



## INDEPENDENT AUDITOR'S REPORT

### Western Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Western Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 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 does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income, statement of financial position and statement of cash flows.

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

### Chief Executive's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

## **Independence**

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

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



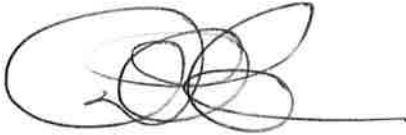
Chris Clayton  
Director, Financial Audit Services

24 September 2014  
SYDNEY

**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 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 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.



Danny O'Connor  
**Chief Executive**  
18 September 2014



Leena Singh  
**Executive Director Finance**  
18 September 2014

**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	2014	2013			2014	2014	2013
\$000	\$000	\$000			\$000	\$000	\$000
			<b>Expenses excluding losses</b>				
			Operating Expenses				
			Employee Related	3	965,621	949,976	900,050
920,821	905,255	877,830	Personnel Services	4	----	----	----
34,566	32,935	34,520	Visiting Medical Officers		34,566	32,935	34,520
368,479	365,798	366,393	Other Operating Expenses	5	368,479	365,798	366,393
59,253	61,003	60,501	Depreciation and Amortisation	2(i), 6	59,253	61,003	60,501
18,627	17,715	63,425	Grants and Subsidies	7	18,627	17,715	63,425
294	556	460	Finance Costs	8	294	556	460
1,756	758	700	Payments to Affiliated Health Organisations	9	1,756	758	700
<b>1,403,796</b>	<b>1,384,020</b>	<b>1,403,829</b>	<b>Total Expenses excluding losses</b>		<b>1,448,596</b>	<b>1,428,741</b>	<b>1,426,049</b>
			<b>Revenue</b>				
1,128,249	1,112,714	1,080,307	NSW Ministry of Health Recurrent Allocations	2(d)	1,128,249	1,112,714	1,080,307
89,741	91,035	55,895	NSW Ministry of Health Capital Allocations	2(d)	89,741	91,035	55,895
----	----	----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	44,800	44,721	22,220
163,213	156,571	170,387	Sale of Goods and Services	10	163,213	156,571	170,387
2,738	9,320	5,045	Investment Revenue	11	2,738	9,320	5,045
36,653	39,991	23,982	Grants and Contributions	12	36,653	39,991	23,982
15,743	4,642	13,161	Other Revenue	14	15,743	4,642	13,161
<b>1,436,337</b>	<b>1,414,273</b>	<b>1,348,777</b>	<b>Total Revenue</b>		<b>1,481,137</b>	<b>1,458,994</b>	<b>1,370,997</b>
<b>(1,436)</b>	<b>(1,032)</b>	<b>(285)</b>	<b>Gain / (Loss) on Disposal</b>	15	<b>(1,436)</b>	<b>(1,032)</b>	<b>(285)</b>
<b>(1,699)</b>	<b>(1,107)</b>	<b>(2,406)</b>	<b>Other Gains / (Losses)</b>	16	<b>(1,699)</b>	<b>(1,107)</b>	<b>(2,406)</b>
<b>29,406</b>	<b>28,114</b>	<b>(57,743)</b>	<b>Net Result</b>	33	<b>29,406</b>	<b>28,114</b>	<b>(57,743)</b>
			<b>Other Comprehensive Income</b>				
			<b>Items that will not be reclassified to net result</b>				
			Net Increase/(Decrease) in Property, Plant &				
(2,415)	----	----	Equipment Revaluation Surplus	22	(2,415)	----	----
<b>(2,415)</b>	<b>----</b>	<b>----</b>	<b>Total Other Comprehensive Income</b>		<b>(2,415)</b>	<b>----</b>	<b>----</b>
<b>26,991</b>	<b>28,114</b>	<b>(57,743)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>26,991</b>	<b>28,114</b>	<b>(57,743)</b>

The accompanying notes form part of these financial statements.

**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
<b>ASSETS</b>						
<b>Current Assets</b>						
67,985	64,046	69,229	19	67,985	64,046	69,229
59,375	59,988	56,834	20	59,375	59,988	56,834
9,984	8,960	8,960	21	9,984	8,960	8,960
<b>137,344</b>	<b>132,994</b>	<b>135,023</b>		<b>137,344</b>	<b>132,994</b>	<b>135,023</b>
<b>Non-Current Assets</b>						
3,129	3,132	3,132	20	3,129	3,132	3,132
947,473	983,027	896,208	22	947,473	983,027	896,208
53,507	28,095	72,280	22	53,507	28,095	72,280
22,775	24,883	24,884	22	22,775	24,883	24,884
1,023,755	1,036,005	993,372		1,023,755	1,036,005	993,372
835	799	1,130	23	835	799	1,130
<b>1,027,719</b>	<b>1,039,936</b>	<b>997,634</b>		<b>1,027,719</b>	<b>1,039,936</b>	<b>997,634</b>
<b>1,165,063</b>	<b>1,172,930</b>	<b>1,132,657</b>		<b>1,165,063</b>	<b>1,172,930</b>	<b>1,132,657</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
78,661	81,086	76,187	26	78,661	81,086	76,187
1,036	561	1,661	27	1,036	561	1,661
151,205	150,780	141,600	28	151,205	150,780	141,600
713	1,516	1,516	29	713	1,516	1,516
<b>231,615</b>	<b>233,943</b>	<b>220,964</b>		<b>231,615</b>	<b>233,943</b>	<b>220,964</b>
<b>Non-Current Liabilities</b>						
4,047	5,083	5,083	27	4,047	5,083	5,083
955	-----	820	28	955	-----	820
<b>5,002</b>	<b>5,083</b>	<b>5,903</b>		<b>5,002</b>	<b>5,083</b>	<b>5,903</b>
<b>236,617</b>	<b>239,026</b>	<b>226,867</b>		<b>236,617</b>	<b>239,026</b>	<b>226,867</b>
<b>928,446</b>	<b>933,904</b>	<b>905,790</b>		<b>928,446</b>	<b>933,904</b>	<b>905,790</b>
<b>EQUITY</b>						
30,598	33,013	33,013		30,598	33,013	33,013
897,848	900,891	872,777		897,848	900,891	872,777
<b>928,446</b>	<b>933,904</b>	<b>905,790</b>		<b>928,446</b>	<b>933,904</b>	<b>905,790</b>

The accompanying notes form part of these financial statements.

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

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2013		872,777	33,013	905,790
<b>Total Equity at 1 July 2013</b>		<b>872,777</b>	<b>33,013</b>	<b>905,790</b>
Net Result for the year		29,406		29,406
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	22	----	(2,415)	(2,415)
<b>Total Other Comprehensive Income</b>		<b>----</b>	<b>(2,415)</b>	<b>(2,415)</b>
<b>Total Comprehensive Income for the year</b>		<b>29,406</b>	<b>(2,415)</b>	<b>26,991</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	37	(4,335)	----	(4,335)
<b>Balance at 30 June 2014</b>		<b>897,848</b>	<b>30,598</b>	<b>928,446</b>
Balance at 1 July 2012		973,774	33,013	1,006,787
<b>Total Equity at 1 July 2012</b>		<b>973,774</b>	<b>33,013</b>	<b>1,006,787</b>
Net Result for the year		(57,743)		(57,743)
Other Comprehensive Income:				
<b>Total Other Comprehensive Income</b>		<b>----</b>	<b>----</b>	<b>----</b>
<b>Total Comprehensive Income for the year</b>		<b>(57,743)</b>	<b>----</b>	<b>(57,743)</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	37	(43,254)	----	(43,254)
<b>Balance at 30 June 2013</b>		<b>872,777</b>	<b>33,013</b>	<b>905,790</b>

The accompanying notes form part of these financial statements.

**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	2014	2013
\$000	\$000	\$000		\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
—	—	—		(925,145)	(936,325)	(889,532)
(22,598)	(20,688)	(72,358)	Employee Related	(22,598)	(20,688)	(72,358)
(158)	(556)	(127)	Grants and Subsidies	(158)	(556)	(127)
(1,376,328)	(1,340,841)	(1,354,804)	Finance Costs	(451,183)	(404,516)	(465,272)
			Other			
(1,399,084)	(1,362,085)	(1,427,289)	<b>Total Payments</b>	(1,399,084)	(1,362,085)	(1,427,289)
<b>Receipts</b>						
1,128,249	1,112,714	1,080,307	NSW Ministry of Health Recurrent Allocations	1,128,249	1,112,714	1,080,307
89,741	91,035	55,895	NSW Ministry of Health Capital Allocations	89,741	91,035	55,895
14,882	14,882	14,551	Reimbursements from the Crown Entity	14,882	14,882	14,551
161,566	120,332	193,192	Sale of Goods and Services	161,566	120,332	193,192
2,738	9,320	5,045	Interest Received	2,738	9,320	5,045
39,572	42,909	27,801	Grants and Contributions	39,572	42,909	27,801
59,711	71,148	65,807	Other	59,711	71,148	65,807
1,496,459	1,462,340	1,442,598	<b>Total Receipts</b>	1,496,459	1,462,340	1,442,598
<b>97,375</b>	<b>100,255</b>	<b>15,309</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>97,375</b>	<b>100,255</b>	<b>15,309</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
644	—	—	Proceeds from Sale of Property, Plant & Equipment and Intangibles	644	—	—
(93,551)	(104,338)	(61,352)	Purchases of Property, Plant & Equipment and Intangibles	(93,551)	(104,338)	(61,352)
<b>(92,907)</b>	<b>(104,338)</b>	<b>(61,352)</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(92,907)</b>	<b>(104,338)</b>	<b>(61,352)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
(2)	(2)	858	Proceeds from Borrowings and Advances	(2)	(2)	858
(1,796)	(1,098)	(1,120)	Repayment of Borrowings and Advances	(1,796)	(1,098)	(1,120)
<b>(1,798)</b>	<b>(1,100)</b>	<b>(262)</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(1,798)</b>	<b>(1,100)</b>	<b>(262)</b>
2,670	(5,183)	(46,305)	<b>NET INCREASE / (DECREASE) IN CASH</b>	2,670	(5,183)	(46,305)
69,229	69,229	135,396	Opening Cash and Cash Equivalents	69,229	69,229	135,396
(3,914)	—	(19,862)	Cash Transferred In/(Out) as a Result of Administrative Restructuring	(3,914)	—	(19,862)
<b>67,985</b>	<b>64,046</b>	<b>69,229</b>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>67,985</b>	<b>64,046</b>	<b>69,229</b>

The accompanying notes form part of these financial statements.

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

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total				
	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	\$000	
<b>Expenses excluding losses</b>																									
Operating Expenses	21,244	60,863	966	2,340	138,084	115,926	96,562	78,934	483,776	408,984	111,046	108,996	85,662	53,193	14,484	33,032	33,797	37,992					965,621	900,050	
Employee Related	657	728			4,666	3,048	1,383	1,222	24,660	26,253	1,462	1,367	657	680	691	839	380	383					34,566	34,520	
Visiting Medical Officers	8,107	17,147	368	806	81,434	72,216	31,689	30,924	184,240	178,177	32,795	24,438	16,213	17,587	3,316	12,164	10,317	12,934					368,479	366,393	
Other Operating Expenses	2,607	3,927	59	36	9,421	9,099	4,918	4,550	30,635	27,957	4,740	5,300	3,496	3,449	1,185	3,659	2,192	2,644					59,253	60,501	
Depreciation and Amortisation	894	1,116	186	228	8,587	10,611	37	44	578	705	708	882	56	57	93	114	7,488	49,668					18,627	63,425	
Grants and Subsidies	7	28	1	1	43	63	28	39	147	220	31	47	18	26	4	17	15	19					294	460	
Finance Costs																							1,756	700	
Payments to Affiliated Health Organisations																							1,756	700	
<b>Total Expenses excluding losses</b>	<b>33,516</b>	<b>83,809</b>	<b>1,580</b>	<b>3,411</b>	<b>242,235</b>	<b>210,963</b>	<b>134,617</b>	<b>115,713</b>	<b>724,056</b>	<b>642,296</b>	<b>150,772</b>	<b>141,030</b>	<b>87,858</b>	<b>75,692</b>	<b>19,773</b>	<b>49,705</b>	<b>54,189</b>	<b>103,630</b>					<b>1,448,596</b>	<b>1,426,049</b>	
<b>Revenue</b>																									
NSW Ministry of Health Recurrent Allocations **																								1,128,249	1,080,307
NSW Ministry of Health Capital Allocations **																							89,741	55,895	
Acceptance by the Crown Entity																									
Sale of Goods and Services	2,300	1,644		22	4,928	1,755	4,077	2,044	19,397	11,177	6,317	2,800	3,002	1,622	717	289	4,032	867					44,800	22,220	
Investment Revenue	326	801			28,296	30,533	979	5,095	108,048	106,679	6,650	2,471	16,321	20,429		136	653	4,243					163,213	170,387	
Grants and Contributions	25	8			449	978	47	112	1,728	3,315	172	14	274	614	5	1	38	3					2,798	5,045	
Other Revenue	770	3,734	37		4,472	1,367	257	31	5,166	1,135	1,210	475	12,132	724	5,205	7,456	7,404	9,060					36,653	23,982	
Other Revenue	724	995		5	2,078	1,344	708	569	8,581	6,878	1,527	1,611	1,322	1,170	110	157	683	432					15,743	13,161	
<b>Total Revenue</b>	<b>4,175</b>	<b>7,182</b>	<b>37</b>	<b>27</b>	<b>40,163</b>	<b>35,977</b>	<b>6,068</b>	<b>7,851</b>	<b>142,920</b>	<b>129,184</b>	<b>17,876</b>	<b>7,371</b>	<b>33,051</b>	<b>24,559</b>	<b>6,037</b>	<b>9,039</b>	<b>12,820</b>	<b>14,605</b>	<b>1,217,990</b>	<b>1,136,202</b>	<b>1,481,137</b>	<b>1,370,997</b>	<b>1,481,137</b>	<b>1,370,997</b>	
Gain / (Loss) on Disposal	(7)	(1)			(146)	(29)	(40)	(6)	(1,127)	(225)	(16)	(3)	(78)	(15)				(32)	(6)				(1,436)	(285)	
Other Gains / (Losses)	(54)	(77)	(5)	(7)	(292)	(414)	(48)	(67)	(1,046)	(1,480)	(15)	(22)	(217)	(308)	(22)	(31)							(1,699)	(2,406)	
<b>Not Result</b>	<b>(29,402)</b>	<b>(76,505)</b>	<b>(1,548)</b>	<b>(3,391)</b>	<b>(202,510)</b>	<b>(175,429)</b>	<b>(128,627)</b>	<b>(107,935)</b>	<b>(583,309)</b>	<b>(514,817)</b>	<b>(132,927)</b>	<b>(133,684)</b>	<b>(55,102)</b>	<b>(51,456)</b>	<b>(13,758)</b>	<b>(41,697)</b>	<b>(41,401)</b>	<b>(89,031)</b>	<b>1,217,990</b>	<b>1,136,202</b>	<b>29,406</b>	<b>(57,743)</b>	<b>29,406</b>	<b>(57,743)</b>	
<b>Other Comprehensive Income</b>																									
Increase/(Decrease) in Revaluation Surplus									(2,415)															(2,415)	
<b>Total Other Comprehensive Income</b>	<b>(29,402)</b>	<b>(76,505)</b>	<b>(1,548)</b>	<b>(3,391)</b>	<b>(202,510)</b>	<b>(175,429)</b>	<b>(128,627)</b>	<b>(107,935)</b>	<b>(585,724)</b>	<b>(514,817)</b>	<b>(132,927)</b>	<b>(133,684)</b>	<b>(55,102)</b>	<b>(51,456)</b>	<b>(13,758)</b>	<b>(41,697)</b>	<b>(41,401)</b>	<b>(89,031)</b>	<b>1,217,990</b>	<b>1,136,202</b>	<b>26,991</b>	<b>(57,743)</b>	<b>26,991</b>	<b>(57,743)</b>	

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

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



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

DISTRICT ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	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	\$000
<b>ASSETS</b>																								
Current Assets																								
Cash and Cash Equivalents	1,573	4,059	74	166	10,241	10,241	6,318	5,617	33,982	31,181	7,076	6,846	4,123	3,675	928	2,413	2,543	5,031	2,543	5,031	67,985	69,229		
Receivables	119	287	—	—	10,272	10,185	356	1,699	39,305	35,585	3,147	824	5,938	6,814	—	45	238	1,415	238	1,415	59,375	56,834		
Inventories	220	419	10	20	2,206	1,766	859	756	4,951	4,358	889	598	439	430	90	297	280	316	280	316	9,984	8,960		
<b>Total Current Assets</b>	<b>1,912</b>	<b>4,745</b>	<b>84</b>	<b>186</b>	<b>22,192</b>	<b>23,846</b>	<b>7,533</b>	<b>8,072</b>	<b>78,278</b>	<b>71,124</b>	<b>11,112</b>	<b>8,268</b>	<b>10,500</b>	<b>10,919</b>	<b>1,018</b>	<b>2,755</b>	<b>3,061</b>	<b>6,762</b>	<b>3,061</b>	<b>6,762</b>	<b>137,344</b>	<b>135,023</b>		
Non-Current Assets																								
Receivables	6	15	—	—	561	561	19	94	2,071	1,960	166	45	313	376	—	—	13	78	13	78	3,129	3,132		
Property, Plant and Equipment																								
- Land and Buildings	41,689	58,164	947	538	134,790	134,790	78,640	67,395	489,844	414,137	75,798	78,508	55,901	51,084	18,949	52,428	35,057	39,164	35,057	39,164	947,473	896,208		
- Plant and Equipment	2,354	4,681	54	43	8,508	10,871	4,441	5,435	27,662	33,401	4,281	6,332	3,157	4,120	1,070	4,228	1,980	3,159	1,980	3,159	53,507	72,280		
- Infrastructure Systems	1,002	1,615	23	15	3,621	3,743	1,890	1,871	11,774	11,499	1,822	2,180	1,344	1,418	456	1,456	843	1,087	843	1,087	22,775	24,864		
Intangible Assets	37	73	1	1	133	170	69	85	431	523	67	99	49	64	17	66	31	49	31	49	835	1,130		
<b>Total Non-Current Assets</b>	<b>45,088</b>	<b>64,558</b>	<b>1,025</b>	<b>597</b>	<b>150,135</b>	<b>163,451</b>	<b>85,059</b>	<b>74,880</b>	<b>531,782</b>	<b>461,520</b>	<b>82,134</b>	<b>87,164</b>	<b>60,764</b>	<b>57,062</b>	<b>20,492</b>	<b>58,181</b>	<b>37,924</b>	<b>43,537</b>	<b>37,924</b>	<b>43,537</b>	<b>1,027,719</b>	<b>987,634</b>		
<b>TOTAL ASSETS</b>	<b>47,000</b>	<b>69,303</b>	<b>1,109</b>	<b>783</b>	<b>172,327</b>	<b>187,297</b>	<b>92,592</b>	<b>82,952</b>	<b>610,060</b>	<b>532,644</b>	<b>93,246</b>	<b>95,432</b>	<b>71,264</b>	<b>67,981</b>	<b>21,510</b>	<b>60,936</b>	<b>40,985</b>	<b>50,289</b>	<b>40,985</b>	<b>50,289</b>	<b>1,165,063</b>	<b>1,132,657</b>		
<b>LIABILITIES</b>																								
Current Liabilities																								
Payables	1,731	3,566	79	168	15,016	15,016	6,765	6,430	39,329	37,050	7,001	5,082	3,461	3,657	708	2,529	2,203	2,689	2,203	2,689	78,661	76,187		
Borrowings	24	97	1	4	173	246	96	135	518	748	108	164	63	88	14	58	39	121	39	121	1,036	1,661		
Provisions	3,327	9,544	151	368	21,622	18,238	15,121	12,418	75,753	64,342	17,389	17,148	10,282	8,369	2,268	5,197	5,292	5,976	5,292	5,976	151,205	141,600		
Other	16	89	1	4	119	224	86	123	357	663	74	150	43	80	10	53	27	110	27	110	773	1,516		
<b>Total Current Liabilities</b>	<b>5,098</b>	<b>13,296</b>	<b>232</b>	<b>544</b>	<b>33,724</b>	<b>33,724</b>	<b>22,048</b>	<b>19,106</b>	<b>115,957</b>	<b>102,823</b>	<b>24,572</b>	<b>22,544</b>	<b>13,849</b>	<b>12,194</b>	<b>3,000</b>	<b>7,837</b>	<b>7,561</b>	<b>8,696</b>	<b>7,561</b>	<b>8,696</b>	<b>231,615</b>	<b>220,964</b>		
Non-Current Liabilities																								
Borrowings	94	298	4	12	677	752	376	412	2,024	2,290	421	503	245	270	55	177	151	369	151	369	4,047	5,083		
Provisions	21	55	1	2	137	106	96	72	478	373	110	99	65	48	14	30	33	35	33	35	955	820		
<b>Total Non-Current Liabilities</b>	<b>115</b>	<b>353</b>	<b>5</b>	<b>14</b>	<b>814</b>	<b>858</b>	<b>472</b>	<b>484</b>	<b>2,502</b>	<b>2,663</b>	<b>531</b>	<b>602</b>	<b>310</b>	<b>318</b>	<b>69</b>	<b>207</b>	<b>184</b>	<b>404</b>	<b>184</b>	<b>404</b>	<b>5,002</b>	<b>5,903</b>		
<b>TOTAL LIABILITIES</b>	<b>5,213</b>	<b>13,649</b>	<b>237</b>	<b>558</b>	<b>40,112</b>	<b>34,582</b>	<b>22,520</b>	<b>19,590</b>	<b>118,459</b>	<b>105,486</b>	<b>25,103</b>	<b>23,146</b>	<b>14,159</b>	<b>12,512</b>	<b>3,069</b>	<b>8,044</b>	<b>7,745</b>	<b>9,300</b>	<b>7,745</b>	<b>9,300</b>	<b>236,617</b>	<b>226,867</b>		
<b>NET ASSETS</b>	<b>41,787</b>	<b>55,654</b>	<b>872</b>	<b>225</b>	<b>147,185</b>	<b>137,745</b>	<b>70,072</b>	<b>63,362</b>	<b>491,601</b>	<b>427,158</b>	<b>68,143</b>	<b>72,286</b>	<b>57,105</b>	<b>55,469</b>	<b>18,441</b>	<b>52,892</b>	<b>33,240</b>	<b>40,989</b>	<b>33,240</b>	<b>40,989</b>	<b>928,446</b>	<b>905,790</b>		

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

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

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

- \* The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Special Purposes 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 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 District to exercise its functions.

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

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

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive on 18 September 2014.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

The District'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 District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ab).

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

The Secretary of Health, the Chair of 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 District's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the District fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other circumstances why the going concern is appropriate include:

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

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

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 also 14.9%). The District has assessed the actuarial advice based on the District'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 District'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 District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 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 District has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

**b) Insurance**

The District's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past 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 District 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 District, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

*Department of Veterans' Affairs*

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

### *Investment Revenue*

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

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

### *Use of Outside Facilities*

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

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

### *Grants and Contributions*

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

### *NSW Ministry of Health Allocations*

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

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

General operating expenses/revenues of Lottie Stewart Hospital (an Affiliated Health Organisation) have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisation concerned. The District is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisation and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

- \* amount of GST incurred by the District as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of 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(y)).

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

**h) Capitalisation Thresholds**

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

**i) Depreciation of Property, Plant and Equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the District. Land is not a depreciable asset. All material 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%
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(m).

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 District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District was completed in the 30 June 2012 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) Restoration Costs**

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

**m) Investment Properties**

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

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

**n) Intangible Assets**

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

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

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

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

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

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

**o) Maintenance**

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

**p) Leased Assets**

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

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

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

**q) Inventories**

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

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

**r) Loans and Receivables**

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

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

**s) Investments**

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

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

**t) Impairment of financial assets**

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

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

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

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

**u) De-recognition of financial assets and financial liabilities**

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

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

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

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

**v) Payables**

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

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

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

**w) Borrowings**

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

**x) Fair Value Hierarchy**

A number of the District'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 District 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 District 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 38 for further disclosures regarding fair value measurements of financial and non-financial assets.

**y) 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 District recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the District does not recognise that asset.

**z) 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 District's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

**(iii) Separate Reserves**

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

**aa) Trust Funds**

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

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

**ab) Budgeted Amounts**

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

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

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

**ad) 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 38.

**(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 District 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.

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
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	609,771	608,843
----	----	Overtime	32,926	30,958
----	----	Penalties	58,793	58,369
----	----	Superannuation - Defined Benefit Plans	12,290	12,759
----	----	Superannuation - Defined Contribution Plans	67,035	61,805
----	----	Long Service Leave	35,218	9,044
----	----	Annual Leave	83,200	75,412
----	----	Sick Leave and Other Leave	49,665	25,563
----	----	Redundancies	1,161	3,108
----	----	Workers' Compensation Insurance	15,562	13,829
----	----	Fringe Benefits Tax	----	360
-----	-----		<u>965,621</u>	<u>900,050</u>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
609,771	608,843	Salaries and Wages	----	----
32,926	30,958	Overtime	----	----
58,793	58,369	Penalties	----	----
67,035	61,805	Superannuation - Defined Contribution Plans	----	----
2,708	(417)	Long Service Leave	----	----
83,200	75,412	Annual Leave	----	----
49,665	25,563	Sick Leave and Other Leave	----	----
1,161	3,108	Redundancies	----	----
15,562	13,829	Workers' Compensation Insurance	----	----
----	360	Fringe Benefits Tax	----	----
<u>920,821</u>	<u>877,830</u>		-----	-----
<b>5. Other Operating Expenses</b>				
400	350	Advertising	400	350
193	199	Auditor's Remuneration - Audit of Financial Statements	193	199
7,696	7,071	Blood and Blood Products	7,696	7,071
105	121	Capital Project Expense	105	121
2,210	3,172	Consultancies	2,210	3,172
5	(72)	Contractors	5	(72)
16,914	15,980	Domestic Supplies and Services	16,914	15,980
56,849	59,474	Drug Supplies	56,849	59,474
22,967	22,635	Food Supplies	22,967	22,635
12,069	11,974	Fuel, Light and Power	12,069	11,974
31,994	27,667	Other (See (a) below)	31,994	27,667
3,582	3,773	Hospital Ambulance Transport Costs	3,582	3,773
22,348	19,157	Information Management Expenses	22,348	19,157
2,320	2,301	Insurance	2,320	2,301
24,560	25,100	Maintenance (See (b) below)	24,560	25,100
72,323	70,900	Medical and Surgical Supplies	72,323	70,900
1,674	1,503	Motor Vehicle Expenses	1,674	1,503
3,603	2,892	Postal and Telephone Costs	3,603	2,892
4,635	4,099	Printing and Stationery	4,635	4,099
2,434	2,170	Rates and Charges	2,434	2,170
2,518	2,380	Rental	2,518	2,380
183	----	Hosted services purchased from Other LHDs	183	----
64,045	71,607	Special Service Departments	64,045	71,607
6,519	5,734	Staff Related Costs	6,519	5,734
6,333	6,206	Travel Related Costs	6,333	6,206
<u>368,479</u>	<u>366,393</u>		<u>368,479</u>	<u>366,393</u>



Western Sydney Local Health District  
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		<b>(a) Other Includes:</b>		
1,924	888	Contract for Patient Services	1,924	888
8,468	7,585	Corporate Support Services	8,468	7,585
489	461	Courier and Freight	489	461
270	144	Legal Services	270	144
1,062	1,009	Membership/Professional Fees	1,062	1,009
2,274	2,603	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	2,274	2,603
3,344	4,262	Other Operating Lease Expense - Minimum Lease Payments	3,344	4,262
25	50	Quality Assurance/Accreditation	25	50
325	428	Security Services	325	428
13,813	10,237	Other Miscellaneous	13,813	10,237
<b>31,994</b>	<b>27,667</b>		<b>31,994</b>	<b>27,667</b>
		<b>(b) Reconciliation of Total Maintenance</b>		
9,109	8,801	Maintenance Contracts	9,109	8,801
6,405	4,988	New/Replacement Equipment under \$10,000	6,405	4,988
10,104	12,432	Repairs Maintenance/Non Contract	10,104	12,432
(1,058)	(1,121)	Other	(1,058)	(1,121)
24,560	25,100	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	24,560	25,100
4,568	3,997	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	4,568	3,997
<b>29,128</b>	<b>29,097</b>	Total Maintenance Expenses	<b>29,128</b>	<b>29,097</b>

Western Sydney Local Health District  
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
40,817	40,001	Depreciation - Buildings	40,817	40,001
14,915	15,954	Depreciation - Plant and Equipment	14,915	15,954
2,230	1,882	Depreciation - Infrastructure Systems	2,230	1,882
1,291	2,664	Amortisation - Intangible Assets	1,291	2,664
<u>59,253</u>	<u>60,501</u>		<u>59,253</u>	<u>60,501</u>
<b>7. Grants and Subsidies</b>				
6,625	7,040	Non-Government Organisations	6,625	7,040
8	1,248	Grants to Research Organisations	8	1,248
14	----	Grant Payments to Other NSW Health Entities	14	----
11,980	55,137	Other Grants	11,980	55,137
<u>18,627</u>	<u>63,425</u>		<u>18,627</u>	<u>63,425</u>
<b>8. Finance Costs</b>				
158	333	Interest on Loans	158	333
136	127	Other Interest Charges	136	127
<u>294</u>	<u>460</u>		<u>294</u>	<u>460</u>
<b>9. Payments to Affiliated Health Organisations</b>				
1,756	700	(a) Recurrent Sourced Lottie Stewart Hospital	1,756	700
<u>1,756</u>	<u>700</u>		<u>1,756</u>	<u>700</u>
Lottie Stewart Hospital ceased operating as a public health facility in August 2013.				

Western Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
<b>10. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
585	554	Pharmacy Sales	585	554
5,392	5,522	Sale of Prosthesis	5,392	5,522
204	9,885	Other	204	9,885
(b) Rendering of Services comprise the following:-				
		Patient Fees		
51,831	46,094	- Inpatient Fees	51,831	46,094
1,470	1,527	- Nursing Home Fees	1,470	1,527
676	(304)	- Non Inpatient Fees	676	(304)
12,254	11,826	Department of Veterans' Affairs	12,254	11,826
371	366	Staff-Meals and Accommodation	371	366
25,091	19,045	Infrastructure Fees - Monthly Facility Charge	25,091	19,045
6,271	11,541	- Annual Charge	6,271	11,541
232	308	Cafeteria/Kiosk	232	308
4,720	4,501	Car Parking	4,720	4,501
1,765	1,907	Child Care Fees	1,765	1,907
1,210	897	Clinical Services (excluding Clinical Drug Trials)	1,210	897
7,452	13,153	Commercial Activities	7,452	13,153
240	285	Fees for Medical Records	240	285
-----	1	Information Retrieval	-----	1
23,132	22,764	High Cost Drugs	23,132	22,764
14,220	12,297	Motor Accident Authority Third Party	14,220	12,297
90	117	Private Use of Motor Vehicles	90	117
461	476	Salary Packaging Fee	461	476
-----	1,451	Hosted services provided to Other LHDs	-----	1,451
131	801	Services Provided to Non NSW Health Organisations	131	801
-----	44	Shared Corporate Services	-----	44
5,415	5,329	Other	5,415	5,329
<u>163,213</u>	<u>170,387</u>		<u>163,213</u>	<u>170,387</u>
<b>11. Investment Revenue</b>				
2,642	5,045	Interest Bank & Term Deposits	2,642	5,045
96	-----	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	96	-----
<u>2,738</u>	<u>5,045</u>		<u>2,738</u>	<u>5,045</u>

Western Sydney Local Health District  
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
<b>12. Grants and Contributions</b>				
5,198	5,046	Clinical Drug Trials	5,198	5,046
14,158	1,486	Commonwealth Government Grants	14,158	1,486
4,797	1,267	Industry Contributions/Donations	4,797	1,267
7,768	6,966	Cancer Institute Grants	7,768	6,966
10	202	NSW Government Grants	10	202
2,951	4,600	Research Grants	2,951	4,600
1,771	4,415	Other Grants	1,771	4,415
<u>36,653</u>	<u>23,982</u>		<u>36,653</u>	<u>23,982</u>
 <b>13. Acceptance by the Crown Entity of employee benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	12,290	12,759
----	----	Long Service Leave	32,510	9,461
<u>-----</u>	<u>-----</u>		<u>44,800</u>	<u>22,220</u>
 <b>14. Other Revenue</b>				
Other Revenue comprises the following:-				
27	9	Bad Debts Recovered	27	9
487	353	Commissions	487	353
734	516	Conference and Training Fees	734	516
790	83	Discounts	790	83
115	18	Insurance Refunds	115	18
6,278	4,447	Lease and Rental Income	6,278	4,447
134	101	Sale of Merchandise, Old Wares and Books	134	101
230	315	Treasury Managed Fund Hindsight Adjustment	230	315
6,948	7,319	Other	6,948	7,319
<u>15,743</u>	<u>13,161</u>		<u>15,743</u>	<u>13,161</u>

Western Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		<b>15. Gain / (Loss) on Disposal</b>		
33,275	10,280	Property, Plant and Equipment	33,275	10,280
31,195	9,995	Less: Accumulated Depreciation	31,195	9,995
<u>2,080</u>	<u>285</u>	<b>Written Down Value</b>	<u>2,080</u>	<u>285</u>
644	----	Less: Proceeds from Disposal	644	----
<u>(1,436)</u>	<u>(285)</u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u>(1,436)</u>	<u>(285)</u>
		<b>16. Other Gains / (Losses)</b>		
(1,699)	(2,406)	Impairment of Receivables	(1,699)	(2,406)
<u>(1,699)</u>	<u>(2,406)</u>		<u>(1,699)</u>	<u>(2,406)</u>

Western Sydney Local Health District  
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**PARENT & CONSOLIDATION**

**17. Conditions on Contributions**

	<b>Purchase of Assets</b>	<b>Health Promotion, Education and Research</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	509	1,954	117	2,580
Contributions recognised in previous years which were not expended in the current reporting period	7,134	57,023	2,228	66,385
Total amount of unexpended contributions as at balance date	7,643	58,977	2,345	68,965

Comment on restricted assets appears in Note 25

Western Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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**18. Service Groups of the District**

**Service Group 1.1 - Primary and Community Based Services**

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

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

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

**Service Group 1.2 - Aboriginal Health Services**

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

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

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

**Service Group 1.3 - Outpatient Services**

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

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

**Service Group 2.1 - Emergency Services**

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

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

**Service Group 2.2 - Inpatient Hospital Services**

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

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

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

Western Sydney Local Health District  
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**Service Group 3.1 - Mental Health Services**

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

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

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

**Service Group 4.1 - Rehabilitation and Extended Care Services**

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

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

**Service Group 5.1 - Population Health Services**

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

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

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

**Service Group 6.1 - Teaching and Research**

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

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

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



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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
<b>19. Cash and Cash Equivalents</b>				
22,831	46,578	Cash at Bank and On Hand	22,831	46,578
<u>45,154</u>	<u>22,651</u>	Short Term Deposits	<u>45,154</u>	<u>22,651</u>
<b><u>67,985</u></b>	<b><u>69,229</u></b>		<b><u>67,985</u></b>	<b><u>69,229</u></b>
<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 &amp; 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>				
<u>67,985</u>	<u>69,229</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>67,985</u>	<u>69,229</u>
<b><u>67,985</u></b>	<b><u>69,229</u></b>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<b><u>67,985</u></b>	<b><u>69,229</u></b>

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

Western Sydney Local Health District  
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		<b>20. Receivables</b>		
		<b>Current</b>		
22,019	17,795	Sale of Goods and Services	22,019	17,795
10,207	10,618	Intra Health Receivables	10,207	10,618
3,678	3,642	Goods and Services Tax	3,678	3,642
20,777	32,201	Other Debtors	20,777	32,201
56,681	64,256	<b>Sub Total</b>	56,681	64,256
(4,170)	(8,352)	Less Allowance for Impairment	(4,170)	(8,352)
52,511	55,904	<b>Sub Total</b>	52,511	55,904
6,864	930	Prepayments	6,864	930
59,375	56,834		59,375	56,834
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(3,476)	(2,132)	Balance at Commencement of Reporting Period	(3,476)	(2,132)
1,447	1,109	Amounts written off during the period	1,447	1,109
(1,627)	(2,453)	(Increase)/decrease in Allowance Recognised in the Income Statement	(1,627)	(2,453)
(3,656)	(3,476)	Balance at 30 June	(3,656)	(3,476)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(4,876)	(5,659)	Balance at Commencement of Reporting Period	(4,876)	(5,659)
4,434	736	Amounts written off during the period	4,434	736
(72)	47	(Increase)/decrease in Allowance Recognised in the Income Statement	(72)	47
(514)	(4,876)	Balance at 30 June	(514)	(4,876)
(4,170)	(8,352)		(4,170)	(8,352)
		<b>Non-Current</b>		
3,129	3,132	Prepayments	3,129	3,132
3,129	3,132		3,129	3,132
The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
3,197	2,273	Patient Fees - Compensable	3,197	2,273
6,255	5,037	Patient Fees - Ineligible	6,255	5,037
7,613	6,075	Patient Fees - Inpatient & Other	7,613	6,075
17,065	13,385		17,065	13,385

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

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**PARENT**

**CONSOLIDATION**

**2014**                      **2013**  
**\$000**                      **\$000**

**2014**                      **2013**  
**\$000**                      **\$000**

**21. Inventories - Current - Held for Distribution**

7,257	6,702		7,257	6,702
2,533	2,226	Drugs	2,533	2,226
194	32	Medical and Surgical Supplies	194	32
<u>9,984</u>	<u>8,960</u>	Other Including Goods in Transit	<u>9,984</u>	<u>8,960</u>
<b>9,984</b>	<b>8,960</b>		<b>9,984</b>	<b>8,960</b>

Western Sydney Local Health District  
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
<b>22. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
2,046,042	1,954,225	Gross Carrying Amount	2,046,042	1,954,225
1,098,569	1,058,017	Less: Accumulated Depreciation and Impairment	1,098,569	1,058,017
<u>947,473</u>	<u>896,208</u>	Net Carrying Amount	<u>947,473</u>	<u>896,208</u>
<b>Plant and Equipment - Fair Value</b>				
163,956	197,773	Gross Carrying Amount	163,956	197,773
110,449	125,493	Less: Accumulated Depreciation and Impairment	110,449	125,493
<u>53,507</u>	<u>72,280</u>	Net Carrying Amount	<u>53,507</u>	<u>72,280</u>
<b>Infrastructure Systems - Fair Value</b>				
68,450	68,329	Gross Carrying Amount	68,450	68,329
45,675	43,445	Less: Accumulated Depreciation and Impairment	45,675	43,445
<u>22,775</u>	<u>24,884</u>	Net Carrying Amount	<u>22,775</u>	<u>24,884</u>
<u>1,023,755</u>	<u>993,372</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>1,023,755</u>	<u>993,372</u>

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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
<b>2014</b>					
Net Carrying Amount at Start of Year	252,382	643,826	72,280	24,884	993,372
Additions	1,600	85,962	5,850	8	93,420
Reclassifications to Intangibles	----	----	(895)	----	(895)
Recognition of Assets Held for Sale	----	----	----	----	----
Disposals	(578)	----	(1,502)	----	(2,080)
Administrative Restructures - Transfers In/(Out)	----	----	315	----	315
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	(1,827)	(588)	----	----	(2,415)
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----
Depreciation Expense	----	(40,817)	(14,915)	(2,230)	(57,962)
Reclassifications	----	7,513	(7,626)	113	----
Net Carrying Amount at End of Year	<b>251,577</b>	<b>695,896</b>	<b>53,507</b>	<b>22,775</b>	<b>1,023,755</b>

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
<b>2013</b>					
Net Carrying Amount at Start of Year	271,992	637,673	84,373	26,651	1,020,689
Additions	----	51,978	9,674	26	61,678
Reclassifications to Intangibles	----	----	----	----	----
Recognition of Assets Held for Sale	----	----	----	----	----
Disposals	----	----	(287)	----	(287)
Administrative Restructures - Transfers In/(Out)	(19,610)	(3,789)	(10,443)	(15)	(33,857)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----
Depreciation Expense	----	(40,001)	(15,954)	(1,882)	(57,837)
Reclassifications	----	(2,035)	4,917	104	2,986
Net Carrying Amount at End of Year	<b>252,382</b>	<b>643,826</b>	<b>72,280</b>	<b>24,884</b>	<b>993,372</b>

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 District [see note 2(g)].
- (ii) Indices provided by AON Risk Solutions were not applied as immaterial.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		<b>23. Intangible Assets</b>		
		<b>Intangibles</b>		
29,306	28,280	Cost (Gross Carrying Amount)	29,306	28,280
<u>28,471</u>	<u>27,150</u>	Less Accumulated Amortisation and Impairment	<u>28,471</u>	<u>27,150</u>
<u><b>835</b></u>	<u><b>1,130</b></u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u><b>835</b></u>	<u><b>1,130</b></u>

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**PARENT & CONSOLIDATION**

**23. Intangibles - Reconciliation**

	Intangibles \$000
<b>2014</b>	
Net Carrying Amount at Start of Year	1,130
Additions (From Internal Development or Acquired Separately)	131
Reclassifications from Plant & Equipment	895
Amortisation (Recognised in Depreciation and Amortisation)	(1,291)
Other Movements	(30)
<b>Net Carrying Amount at End of Year</b>	<b>835</b>

	Intangibles \$000
<b>2013</b>	
Net Carrying Amount at Start of Year	7,316
Additions (From Internal Development or Acquired Separately)	21
Reclassifications from Plant & Equipment	(2,987)
Amortisation (Recognised in Depreciation and Amortisation)	(2,664)
Other Movements	(556)
<b>Net Carrying Amount at End of Year</b>	<b>1,130</b>

Western Sydney Local Health District  
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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 2 \$000	Level 3 \$000	Total \$000
<b>2014</b>			
Property, Plant and Equipment (Note 22)*			
- Land and Buildings	217,396	730,077	947,473
- Infrastructure Systems	----	22,775	22,775
	<b>217,396</b>	<b>752,852</b>	<b>970,248</b>

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 District obtains external valuations by independent valuers every three years. The last revaluation was performed by AON Risk Solutions for the 11/12 financial year. AON Risk Solutions is an independent entity and is not an employee of the District.

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.

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

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 included in level 2.

Work in Progress and Newly Completed Buildings is 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 a identical correlation with the "shelf product".

**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.



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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	771,027	24,884	795,911
Additions	----	8	8
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation	(2,415)	----	(2,415)
Transfers from Level 2	----	113	113
Disposals	(578)	----	(578)
Depreciation	(37,957)	(2,230)	(40,187)
Fair value as at 30 June 2014	<u><u>730,077</u></u>	<u><u>22,775</u></u>	<u><u>752,852</u></u>

Western Sydney Local Health District  
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**PARENT**

**CONSOLIDATION**

2014  
\$000

2013  
\$000

2014  
\$000

2013  
\$000

**25. Restricted Assets**

The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

**Category**

36,223	39,786	Specific Purposes	36,223	39,786
5,398	6,492	Research Grants	5,398	6,492
25,382	28,536	Private Practice Funds	25,382	28,536
1,962	1,874	Other	1,962	1,874
<b>68,965</b>	<b>76,688</b>		<b>68,965</b>	<b>76,688</b>

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		<b>26. Payables</b>		
		<b>Current</b>		
-----	-----	Accrued Salaries, Wages and On-Costs	21,161	18,456
-----	-----	Taxation and Payroll Deductions	6,101	6,311
27,262	24,767	Accrued Liability - Purchase of Personnel Services	-----	-----
25,803	31,826	Creditors	25,803	31,826
8	-----	Interest	8	-----
		Other Creditors		
12,903	10,841	- Intra Health Liability	12,903	10,841
12,685	8,753	- Other	12,685	8,753
<u>78,661</u>	<u>76,187</u>		<u>78,661</u>	<u>76,187</u>

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

		<b>27. Borrowings</b>		
		<b>Current</b>		
1,036	1,661	Other Loans and Deposits	1,036	1,661
<u>1,036</u>	<u>1,661</u>		<u>1,036</u>	<u>1,661</u>
		<b>Non-Current</b>		
4,047	5,083	Other Loans and Deposits	4,047	5,083
<u>4,047</u>	<u>5,083</u>		<u>4,047</u>	<u>5,083</u>

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 June 2020

Other loans still to be extinguished represent monies to be repaid to Treasury.

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

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
<b>28. Provisions</b>				
<b>Current</b>				
-----	-----	Annual Leave - Short Term Benefit	92,419	90,433
-----	-----	Annual Leave - Long Term Benefit	40,634	35,588
-----	-----	Long Service Leave Consequential On-Costs	18,152	15,579
151,205	141,600	Provision for Personnel Services Liability	-----	-----
<b>151,205</b>	<b>141,600</b>	<b>Total Current Provisions</b>	<b>151,205</b>	<b>141,600</b>
<b>Non-Current</b>				
-----	-----	Long Service Leave Consequential On-Costs	955	820
955	820	Provision for Personnel Services Liability	-----	-----
<b>955</b>	<b>820</b>	<b>Total Non-Current Provisions</b>	<b>955</b>	<b>820</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
-----	-----	Provisions - Current	151,205	141,600
-----	-----	Provisions - Non-Current	955	820
-----	-----	Accrued Salaries, Wages and On-Costs (Note 26)	27,262	24,767
179,422	167,187	Liability - Purchase of Personnel Services	-----	-----
<b>179,422</b>	<b>167,187</b>		<b>179,422</b>	<b>167,187</b>
<b>29. Other Liabilities</b>				
<b>Current</b>				
713	1,516	Income in Advance	713	1,516
<b>713</b>	<b>1,516</b>		<b>713</b>	<b>1,516</b>

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		<b>30. Commitments for Expenditure</b>		
		(a) <b>Capital Commitments</b>		
		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	75,574	73,877
75,574	73,877	Later than one year and not later than five years	36,032	109,705
36,032	109,705	Later than five years	233	-----
233	-----			
		<b>Total Capital Expenditure Commitments (Including GST)</b>	<b>111,839</b>	<b>183,582</b>
<b>111,839</b>	<b>183,582</b>			
		Of the commitments reported at 30 June 2014 it is expected that \$Nil will be met from locally generated moneys.		
		(b) <b>Operating Lease Commitments</b>		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	5,437	6,902
5,437	6,902	Later than one year and not later than five years	18,370	20,076
18,370	20,076	Later than five years	13,284	14,295
13,284	14,295			
		<b>Total Operating Lease Commitments (Including GST)</b>	<b>37,091</b>	<b>41,273</b>
<b>37,091</b>	<b>41,273</b>			

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

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

The total of 'Commitments for Expenditure' above, i.e. \$148.93 million as at 30 June 2014 includes input tax credits of \$13.539 million that are expected to be recoverable from the Australian Taxation Office (2013 \$20.441 million).

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**PARENT AND CONSOLIDATION**

**31. Trust Funds**

The District holds trust fund moneys of \$15.2 million 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 District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Refundable Deposits		Private Practice Trust Funds			Total	
	2014	2013	2014	2013	2014	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	342	98	21,342	28,920	21,684	29,018	
Receipts	3	844	95,794	63,558	95,797	64,402	
Expenditure	(1)	(600)	(102,257)	(71,136)	(102,258)	(71,736)	
Cash Balance at the end of the financial year	<b>344</b>	<b>342</b>	<b>14,879</b>	<b>21,342</b>	<b>15,223</b>	<b>21,684</b>	

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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 District will be paid in 2014/15. It is not possible for the District to reliably quantify the benefit to be received or amount payable.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
<b>33. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
97,375	15,309	Net Cash Flows from Operating Activities	97,375	15,309
(59,253)	(60,501)	Depreciation	(59,253)	(60,501)
(1,699)	(2,406)	Allowance for Impairment	(1,699)	(2,406)
803	(573)	(Increase)/ Decrease Income in Advance	803	(573)
(9,741)	(1,903)	(Increase)/ Decrease in Provisions	(9,741)	(1,903)
5,587	(23,135)	Increase / (Decrease) in Prepayments and Other Assets	5,587	(23,135)
(2,230)	15,751	(Increase)/ Decrease in Creditors	(2,230)	15,751
(1,436)	(285)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(1,436)	(285)
<b>29,406</b>	<b>(57,743)</b>	<b>Net Result</b>	<b>29,406</b>	<b>(57,743)</b>

**34. 2013/14 Voluntary Services**

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

- Chaplaincies and Pastoral Care
- 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

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

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



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**PARENT AND CONSOLIDATION**

**36. Budget Review - Parent and Consolidated**

**Net Result**

The actual Net Result was higher than budget by \$1 million, primarily due to:  
Higher than projected inpatient activity and emergency activity.

**Assets and Liabilities**

The Net Asset result is relatively consistent with expectations and movements between assets are due to reclassifications.

**Cash Flows**

The variance in the Net Cash Flows from Operating Activities reflects the impact of the additional patient activity including Emergency activity during the financial year.

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

The variance in the Net Cash Flows from Financing Activities reflects the reducing loan repayments as a result of reducing overall loan balances.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 28 June 2013 are as follows:

	<b>\$000</b>
Initial Allocation, 28 June 2013	1,099,032
Award Increases & Special Project Escalation	2,822
Islet Cell Transplant	1,002
Pancreas Transplant	4,149
NEAT Target	2,500
Nurses/Midwife Strategy Reserve	1,297
Integrated Care Demonstrator	751
Blacktown & Mt Druitt Sub Acute Beds	645
Other	516
	<hr/>
Balance as per Statement of Comprehensive Income	1,112,714
	<hr/> <hr/>

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

Equity transfers effected in the 2012/13 year were:

Transfer of net assets totalling \$46.953M to NSW Health Pathology; Transfer of net assets totalling \$5.138M to Nepean Blue Mountains Local Health District; Transfer of net liabilities totalling \$6.544M to Sydney Local Health District; Transfer of net liabilities totalling \$2.293M to the 'Crown Entity'.

Equity transfers effected in the 2013/14 year were:

Transfer of net assets totalling \$3.914M to NSW Health Pathology; Transfer of net assets totalling \$0.421M to Nepean Blue Mountains Local Health District

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Equity transfers effected comprised:		
NSW Health Pathology	3,914	46,953
Nepean Blue Mountains Local Health District	421	5,138
Sydney Local Health District	----	(6,544)
Crown Entity - Transfer of Long Service Leave On-costs	----	(2,293)

	<b>4,335</b>	<b>43,254</b>
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Assets and Liabilities transferred are as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>		
Cash & Cash Equivalents	3,914	19,861
Receivables	----	553
Inventory	----	143
Land & Buildings	(314)	22,888
Plant & Equipment	----	10,129
Infrastructure Assets	----	15
Intangible Assets	30	525
Work in Progress	----	511
<b>Liabilities</b>		
Creditors & Accruals	705	(6,817)
Employee Provisions	----	(4,554)

**Increase/(Decrease) in Net Assets From Equity Transfers**

	<b>4,335</b>	<b>43,254</b>
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Western Sydney Local Health District  
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**38. Financial Instruments**

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

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

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

**(a) Financial Instrument Categories**

<b>PARENT AND CONSOLIDATION</b>		<b>Carrying Amount 2014 \$000</b>	<b>Carrying Amount 2013 \$000</b>
<b>Class:</b>	<b>Category</b>		
<b>Financial Assets</b>			
Cash and Cash Equivalents (note 19)	N/A	67,985	69,229
Receivables (note 20)*	Loans and receivables (at amortised cost)	48,833	52,262
Total Financial Assets		<u>116,818</u>	<u>121,491</u>
<b>Financial Liabilities</b>			
Borrowings (note 27)	Financial liabilities measured	5,083	6,744
Payables (note 26)**	at amortised cost	72,560	69,876
Total Financial Liabilities		<u>77,643</u>	<u>76,620</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 District. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

Credit risk associated with the District's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. 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 3.25% in the previous year.

**Receivables - trade debtors**

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014:\$4.88M; 2013:\$13.086M) and not more than 3 months past due (2014:\$3.079M; 2013:\$3.8M) are not considered impaired. Together these represent 51.1% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

<b>2014</b>	<b>Total</b> <sup>1,2</sup>	<b>Past due but not impaired</b> <sup>1,2</sup>	<b>Considered impaired</b> <sup>1,2</sup>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<3 months overdue	7,959	7,959	-----
3 months - 6 months overdue	2,020	2,020	-----
> 6 months overdue	5,611	1,441	4,170
<b>2013</b>			
<3 months overdue	16,886	16,886	-----
3 months - 6 months overdue	2,393	2,089	304
> 6 months overdue	8,048	-----	8,048

**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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**(c) Liquidity Risk**

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

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

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

However, the risk is minimised by the service agreement 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 District fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

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

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

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

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

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*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure				Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup> \$000	Fixed Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
<b>2014</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		21,161	-----	21,161	21,161	-----	-----
- Creditors		51,399	-----	51,399	51,399	-----	-----
Borrowings:							
- Loans and Deposits	4.70%	5,083	5,083	-----	1,036	3,721	326
		<u>77,643</u>	<u>5,083</u>	<u>72,560</u>	<u>73,596</u>	<u>3,721</u>	<u>326</u>
<b>2013</b>							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		18,456	-----	18,456	18,456	-----	-----
- Creditors		51,420	-----	51,420	51,420	-----	-----
Borrowings:							
- Loans and Deposits	5.20%	6,744	6,744	-----	1,661	3,999	1,084
		<u>76,620</u>	<u>6,744</u>	<u>69,876</u>	<u>71,537</u>	<u>3,999</u>	<u>1,084</u>

Notes:

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

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**(d) Market Risk**

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

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

*Interest rate risk*

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

However, the District is not permitted to borrow external to the NSW Ministry of Health (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 District does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (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 District's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
<b>2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	67,985	(680)	(680)	680	680
Receivables	48,833	-----	-----	-----	-----
<b>Financial Liabilities</b>					
Payables	72,560	-----	-----	-----	-----
Borrowings	5,083	51	51	(51)	(51)
<b>2013</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	69,229	(692)	(692)	692	692
Receivables	52,262	-----	-----	-----	-----
<b>Financial Liabilities</b>					
Payables	69,876	-----	-----	-----	-----
Borrowings	6,744	67	67	(67)	(67)

**(e) Fair Value Measurement**

Financial instruments are generally recognised at cost.

**39. Events after the Reporting Period**

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

**END OF AUDITED FINANCIAL STATEMENTS**