



INDEPENDENT AUDITOR'S REPORT

Mid North Coast Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Mid North Coast Local Health District (the District), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

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

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

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

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Peter Coulogeorgiou
Director, Financial Audit Services

23 September 2013
SYDNEY

Mid North Coast Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2013

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

- 1) The financial statements of the Mid North Coast Local Health District for the year ended 30 June 2013 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.

- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Mid North Coast Local Health District; and

- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Stewart Dowrick
Chief Executive
19 September 2013

Mid North Coast Local Health District
Statement of Comprehensive Income for the year ended 30 June 2013

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000
Expenses excluding losses						
Operating Expenses						
-----	-----	-----				
			3	285,903	283,165	266,663
279,466	277,388	253,231	4	-----	-----	-----
44,495	46,450	43,655		44,495	46,450	43,655
138,234	132,944	138,446	5	138,234	132,944	138,446
12,465	12,360	12,091	2(i), 6	12,465	12,360	12,091
1,896	1,821	1,283	7	1,896	1,821	1,283
12	-----	19	8	12	-----	19
476,568	470,963	448,725		483,005	476,740	462,157
Revenue						
396,168	396,166	377,591	2(d)	396,168	396,166	377,591
38,732	38,234	14,839	2(d)	38,732	38,234	14,839
-----	-----	-----		-----	-----	-----
-----	-----	-----	2(a)(ii), 12	6,437	5,777	13,432
58,851	50,353	50,431	9	58,851	50,353	50,431
993	187	928	10	993	187	928
11,325	10,212	11,167	11	11,325	10,212	11,167
651	1,180	596	13	651	1,180	596
506,720	496,332	455,552		513,157	502,109	468,984
(450)	4	(68)	14	(450)	4	(68)
(940)	(598)	(1,192)	15	(940)	(598)	(1,192)
28,762	24,775	5,567	31	28,762	24,775	5,567
Other Comprehensive Income						
Items that will not be reclassified to net result						
Net Increase/(Decrease) in Property, Plant &						
-----	-----	3,696		-----	-----	3,696
-----	-----	3,696		-----	-----	3,696
28,762	24,775	9,263		28,762	24,775	9,263

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Statement of Financial Position as at 30 June 2013

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual				Actual	Budget Unaudited	Actual		
2013	2013	2012				2013	2013	2012		
\$000	\$000	\$000				\$000	\$000	\$000		
ASSETS										
Current Assets										
29,472	15,243	19,266	Cash and Cash Equivalents	18		29,472	15,243	19,266		
14,900	13,341	13,284	Receivables	19		14,900	13,341	13,284		
707	712	712	Inventories	20		707	712	712		
<u>45,079</u>	<u>29,296</u>	<u>33,262</u>				<u>45,079</u>	<u>29,296</u>	<u>33,262</u>		
45,079	29,296	33,262	Total Current Assets			45,079	29,296	33,262		
Non-Current Assets										
77	-----	44	Receivables	19		77	-----	44		
Property, Plant and Equipment										
269,428	270,409	238,889	- Land and Buildings	21		269,428	270,409	238,889		
17,163	16,767	18,198	- Plant and Equipment	21		17,163	16,767	18,198		
9,279	9,579	9,722	- Infrastructure Systems	21		9,279	9,579	9,722		
<u>295,870</u>	<u>296,755</u>	<u>266,809</u>	Total Property, Plant and Equipment			<u>295,870</u>	<u>296,755</u>	<u>266,809</u>		
-----	100	-----	Intangible Assets	22		-----	100	-----		
295,947	296,855	266,853	Total Non-Current Assets			295,947	296,855	266,853		
341,026	326,151	300,115	Total Assets			341,026	326,151	300,115		
LIABILITIES										
Current Liabilities										
41,443	32,911	31,998	Payables	24		41,443	32,911	31,998		
239	238	238	Borrowings	25		239	238	238		
38,714	37,282	36,545	Provisions	26		38,714	37,282	36,545		
239	103	103	Other	27		239	103	103		
<u>80,635</u>	<u>70,534</u>	<u>68,884</u>	Total Current Liabilities			<u>80,635</u>	<u>70,534</u>	<u>68,884</u>		
Non-Current Liabilities										
94	(748)	228	Borrowings	25		94	(748)	228		
202	202	203	Provisions	26		202	202	203		
345	399	399	Other	27		345	399	399		
641	(147)	830	Total Non-Current Liabilities			641	(147)	830		
81,276	70,387	69,714	Total Liabilities			81,276	70,387	69,714		
259,750	255,764	230,401	Net Assets			259,750	255,764	230,401		
EQUITY										
3,696	3,696	3,696	Reserves			3,696	3,696	3,696		
256,054	252,068	226,705	Accumulated Funds			256,054	252,068	226,705		
259,750	255,764	230,401	Total Equity			259,750	255,764	230,401		

The accompanying notes form part of these financial statements.

**Mid North Coast Local Health District
Statement of Changes in Equity for the year ended 30 June 2013**

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2012		226,705	3,696	230,401
Total Equity at 1 July 2012		226,705	3,696	230,401
Net Result for the year		28,762		28,762
Other Comprehensive Income:				
Total Other Comprehensive Income				
Total Comprehensive Income for the year		28,762		28,762
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	34	587		587
Balance at 30 June 2013		256,054	3,696	259,750
Balance at 1 July 2011		217,073		217,073
Total Equity at 1 July 2011		217,073		217,073
Net Result for the year		5,567		5,567
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment			3,696	3,696
Total Other Comprehensive Income			3,696	3,696
Total Comprehensive Income for the year		5,567	3,696	9,263
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	34	4,065		4,065
Balance at 30 June 2012		226,705	3,696	230,401

The accompanying notes form part of these financial statements.

Mid North Coast Local Health District
Statement of Cash Flows for the year ended 30 June 2013

PARENT			CONSOLIDATION			
Actual	Budget <i>Unaudited</i>	Actual		Actual	Budget <i>Unaudited</i>	Actual
2013	2013	2012	Notes	2013	2013	2012
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
—	—	—		(282,959)	(282,218)	(261,036)
(2,102)	(2,027)	(1,430)		(2,102)	(2,027)	(1,430)
(12)	—	(6)		(12)	—	(6)
(471,156)	(479,169)	(459,034)		(188,197)	(196,951)	(197,998)
<u>(473,270)</u>	<u>(481,196)</u>	<u>(460,470)</u>		<u>(473,270)</u>	<u>(481,196)</u>	<u>(460,470)</u>
Receipts						
396,168	396,166	377,591		396,168	396,166	377,591
38,732	38,234	14,839		38,732	38,234	14,839
6,437	6,437	13,432		6,437	6,437	13,432
54,807	50,974	47,773		54,807	50,974	47,773
993	167	928		993	167	928
13,138	12,024	11,824		13,138	12,024	11,824
15,310	16,531	18,195		15,310	16,531	18,195
<u>525,585</u>	<u>520,553</u>	<u>484,582</u>		<u>525,585</u>	<u>520,553</u>	<u>484,582</u>
52,315	39,357	24,112		52,315	39,357	24,112
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
111	—	108		111	—	108
(42,088)	(42,404)	(16,850)		(42,088)	(42,404)	(16,850)
<u>(41,977)</u>	<u>(42,404)</u>	<u>(16,742)</u>		<u>(41,977)</u>	<u>(42,404)</u>	<u>(16,742)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
(132)	(976)	(340)		(132)	(976)	(340)
<u>(132)</u>	<u>(976)</u>	<u>(340)</u>		<u>(132)</u>	<u>(976)</u>	<u>(340)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES						
10,206	(4,023)	7,030		10,206	(4,023)	7,030
19,266	19,266	9,460		19,266	19,266	9,460
—	—	2,776	34	—	—	2,776
<u>29,472</u>	<u>15,243</u>	<u>19,266</u>	18	<u>29,472</u>	<u>15,243</u>	<u>19,266</u>
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements

**Mid North Coast Local Health District
Service Group Statements
for the year ended 30 June 2013**

INCLUD EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																							
Operating Expenses	15,267	14,240	1,400	1,305	27,361	25,620	42,228	39,386	127,599	119,012	26,246	24,480	37,568	35,040	1,944	1,813	6,290	5,887					285,903
Employee Related	383	375	4	5	614	602	3,933	3,859	32,130	31,523	3,110	3,051	3,324	3,261	(4)	(4)	1,001	982					44,495
Visiting Medical Officers	3,705	3,710	208	208	17,196	17,223	18,482	18,510	79,028	79,150	6,967	6,978	10,727	10,743	691	692	1,230	1,232					138,234
Other Operating Expenses	541	525	30	29	2,037	1,976	1,526	1,480	5,626	5,651	949	920	1,440	1,397	87	85	29	28					12,465
Depreciation and Amortisation	648	439	1								521	353			726	491							1,896
Grants and Subsidies	1	1			1	2	2	2	6	10	1	2	1	2									12
Finance Costs																							
Payments to Affiliated Health Organisations																							
Total Expenses excluding losses	20,545	19,290	1,643	1,547	47,209	45,323	66,171	63,237	244,689	235,346	37,794	35,784	53,060	50,443	3,444	3,077	8,550	8,109					483,005
Revenue																							
NSW Ministry of Health Recurrent Allocations **																							
NSW Ministry of Health Capital Allocations **																							
Acceptance by the Crown Entity																							
of Employee Benefits and Other Liabilities	344	717	30	66	616	1,285	951	1,984	2,873	5,995	591	1,233	846	1,765	44	91	142	296					6,437
Sale of Goods and Services	930	797	9	15	12,029	10,308	1,254	1,074	33,639	28,811	618	530	10,364	8,881	2	2	6	5					56,851
Investment Revenue	2	2	1	1	192	180	22	20	610	570	1	1	165	154									993
Grants and Contributions	580	572	245	243	1,247	1,229	82	80	1,253	1,235	143	141	5,943	5,860	206	203	1,626	1,604					11,325
Other Revenue	63	58	1	1	44	40	68	62	347	318	67	61	50	46	9	8	2	2					651
Total Revenue	1,919	2,146	286	326	14,128	13,042	2,377	3,220	38,722	36,929	1,420	1,966	17,368	16,706	261	304	1,776	1,907					513,157
Gain / (Loss) on Disposal	(44)	(7)	(1)	(1)	(30)	(5)	(47)	(7)	(240)	(36)	(46)	(7)	(35)	(5)	(6)	(1)	(1)	(1)					(450)
Other Gains / (Losses)	(91)	(115)	(3)	(4)	(63)	(80)	(96)	(124)	(501)	(635)	(96)	(122)	(73)	(92)	(12)	(16)	(3)	(4)					(940)
Net Result	(18,761)	(17,266)	(1,361)	(1,225)	(33,174)	(32,366)	(63,939)	(60,148)	(206,608)	(199,088)	(36,516)	(33,947)	(35,800)	(33,834)	(3,201)	(2,790)	(6,778)	(6,206)	434,900	392,430	28,762		28,762
Other Comprehensive Income																							
Increase/(Decrease) in Revaluation Surplus	58	58	0	2	0	755	79	79	2,112	2,112	0	39	651	651	0	0	0	0					3,696
Total Other Comprehensive Income	(18,761)	(17,208)	(1,361)	(1,223)	(33,174)	(31,611)	(63,939)	(60,069)	(206,608)	(196,976)	(36,516)	(33,908)	(35,800)	(33,183)	(3,201)	(2,790)	(6,778)	(6,206)	434,900	392,430	28,762		9,263

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

* The name and purpose of each service group is summarised in Note 17

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

Mid North Coast Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2013

MNCLHD ASSETS AND LIABILITIES	Service Group 1.1 * Primary and Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	1,254	819			2,881	1,883	4,038	2,639	14,924	9,756	2,306	1,508	3,238	2,116	210	137	522	341					29,472	19,266
Receivables	235	210	4	8	3,046	2,715	317	283	8,517	7,589	156	139	2,624	2,339			1	1					14,900	13,284
Inventories	19	19			88	89	95	95	404	407	36	36	55	55	4	4	6	6					707	712
Total Current Assets	1,508	1,048	103	76	6,015	4,687	4,450	3,017	23,845	17,752	2,498	1,683	5,917	4,510	214	141	529	348					45,079	33,262
Non-Current Assets																								
Receivables	1	1	(1)		16	9	2	1	44	25	1		14	8									77	44
Property, Plant and Equipment																								
- Land and Buildings	11,693	10,368	673	598	44,025	39,034	32,978	29,240	125,931	111,657	20,503	18,179	31,119	27,592	1,886	1,672	620	549					269,428	238,889
- Plant and Equipment	745	790	44	45	2,804	2,974	2,101	2,227	8,506	8,506	1,306	1,385	1,982	2,102	120	127	39	42					17,163	18,198
- Infrastructure Systems	403	422	23	24	1,516	1,589	1,136	1,190	4,337	4,544	706	740	1,072	1,123	65	68	21	22					9,279	9,722
Total Non-Current Assets	12,842	11,581	739	667	48,361	43,606	36,217	32,658	138,334	124,732	22,516	20,304	34,187	30,825	2,071	1,867	680	613					265,947	266,863
TOTAL ASSETS	14,350	12,629	842	743	54,376	48,293	40,667	35,675	162,179	142,484	25,014	21,987	40,104	35,335	2,285	2,008	1,209	961					341,026	300,115
LIABILITIES																								
Current Liabilities																								
Payables	1,111	858	61	47	5,156	3,981	5,541	4,278	23,693	18,293	2,089	1,613	3,216	2,483	207	160	369	285					41,443	31,998
Borrowings	10	10	1		23	23	33	33	121	121	19	19	26	26	2	2	4	4					239	238
Provisions	2,087	1,952	190	178	3,705	3,497	5,718	5,398	17,278	16,310	3,554	3,355	5,087	4,802	263	249	852	804					38,714	36,545
Other	10	4	1	1	23	10	33	14	121	52	19	8	26	11	2	1	4	2					239	103
Total Current Liabilities	3,196	2,824	253	226	8,907	7,511	11,325	9,723	41,213	34,776	5,681	4,995	8,355	7,322	474	412	1,229	1,095					80,635	68,884
Non-Current Liabilities																								
Borrowings	4	10			9	22	13	31	48	115	7	18	10	25	1	2	2	4					94	228
Provisions	11	11	1	1	19	19	30	30	90	91	19	19	27	27	1	1	4	4					202	203
Other	15	17	1	1	34	39	47	55	175	202	27	31	38	44	2	3	6	7					345	399
Total Non-Current Liabilities	30	38	2	3	62	80	90	116	313	408	53	68	75	96	4	6	12	15					641	830
TOTAL LIABILITIES	3,228	2,862	255	229	9,969	7,591	11,415	9,839	41,526	35,184	5,734	5,063	8,430	7,418	478	418	1,241	1,110					81,276	69,714
NET ASSETS	11,122	9,767	587	514	45,407	40,702	29,252	25,836	120,653	107,300	19,280	16,924	31,674	27,917	1,807	1,590	(32)	(149)					259,750	230,401

* The name and purpose of each service group is summarised in Note 17

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

1. The Reporting Entity

The Mid North Coast Local Health District (the MNCLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

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

- * The parent entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the MNCLHD.
- * The MNCLHD controls the Mid North Coast Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the MNCLHD 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 MNCLHD is a not-for-profit entity (as profit is not its principal objective).

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Notwithstanding the consolidated entity has a working capital deficiency of \$35.6m (2012 deficiency of \$35.6m) and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the MNCLHD have been prepared on a going concern basis.

The Director General of Health, the Chair of Mid North Coast Local Health District Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The service agreement sets out the level of financial resources for public health services under the MNCLHD'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 MNCLHD fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other mitigating circumstances why the going concern is appropriate include:

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

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

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

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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

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

On-costs of 14.9% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were also 17.8%).

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

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

ii) Long Service Leave and Superannuation

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

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

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Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the MNCLHD as shown in Note 26.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The MNCLHD's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 24, 'Payables'.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Other Provisions

Other provisions exist when the MNCLHD 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 MNCLHD's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

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

Patient Fees

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

High Cost Drugs

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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 MNCLHD, 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 MNCLHD on an accrual basis by reference to patient admissions. Non admitted patients are recognised by the Ministry of Health in the form of a block grant.

Investment Revenue

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

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

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

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

The MNCLHD 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

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Grants and contributions are generally recognised as revenues when the MNCLHD 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 MNCLHD as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

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

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

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

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

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

f) Interstate Patient Flows

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

In the previous year, the MNCLHD recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 9.

g) Acquisition of Assets

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

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

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

Land and buildings which are owned by the Health Administration Corporation or the State and administered by the MNCLHD are deemed to be controlled by the MNCLHD 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.

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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 MNCLHD. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

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

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

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

j) Revaluation of Non-Current Assets

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

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

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

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

The MNCLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the MNCLHD 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.

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Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

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

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

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

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

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

k) Impairment of Property, Plant and Equipment

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

This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Restoration Costs

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

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

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

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

n) Investment Properties

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

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

o) Intangible Assets

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

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

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

p) Maintenance

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

q) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, 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.

r) Inventories

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

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

s) Loans and Receivables

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

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

t) Investments

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

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

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

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

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

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

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

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

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

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

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

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

u) Impairment of financial assets

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

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

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

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

v) De-recognition of financial assets and financial liabilities

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

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

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

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

w) Payables

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

x) Borrowings

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

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

y) Equity Transfers

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The transfer of net assets between entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Interpretation 1038, Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

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

z) Equity and Reserves

(i) Revaluation Surplus

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

(ii) Accumulated Funds

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

aa) Trust Funds

The MNCLHD receives monies in a trustee capacity for various trusts as set out in Note 29.

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

ab) Budgeted Amounts

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

ac) Service Group Statements Allocation Methodology

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

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

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

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

ad) New Australian Accounting Standards Issued but not Effective

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

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 11, Joint Arrangements has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the MNCLHD.

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

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2013/14 financial statements will be dependent on the policy of NSW Treasury.

AASB 127, Separate Financial Statements, has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the MNCLHD.

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

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

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

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

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

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration of Key Management Personnel, recognising that this is more a governance issue.

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

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not-for-profits, the changes have application from 1 July 2014 but are assessed as having no material effect.

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

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

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

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

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

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

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

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

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

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

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

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

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

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
3. Employee Related				
Employee related expenses comprise the following:				
-----	-----	Salaries and Wages	186,257	168,032
-----	-----	Overtime	9,149	9,144
-----	-----	Penalties	18,886	18,734
-----	-----	Superannuation - Defined Benefit Plans	2,516	2,695
-----	-----	Superannuation - Defined Contribution Plans	20,334	17,996
-----	-----	Long Service Leave	3,907	12,663
-----	-----	Annual Leave	23,700	20,897
-----	-----	Sick Leave and Other Leave	13,655	11,179
-----	-----	Redundancies	98	85
-----	-----	Workers' Compensation Insurance	7,276	5,194
-----	-----	Payroll Tax and Fringe Benefits Tax	125	44
-----	-----		285,903	266,863
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
186,257	168,032	Salaries and Wages	-----	-----
9,149	9,144	Overtime	-----	-----
18,886	18,734	Penalties	-----	-----
0	10	Superannuation - Defined Benefit Plans	-----	-----
20,334	17,996	Superannuation - Defined Contribution Plans	-----	-----
(14)	1,916	Long Service Leave	-----	-----
23,700	20,897	Annual Leave	-----	-----
13,655	11,179	Sick Leave and Other Leave	-----	-----
98	85	Redundancies	-----	-----
7,276	5,194	Workers' Compensation Insurance	-----	-----
125	44	Payroll Tax and Fringe Benefits Tax	-----	-----
279,466	253,231		-----	-----
5. Other Operating Expenses				
2,062	2,456	Blood and Blood Products	2,062	2,456
12	13	Capital Project Expense	12	13
5,225	5,230	Domestic Supplies and Services	5,225	5,230
17,445	16,680	Drug Supplies	17,445	16,680
10,039	9,731	Food Supplies	10,039	9,731
4,904	3,781	Fuel, Light and Power	4,904	3,781
8,457	21,963	General Expenses (See (b) below)	8,457	21,963
8,118	7,656	Hospital Ambulance Transport Costs	8,118	7,656
4,509	3,585	Information Management Expenses	4,509	3,585
498	480	Insurance	498	480
		Maintenance (See (c) below)		
4,529	3,993	Maintenance Contracts	4,529	3,993
4,447	3,086	New/Replacement Equipment under \$10,000	4,447	3,086
2,815	2,150	Repairs Maintenance/Non Contract	2,815	2,150
8	5	Other	8	5
24,540	23,686	Medical and Surgical Supplies	24,540	23,686
1,029	1,094	Motor Vehicle Expenses	1,029	1,094
895	2,403	Postal and Telephone Costs	895	2,403
1,181	1,052	Printing and Stationery	1,181	1,052
539	409	Rates and Charges	539	409
2,418	1,767	Rental	2,418	1,767
25,017	19,378	Special Service Departments	25,017	19,378
3,741	3,621	Staff Related Costs	3,741	3,621
3,357	1,642	Sundry Operating Expenses (See (a) below)	3,357	1,642
2,449	2,585	Travel Related Costs	2,449	2,585
138,234	138,446		138,234	138,446

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
167	100	(a) Sundry Operating Expenses comprise :	167	100
3,190	1,543	Contract for Patient Services	3,190	1,543
		Isolated Patient Travel and Accommodation Assistance Scheme		
<u>3,367</u>	<u>1,643</u>		<u>3,357</u>	<u>1,643</u>
		(b) General Expenses include :-		
152	137	Advertising	152	137
144	141	Auditor's Remuneration - External Audit	144	141
198	180	Books, Magazines and Journals	198	180
		Consultancies		
231	72	- Operating Activities	231	72
2,121	2,203	Corporate Support Services	2,121	2,203
363	313	Courier and Freight	363	313
83	39	Data Recording and Storage	83	39
698	355	Legal Services	698	355
105	43	Membership/Professional Fees	105	43
1,100	1,012	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,100	1,012
-----	2	Public Private Partnership	-----	2
1,318	1,250	Other Operating Lease Expense - Minimum Lease Payments	1,318	1,250
3	5	Payroll Services	3	5
80	118	Quality Assurance/Accreditation	80	118
489	548	Security Services	489	548
-----	14,412	Services Purchased from Health Reform Transition Organisations	-----	14,412
142	104	Translator Services	142	104
1,250	1,028	Other	1,250	1,028
<u>8,457</u>	<u>21,982</u>		<u>8,457</u>	<u>21,982</u>
		(c) Reconciliation of Total Maintenance		
11,799	9,234	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	11,799	9,234
1,410	1,369	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	1,410	1,369
<u>13,209</u>	<u>10,603</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>13,209</u>	<u>10,603</u>

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		6. Depreciation and Amortisation		
8,373	8,374	Depreciation - Buildings	8,373	8,374
3,644	3,269	Depreciation - Plant and Equipment	3,644	3,269
448	448	Depreciation - Infrastructure Systems	448	448
<u>12,465</u>	<u>12,091</u>		<u>12,465</u>	<u>12,091</u>
		7. Grants and Subsidies		
1,069	641	Non-Government Organisations	1,069	641
827	642	Other Grants	827	642
<u>1,896</u>	<u>1,283</u>		<u>1,896</u>	<u>1,283</u>
		8. Finance Costs		
12	13	Interest on Loans	12	13
-----	6	Other Interest Charges	-----	6
<u>12</u>	<u>19</u>	Total Finance Costs	<u>12</u>	<u>19</u>

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
9. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
1,291	1,197	Sale of Prosthesis	1,291	1,197
123	106	Other	123	106
124	122	Pharmacy Sales	124	122
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
15,210	14,574	- Inpatient Fees	15,210	14,574
439	352	- Nursing Home Fees	439	352
421	372	- Non Inpatient Fees	421	372
16,799	12,867	Department of Veterans' Affairs	16,799	12,867
17	23	Staff-Meals and Accommodation	17	23
3,713	2,679	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	3,713	2,679
1,463	889	- Annual Charge	1,463	889
(40)	11	Cafeteria/Kiosk	(40)	11
1	----	Car Parking	1	----
1,151	520	Clinical Services (excluding Clinical Drug Trials)	1,151	520
583	502	Commercial Activities	583	502
1	1	Enteral Nutrition Income	1	1
60	62	Fees for Medical Records	60	62
8,733	7,991	High Cost Drugs	8,733	7,991
58	47	Linen Service Revenues - Non Health Services	58	47
3,124	1,389	Motor Accident Authority Third Party	3,124	1,389
----	1,287	Patient Inflows from Interstate*	----	1,287
----	1	Patient Transport Fees	----	1
92	83	Private Use of Motor Vehicles	92	83
219	183	Salary Packaging Fee	219	183
4,598	4,641	Hosted services provided to Other LHDs	4,598	4,641
82	68	Services Provided to Non NSW Health Organisations	82	68
----	30	Multi Purpose Service Centre Fees	----	30
589	434	Other	589	434
58,851	50,431		58,851	50,431
*From 1 July 2012, interstate patient flows are paid through the state pool account. As a result, these funds are now recognised through recurrent allocation. Refer note 2(f).				
10. Investment Revenue				
		Interest		
----	1	- T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	----	1
993	927	- Other	993	927
993	928		993	928

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
11. Grants and Contributions				
871	843	Clinical Drug Trials	871	843
5,486	3,192	Commonwealth Government Grants	5,486	3,192
1,081	769	Industry Contributions/Donations	1,081	769
1,177	1,749	Cancer Institute Grants	1,177	1,749
1,630	4,130	NSW Government Grants	1,630	4,130
40	18	Research Grants	40	18
1,040	466	Other Grants	1,040	466
11,325	11,167		11,325	11,167
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	2,516	2,685
----	----	Long Service Leave	3,921	10,747
----	----	Payroll Tax	----	----
----	----		6,437	13,432
13. Other Revenue				
Other Revenue comprises the following:-				
----	2	Bad Debts Recovered	----	2
36	22	Commissions	36	22
(31)	44	Conference and Training Fees	(31)	44
2	41	Insurance Refunds	2	41
115	76	Lease and Rental Income	115	76
25	8	Sale of Merchandise, Old Wares and Books	25	8
59	11	Sponsorship Income	59	11
----	2	Unclaimed Deposits	----	2
445	390	Other	445	390
651	596		651	596

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		14. Gain / (Loss) on Disposal		
2,650	979	Property, Plant and Equipment	2,650	979
2,089	803	Less: Accumulated Depreciation	2,089	803
561	176	Written Down Value	561	176
111	108	Less: Proceeds from Disposal	111	108
<u>(450)</u>	<u>(68)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(450)</u>	<u>(68)</u>
<u>(450)</u>	<u>(68)</u>	Total Gain/(Loss) on Disposal	<u>(450)</u>	<u>(68)</u>
		15. Other Gains / (Losses)		
(940)	(1,192)	Impairment of Receivables	(940)	(1,192)
<u>(940)</u>	<u>(1,192)</u>		<u>(940)</u>	<u>(1,192)</u>

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	1,568	2,651	1,271	5,490
Contributions recognised in previous years which were not expended in the current reporting period	5,746	2,960	269	8,975
Total amount of unexpended contributions as at balance date	7,314	5,611	1,540	14,465

Comment on restricted assets appears in Note 23

Mid North Coast Local Health District
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17. Service Groups of the MNCLHD

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.

Service Group 3.1 - Mental Health Services

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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.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		18. Cash and Cash Equivalents		
17,310	10,958	Cash at Bank and On Hand	17,310	10,958
12,162	8,308	Short Term Deposits	12,162	8,308
<u>29,472</u>	<u>19,266</u>		<u>29,472</u>	<u>19,266</u>
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
29,472	19,266	Cash and Cash Equivalents (per Statement of Financial Position)	<u>29,472</u>	19,266
<u>29,472</u>	<u>19,266</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>29,472</u>	<u>19,266</u>

Refer to Note 35 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		19. Receivables		
		Current		
5,092	4,296	Sale of Goods and Services	5,092	4,296
4,531	4,975	Intra Health Receivables	4,531	4,975
2,892	2,030	Goods and Services Tax	2,892	2,030
2,300	2,011	Other Debtors	2,300	2,011
<u>14,815</u>	<u>13,312</u>	Sub Total	<u>14,815</u>	<u>13,312</u>
(318)	(171)	Less Allowance for Impairment	(318)	(171)
14,497	13,141	Sub Total	14,497	13,141
403	143	Prepayments	403	143
<u>14,900</u>	<u>13,284</u>		<u>14,900</u>	<u>13,284</u>
		(a) Movement in the Allowance for Impairment		
-----	-----	Sale of Goods and Services		
(135)	(92)	Balance at Commencement of Reporting Period	(135)	(92)
691	694	Amounts written off during the year	691	694
(862)	(737)	(Increase)/decrease in Allowance Recognised in		
(306)	(135)	Result for the Year	(862)	(737)
		Balance at 30 June	(306)	(135)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(36)	-----	Balance at Commencement of Reporting Period	(36)	-----
103	418	Amounts written off during the year	103	418
(79)	(454)	(Increase)/decrease in Allowance Recognised in		
(12)	(36)	Result for the Year	(79)	(454)
		Balance at 30 June	(12)	(36)
<u>(318)</u>	<u>(171)</u>		<u>(318)</u>	<u>(171)</u>
		Non-Current		
<u>77</u>	<u>44</u>	Sale of Goods and Services	<u>77</u>	<u>44</u>
77	44	Sub Total	77	44
<u>77</u>	<u>44</u>		<u>77</u>	<u>44</u>
		(a) Movement in the Allowance for Impairment		
-----	-----	Sale of Goods and Services		
		Balance at 30 June	-----	-----
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
-----	-----	Balance at 30 June	-----	-----
<u>-----</u>	<u>-----</u>		<u>-----</u>	<u>-----</u>
		(c) Patient Fee Receivables		
		(Current and Non-Current) include:		
385	306	Patient Fees - Compensable	385	306
161	55	Patient Fees - Ineligible	161	55
2,338	2,074	Patient Fees - Other	2,338	2,074
<u>2,884</u>	<u>2,435</u>		<u>2,884</u>	<u>2,435</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 35.

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
20. Inventories - Current - Held for Distribution				
707	712	Drugs	707	712
<u>707</u>	<u>712</u>		<u>707</u>	<u>712</u>

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
413,201	374,290	Gross Carrying Amount	413,201	374,290
143,773	135,401	Less: Accumulated Depreciation and Impairment	143,773	135,401
<u>269,428</u>	<u>238,889</u>	Net Carrying Amount	<u>269,428</u>	<u>238,889</u>
Plant and Equipment - Fair Value				
41,875	41,354	Gross Carrying Amount	41,875	41,354
24,712	23,156	Less: Accumulated Depreciation and Impairment	24,712	23,156
<u>17,163</u>	<u>18,198</u>	Net Carrying Amount	<u>17,163</u>	<u>18,198</u>
Infrastructure Systems - Fair Value				
17,943	17,938	Gross Carrying Amount	17,943	17,938
8,664	8,216	Less: Accumulated Depreciation and Impairment	8,664	8,216
<u>9,279</u>	<u>9,722</u>	Net Carrying Amount	<u>9,279</u>	<u>9,722</u>
<u>295,870</u>	<u>266,809</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>295,870</u>	<u>266,809</u>

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PARENT & CONSOLIDATION

21. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013								
Net Carrying Amount at Start of Year	20,724	200,027	18,125	----	18,156	9,722	----	266,754
Additions	----	283	38,647	----	3,212	----	----	42,142
Disposals	----	----	----	----	(561)	----	----	(561)
Depreciation Expense	----	(8,373)	----	----	(3,644)	(448)	----	(12,465)
Reclassifications	----	10,254	(10,254)	----	----	----	----	----
Net Carrying Amount at End of Year	20,724	202,191	46,518	0	17,163	9,274	0	295,870

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Net Carrying Amount at Start of Year	19,181	204,995	4,944	----	11,972	10,122	----	251,214
Additions	----	236	13,036	----	3,565	14	----	16,851
Disposals	----	----	----	----	(176)	----	----	(176)
Administrative Restructures - Transfers In/(Out)	(180)	1,230	159	----	6,105	----	----	7,314
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	1,723	1,939	----	----	----	34	----	3,696
Depreciation Expense	----	(8,374)	----	----	(3,269)	(448)	----	(12,091)
Reclassifications	----	----	----	----	1	----	----	1
Net Carrying Amount at End of Year	20,724	200,026	18,139	0	18,198	9,722	0	265,809

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

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the MNCLHD [see note 2(g)].
- (ii) Land and Buildings were valued in the 2011/12 financial year by Corporeal Pty Ltd in accordance with note 2(j). Corporeal Pty Ltd is not an employee of the MNCLHD.
- (iii) Indices provided by Corporeal Pty Ltd were not applied as immaterial

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		23. Restricted Assets		
<p>The MNCLHD's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>				
Category				
1,540	1,203	Other	1,540	1,203
7,314	5,853	Purchase of Assets	7,314	5,853
5,611	4,667	Health Promotion Education & Research	5,611	4,667
14,465	11,723		14,465	11,723

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		24. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	4,323	3,587
-----	-----	Taxation and Payroll Deductions	2,378	2,238
6,701	5,825	Accrued Liability - Purchase of Personnel Services	-----	-----
19,893	14,725	Creditors	19,893	14,725
-----	8	Interest	-----	8
		Other Creditors		
		- Capital Works	13	13
13	13	- Intra Health Liability	4,330	3,865
4,330	3,865	- Other	10,506	7,562
10,506	7,562			
41,443	31,998		41,443	31,998

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 35.

		25. Borrowings		
		Current		
239	238	Other Loans and Deposits	239	238
239	238		239	238
		Non-Current		
94	228	Other Loans and Deposits	94	228
94	228		94	228

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

Other loans still to be extinguished represent monies to be repaid to the HealthShare and Treasury. Final Repayment is scheduled for 31 December 2019.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 35.

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
26. Provisions				
----	----	Annual Leave - Short Term Benefit	24,800	17,755
----	----	Annual Leave - Long Term Benefit	10,069	14,932
----	----	Long Service Leave On-Costs	3,845	3,858
38,714	36,545	Provision for Personnel Services Liability	-----	-----
38,714	36,545	Total Current Provisions	38,714	36,545
<hr/>				
Non-Current Employee Benefits and Related On-Costs				
----	----	Long Service Leave On-Costs	202	203
202	203	Provision for Personnel Services Liability	-----	-----
202	203	Total Non-Current Provisions	202	203
<hr/>				
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	38,714	36,545
----	----	Provisions - Non-Current	202	203
----	----	Accrued Salaries, Wages and On-Costs (Note 24)	6,701	5,825
45,617	42,573	Liability - Purchase of Personnel Services	-----	-----
45,617	42,573		45,617	42,573
<hr/>				

Mid North Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		27. Other Liabilities		
		Current		
239	103	Income in Advance	239	103
<u>239</u>	<u>103</u>		<u>239</u>	<u>103</u>
		Non-Current		
345	399	Other	345	399
<u>345</u>	<u>399</u>		<u>345</u>	<u>399</u>

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		28. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	54,419	2,362
54,419	2,362	Later than one year and not later than five years	22,421	-----
22,421	-----	Later than five years	-----	-----
-----	-----			
<u>76,840</u>	<u>2,362</u>	Total Capital Expenditure Commitments (Including GST)	<u>76,840</u>	<u>2,362</u>
		Of the commitments reported at 30 June 2013 it is expected that \$nil will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	2,139	2,028
2,139	2,028	Later than one year and not later than five years	931	2,548
931	2,548	Later than five years	-----	13
-----	13			
<u>3,070</u>	<u>4,589</u>	Total Operating Lease Commitments (Including GST)	<u>3,070</u>	<u>4,589</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Contingent Asset Related to Commitments for Expenditure		
		The total of 'Commitments for Expenditure' above, i.e. \$79.9 million as at 30 June 2013 includes input tax credits of \$7.3 million that are expected to be recoverable from the Australian Taxation Office (2012 \$0.6 million).		

Mid North Coast Local Health District
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PARENT AND CONSOLIDATION

29. Trust Funds

The MNCLHD holds trust fund moneys of \$2.2 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	1	1	127	72	2,293	929	2,421	1,002
Receipts	-----	-----	216	214	9,016	8,509	9,232	8,723
Expenditure	-----	-----	(185)	(159)	(9,292)	(7,145)	(9,477)	(7,304)
Cash Balance at the end of the financial year	1	1	158	127	2,017	2,293	2,176	2,421

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PARENT AND CONSOLIDATED

30. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2006/07 fund year and an interim adjustment for the 2008/09 fund year were not calculated until 2012/13.

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

Mid North Coast Local Health District
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
31. Reconciliation of Cash Flows from Operating Activities to Net Result				
52,315	24,112	Net Cash Flows from Operating Activities	52,315	24,112
(12,465)	(12,091)	Depreciation	(12,465)	(12,091)
(940)	1,192	Allowance for Impairment	(940)	1,192
(136)	22	(Increase)/ Decrease Income In Advance	(136)	22
(2,755)	(6,350)	(Increase)/ Decrease in Provisions	(2,755)	(6,350)
2,468	(4,911)	Increase / (Decrease) in Prepayments and Other Assets	2,468	(4,911)
(9,275)	3,659	(Increase)/ Decrease in Creditors	(9,275)	3,659
(450)	(68)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(450)	(68)
<u>20,762</u>	<u>6,565</u>	Net Result	<u>20,762</u>	<u>6,565</u>

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32. Unclaimed Moneys

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

All money and personal effects of patients which are left in the custody of MNCLHD 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 MNCLHD.

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.

33. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than budget by \$4 million, primarily due to:

Higher revenues received for grants and contributions, infrastructure fees for the use of facilities and investment revenue.

Assets and Liabilities

Total Assets increased by \$14.9m against budget primarily due to increased cash at bank holdings. Total Liabilities increased by \$10.9m against budget primarily due to increased payables liabilities.

Cash Flows

The closing cash position is \$14.2m better than budget as a result of favourable variances in cash flows from operating activities, and total receipts from operating activities were \$5.0m higher than budget.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 24 June 2012 are as follows:

	\$000
Initial Allocation, 24 June 2012	385,946
Special Projects enhancements	0
Aboriginal Health	714
Community Health	815
Dental	1,040
Drug & Alcohol	258
Education and Training	1,419
Health Promotion	823
Insurance	1,581
IPTAAS (Isolated Patient Travel Accom. Assistance)	962
Public Health	1,043
Other	1,567
Balance as per Statement of Comprehensive Income	396,168

Mid North Coast Local Health District
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34. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2011/12 year were:

An increase in net assets of \$4.065M relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31th May 2012.

Equity transfers effected in the 2012/13 year were:

A increase in net assets of \$587,000 relating to the transfer of leave provisions to the Crown Entity

	2013	2012
	\$000	\$000
Equity transfers effected comprised:		
Health Reform Transitional Organisation		4,065
Crown Entity - Transfer of Long Service Leave On-costs	587	
	587	4,065
Assets and Liabilities transferred are as follows:		
	2013	2012
	\$000	\$000
Assets		
Current Assets		
- Cash & Cash Equivalents		2,775
- Receivables		2,558
Non-Current Assets		
Property, Plant and Equipment		
- Land and Buildings		1,209
- Plant and Equipment		6,105
Liabilities		
Current Liabilities		
Payables		(3,565)
Provisions	587	(4,100)
Borrowings		(327)
Other		(125)
Non-Current Liabilities		
Borrowings		(465)
Provisions		
Increase/(Decrease) in Net Assets From Equity Transfers	587	4,065

Mid North Coast Local Health District
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35. Financial Instruments

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 18)	N/A	29,472	19,266
Receivables (note 19)*	Loans and receivables (at amortised cost)	11,682	11,155
Total Financial Assets		41,154	30,421
Financial Liabilities			
Borrowings (note 25)	Financial liabilities	333	466
Payables (note 24)**	measured at	39,065	29,760
Other (note 27)	amortised cost	345	399
Total Financial Liabilities		39,743	30,625

Notes

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

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

(b) Credit Risk

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

Mid North Coast Local Health District
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financial guarantees.

Credit risk associated with the MNCLHD'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 3.25% in 2012/13 compared to 3.40% 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 MNCLHD 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 MNCLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013:\$10.951M; 2012: \$9.833M) and not more than 3 months past due (2013: \$1.294M; 2012:\$0.450M) are not considered impaired and together these represent 98% 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 MNCLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

2013	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	1,294	1,294	0
3 months - 6 months overdue	180	138	42
> 6 months overdue	105	0	105
2012			
<3 months overdue	716	716	0
3 months - 6 months overdue	146	102	44
> 6 months overdue	137	9	128

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.

(c) Liquidity Risk

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Liquidity risk is the risk that the MNCLHD will be unable to meet its payment obligations when they fall due. The MNCLHD 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 MNCLHD 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 MNCLHD has exposure to liquidity risk.

However, the risk is minimised by the service agreement, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the MNCLHD 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 MNCLHD's financial liabilities together with the interest rate exposure.

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2013								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		4,323	-----	-----	4,323	4,323	-----	-----
- Creditors		34,742	-----	-----	34,742	34,742	-----	-----
Borrowings:								
- Loans and Deposits	3.09	678	-----	678	-----	595	67	16
		<u>39,743</u>	-----	<u>678</u>	<u>39,065</u>	<u>39,660</u>	<u>67</u>	<u>16</u>
2012								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		3,587	-----	-----	3,587	3,587	-----	-----
- Creditors		26,173	-----	-----	26,173	26,173	-----	-----
Borrowings:								
- Loans and Deposits	3.09	865	-----	865	-----	865	-----	-----
		<u>30,625</u>	-----	<u>865</u>	<u>29,760</u>	<u>30,625</u>	-----	-----

Notes:

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

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d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The MNCLHD's exposures to market risk are primarily through interest rate risk on the MNCLHD's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The MNCLHD 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 MNCLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The MNCLHD does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The MNCLHD's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1%		+1%	
		Profit	Equity	Profit	Equity
2013					
Financial Assets					
Cash and Cash Equivalents	29,472	(295)	(295)	295	295
Receivables	11,682	----	----	----	----
Financial Liabilities					
Payables	39,065	----	----	----	----
Borrowings	333	(3)	(3)	3	3
Other	345	(3)	(3)	3	3
2012					
Financial Assets					
Cash and Cash Equivalents	19,266	(193)	(193)	193	193
Receivables	11,155	----	----	----	----
Financial Liabilities					
Payables	29,760	----	----	----	----
Borrowings	466	(5)	(5)	5	5
Other	399	(4)	(4)	4	4

Note 36 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