than one year and not later than five years	1,285	38,569
1,285	38,569	Later than five years	-----	-----
-----	-----			
<u>23,840</u>	<u>71,803</u>	Total Capital Expenditure Commitments (Including GST)	<u>23,840</u>	<u>71,803</u>
		Of the commitments reported at 30 June 2014 it is expected that \$7,243m will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	3,167	3,587
3,167	3,587	Later than one year and not later than five years	3,984	3,920
3,984	3,920	Later than five years	92	-----
92	-----			
<u>7,243</u>	<u>7,507</u>	Total Operating Lease Commitments (Including GST)	<u>7,243</u>	<u>7,507</u>

The operating lease commitments above are for motor vehicles and medical equipment.

(c) **Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$31.083m million as at 30 June 2014 includes input tax credits of \$0.658m that are expected to be recoverable from the Australian Taxation Office (2013 \$0.682m).

South Western Sydney Local Health District
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PARENT AND CONSOLIDATION

31. Trust Funds

The SWSLHD holds trust fund moneys of \$919 thousand which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash Balance at the beginning of the financial year	456	438	318	291	46	45	820	774
Receipts	68	34	424	205	29,682	27,615	30,174	27,854
Expenditure	(23)	(16)	(408)	(178)	(29,644)	(27,614)	(30,075)	(27,808)
Cash Balance at the end of the financial year	501	456	334	318	84	46	919	820

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PARENT AND CONSOLIDATED

32. 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 2007/08 fund year and an interim adjustment for the 2009/10 fund year were not calculated until 2013/14.

As a result, the 2008/09 final and 2010/11 pertaining to the hospitals and community services now forming part of the SWSLHD will be paid in 2014/15. It is not possible for the SWSLHD to reliably quantify the benefit to be received or amount payable.

South Western Sydney Local Health District
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
33. Reconciliation of Cash Flows from Operating Activities to Net Result				
81,852	36,101	Net Cash Flows from Operating Activities	81,852	36,101
(52,041)	(51,807)	Depreciation	(52,041)	(51,807)
(105)	(820)	Allowance for Impairment	(105)	(820)
7,820	(6,718)	(Increase)/ Decrease Income in Advance	7,820	(6,718)
(15,107)	(3,150)	(Increase)/ Decrease in Provisions	(15,107)	(3,150)
(4,372)	1,689	Increase / (Decrease) in Prepayments and Other Assets	(4,372)	1,689
(2,103)	5,567	(Increase)/ Decrease in Creditors	(2,103)	5,567
(338)	(743)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(338)	(743)
15,606	(19,881)	Net Result	15,606	(19,881)
34. Non-Cash Financing and Investing Activities				
----	----	Assets Received by Donation	----	----
----	----	Property, Plant and Equipment Acquired by Finance Lease	----	----
----	----	Other (SPECIFY)	----	----
----	----		----	----

35. 2013/14 Voluntary Services

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

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

36. Unclaimed Monies

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

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

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

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PARENT AND CONSOLIDATION

37. Budget Review - Parent and Consolidated

Net Result

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

Revenue favourability due to activity increases in DVA & MAA revenue of \$8.6m plus an increase in grants & contributions income (Commonwealth grants and Clinical Trials), due to the release of prior year Income in Advance of \$7.9m. This was offset by unfavourability in Employee Related Expenditure, (primarily Workers Compensation premiums of \$4.6m), and Visiting Medical Officer payments of \$5.9m.

Assets and Liabilities

The actual net assets for the SWSLHD are higher than budgeted net assets by \$5 million.

Total assets are higher than budget by \$6.2 million, predominantly due to cash and cash equivalents being higher than budget by \$5.4 million.

Total liabilities are higher than budget by \$1.2 million, mainly due to current liabilities being higher than budget by \$12.5 million, which is mostly offset by non current liabilities being lower than budget by \$11.3 million.

Cash Flows

The variance of \$5.4 million between the actual and budgeted cash flows is mainly due to the under-budgeted cash inflows of \$3.7 million from operating activities. Cash inflows from financing activities were over budget by \$1.6 million, whilst cash outflows from investing activities were slightly under budget by \$0.1 million.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on the 16th July, 2013 are as follows:

	\$000
Initial Allocation, 16/07/2013	1,116,871
Growth Allocation	31,937
Employee Award Changes: health services and medical staff	22,423
General Escalation	11,605
NSW Office of Preventive Health	3,065
Inter District Agreement, SWSLHD and SLHD, Pathology	348
NSW Palliative Care Program	1,337
NSW Refugee Health Nurse Program	1,235
Nurse/ Midwife Strategy	2,155
Treasury Managed Fund 2013_14 Allocation Adjustment	621
Drug Health Projects	740
Population Health Projects	201
Other New Initiatives and Projects	2,390
Aged Care Program Funding	172
Mental Health Projects	419
Balance as per Statement of Comprehensive Income	1,195,519

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

Equity transfers effected in the 2012/13 year were:

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

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

A decrease in net assets of \$0.707 million relating to Inter-Entity (Health Agency), balances with SLHD that were not effected upon the dissolution of HRTOs on 31 May 2012.

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

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

Equity transfers effected in the 2013/14 year were:

An increase in net assets of \$2.199m relating to the transfer from Sydney Local Health District of the final split of the HRTOW bank balance of \$1.044m and transfer of the BreastScreen Service Plant and Equipment of \$1.155m.

	2014	2013
	\$000	\$000
Equity transfers effected comprised:		
NSW Health Pathology	-----	13,948
Sydney Local Health District	2,199	6,364
Crown Entity - Transfer of Long Service Leave On-costs	-----	2,505
	2,199	22,817
Assets and Liabilities transferred are as follows:		
	2014	2013
	\$000	\$000
Assets		
Cash	1,044	-----
Receivables	-----	7,000
Land and Buildings	-----	13,948
Plant and Equipment	1,155	71
Total Assets	2,199	21,019
Liabilities		
Payables	-----	(707)
Provisions	-----	2,505
Total Liabilities	-----	1,798
Increase/(Decrease) in Net Assets From Equity Transfers	2,199	22,817

South Western Sydney Local Health District
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39. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2014 \$000	Carrying Amount 2013 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	59,628	52,029
Receivables (note 20)*	Loans and receivables (at amortised cost)	31,851	36,165
Total Financial Assets		<u>91,479</u>	<u>88,194</u>
Financial Liabilities			
Borrowings (note 27)	Financial liabilities	32,336	30,708
Payables (note 26)**	measured at	85,996	84,389
Other (note 29)	amortised cost	----	----
Total Financial Liabilities		<u>118,332</u>	<u>115,097</u>

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)

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(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the SWSLHD. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

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

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 3.38% in 2013/14 compared to 3.60% in the previous year.

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

Receivables - trade debtors

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

The SWSLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014:\$29.322m; 2013: \$30.366m) and not more than 3 months past due (2014: \$4.378m; 2013:\$5.691m) are not considered impaired. Together these represent 87% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the SWSLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

2014	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	4,378	4,378	-----
3 months - 6 months overdue	2,332	1,660	672
> 6 months overdue	2,665	596	2,069
2013			
<3 months overdue	5,691	5,691	-----
3 months - 6 months overdue	3,311	3,311	-----
> 6 months overdue	4,706	519	4,187

Notes

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

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

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Authority Deposits

The SWSLHD has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.03% (2013 - 2.58%), while over the year the weighted average interest rate was 2.92% (2013 - 3.68%) on a weighted average balance during the year of \$40.469m (2013 - \$39.234m). None of these assets are past due or impaired.

(c) Liquidity Risk

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

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The SWSLHD has exposure to liquidity risk.

However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the SWSLHD fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
2014							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		23,307	----	----	23,307	----	----
- Creditors		62,689	----	----	62,689	----	----
Borrowings:							
- Loans and Deposits	7.74%	29,061	29,061	----	----	3,500	20,974
- Other (Birralee Childcare Centre Loan)	0.00%	354	----	----	354	18	49
		<u>115,411</u>	<u>29,061</u>	<u>----</u>	<u>86,350</u>	<u>89,514</u>	<u>21,023</u>
2013							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		20,978	----	----	20,978	20,978	----
- Creditors		63,411	----	----	63,411	63,411	----
Borrowings:							
- Loans and Deposits	7.74%	29,037	29,037	----	----	800	18,955
- Other (Birralee Childcare Centre Loan)	0.00%	354	----	----	354	18	67
		<u>113,780</u>	<u>29,037</u>	<u>----</u>	<u>84,743</u>	<u>85,207</u>	<u>19,022</u>
							<u>26,614</u>

Notes:

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

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(d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the SWSLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2014					
Financial Assets					
Cash and Cash Equivalents	59,628	(596)	(596)	596	596
Receivables	31,851	----	----	----	----
Financial Assets at Fair Value	----	----	----	----	----
Other Financial Assets	----	----	----	----	----
Financial Liabilities					
Payables	85,996	----	----	----	----
Borrowings	32,336	323	323	(323)	(323)
Other	----	----	----	----	----
2013					
Financial Assets					
Cash and Cash Equivalents	52,029	(520)	(520)	520	520
Receivables	36,165	----	----	----	----
Financial Assets at Fair Value	----	----	----	----	----
Other Financial Assets	----	----	----	----	----
Financial Liabilities					
Payables	84,389	----	----	----	----
Borrowings	30,708	307	307	(307)	(307)
Other	----	----	----	----	----

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Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2014	2013
			\$'000	\$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	41,003	39,838

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

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

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

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

	Change in unit price	Impact on profit/loss	
		2014 \$'000	2013 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	410	398

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

The following table details the financial instruments where the fair value differs from the carrying amount:

	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
	Carrying amount	Carrying amount	Fair value	Fair value
Financial assets	41,003	39,838	41,003	39,838
Tcorp Hour-Glass Cash Facility				

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	41,003	-----	41,003
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	39,838	-----	39,838

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

There were no transfers between level 1 and 2 during the period ended 30 June 2014.

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

40. Events after the Reporting Period

A contractual agreement is due to be signed in 2014/15 with Ingham Institute which will give effect to:

1. SWSLHD recognizing an Emerging Asset over the period of 40 years for the use of the privately funded Ingham Institute building being located on Liverpool Hospital land.
2. As part of this, SWSLHD will earn Operating Lease revenue for Ingham Institute's use of the land.
3. SWSLHD will incur an Operating Lease expense for the use of the Ingham Institute building.

END OF AUDITED FINANCIAL STATEMENTS