



INDEPENDENT AUDITOR'S REPORT

Central Coast Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Central Coast Local Health District (the District), which comprise the statement of financial position as at 30 June 2012, 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 2012, 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 financial position, the statement of comprehensive income and the statement of cash flows.

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

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of 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 assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

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

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

S Bond

Sally Bond
Director, Financial Audit Services

12 October 2012
SYDNEY



Pursuant to Section 45F of the *Public Finance and Audit Act, 1983*, I state that to the best of my knowledge and belief:

- 1) the financial statements have been prepared in accordance with:
 - Australian Accounting Standards
 - *Public Finance and Audit Act 1983*
 - *Public Finance and Audit Regulations 2010*
 - *Health Services Act 1997 and its Regulations*
 - the Accounts and Audit Determination
- 2) the financial statements exhibit a true and fair view of the financial position and the financial performance of the Central Coast Local Health District for the year ended 30 June 2012.
- 3) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Rob Wright
Director of Finance

Date: 27-9-12

Jan-Maree Tweedie
Acting Chief Executive

Date: 27.9.12

Central Coast Local Health District
Statement of Comprehensive Income for the year ended 30 June 2012

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2012	2012	30 June 2011		2012	2012	30 June 2011
\$000	\$000	\$000		\$000	\$000	\$000
Expenses excluding losses						
Operating Expenses						
			3	425,414	427,812	180,053
425,414	427,812	180,053	4		----	
26,725	26,520	12,730		26,725	26,520	12,730
176,362	142,144	87,923	5	176,362	142,144	87,923
20,586	21,287	8,821	2(i), 6	20,586	21,287	8,821
6,719	6,280	2,845	7	6,719	6,280	2,845
61	211	1	8	61	211	1
----	----	----		----	----	----
----	----	----		----	----	----
655,867	624,254	292,373		655,867	624,254	292,373
Revenue						
484,974	484,718	233,896	2(d)	484,974	484,718	233,896
20,110	20,110	5,710	2(d)	20,110	20,110	5,710
----	----	----		----	----	----
----	----	----	2(a)(ii), 12	31,810	33,673	7,670
93,866	64,159	31,301	9	93,866	64,159	31,301
1,077	1,074	322	10	1,077	1,074	322
46,916	46,919	11,577	11	15,106	13,246	3,907
3,269	1,911	189	13	3,269	1,911	189
650,212	618,891	282,995		650,212	618,891	282,995
(223)	(32)	(109)	14	(223)	(32)	(109)
(2,268)	(1,864)	(212)	15	(2,268)	(1,864)	(212)
(8,146)	(7,259)	(9,699)	29	(8,146)	(7,259)	(9,699)
Net Result						
Other Comprehensive Income						
Net Increase/(Decrease) in						
Property, Plant & Equipment						
15,510	----	----		15,510	----	----
Available for Sale Financial Assets						
----	----	----		----	----	----
----	----	----		----	----	----
Net Change in the Asset Revaluation						
Surplus Arising from a Change in the						
----	----	----		----	----	----
----	----	----		----	----	----
15,510	----	----		15,510	----	----
7,364	(7,259)	(9,699)		7,364	(7,259)	(9,699)
TOTAL COMPREHENSIVE INCOME						

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Statement of Financial Position as at 30 June 2012

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Notes	Actual	Budget Unaudited	Actual
2012	2012	2011			2012	2012	2011
\$000	\$000	\$000			\$000	\$000	\$000
ASSETS							
Current Assets							
18,851	17,474	17,177	Cash and Cash Equivalents	18	18,851	17,474	17,177
20,854	19,824	21,383	Receivables	19	20,854	19,824	21,383
3,870	3,301	3,300	Inventories	20	3,870	3,301	3,300
----	----	----	Financial Assets at Fair Value		----	----	----
----	----	----	Other Financial Assets		----	----	----
----	----	----	Other		----	----	----
<u>43,575</u>	<u>40,599</u>	<u>41,860</u>			<u>43,575</u>	<u>40,599</u>	<u>41,860</u>
----	----	----	Non-Current Assets Held for Sale		----	----	----
<u>43,575</u>	<u>40,599</u>	<u>41,860</u>	Total Current Assets		<u>43,575</u>	<u>40,599</u>	<u>41,860</u>
Non-Current Assets							
----	----	----	Receivables	19	----	----	----
----	----	----	Financial Assets at Fair Value		----	----	----
----	----	----	Other Financial Assets		----	----	----
Property, Plant and Equipment							
457,659	458,234	454,770	- Land and Buildings	21	457,659	458,234	454,770
23,902	11,410	16,416	- Plant and Equipment	21	23,902	11,410	16,416
25,435	11,294	11,294	- Infrastructure Systems	21	25,435	11,294	11,294
<u>506,996</u>	<u>480,938</u>	<u>482,480</u>	Total Property, Plant and Equipment		<u>506,996</u>	<u>480,938</u>	<u>482,480</u>
----	----	----	Intangible Assets		----	----	----
----	----	----	Other		----	----	----
<u>506,996</u>	<u>480,938</u>	<u>482,480</u>	Total Non-Current Assets		<u>506,996</u>	<u>480,938</u>	<u>482,480</u>
<u>550,571</u>	<u>521,537</u>	<u>524,340</u>	Total Assets		<u>550,571</u>	<u>521,537</u>	<u>524,340</u>
LIABILITIES							
Current Liabilities							
53,106	42,198	42,022	Payables	23	53,106	42,198	42,022
----	125	----	Borrowings		----	125	----
57,513	47,090	42,864	Provisions	24	57,513	47,090	42,864
5,913	3,961	3,893	Other	25	5,913	3,961	3,893
<u>116,532</u>	<u>93,374</u>	<u>88,779</u>	Total Current Liabilities		<u>116,532</u>	<u>93,374</u>	<u>88,779</u>
Non-Current Liabilities							
----	----	----	Borrowings		----	----	----
285	----	139	Provisions	24	285	----	139
----	----	----	Other	25	----	----	----
<u>285</u>	<u>----</u>	<u>139</u>	Total Non-Current Liabilities		<u>285</u>	<u>----</u>	<u>139</u>
<u>116,817</u>	<u>93,374</u>	<u>88,918</u>	Total Liabilities		<u>116,817</u>	<u>93,374</u>	<u>88,918</u>
<u>433,754</u>	<u>428,163</u>	<u>435,422</u>	Net Assets		<u>433,754</u>	<u>428,163</u>	<u>435,422</u>
EQUITY							
15,510	----	----	Reserves		15,510	----	----
418,244	428,163	435,422	Accumulated Funds		418,244	428,163	435,422
Amounts Recognised in Equity Relating to Assets							
----	----	----	Held for Sale		----	----	----
<u>433,754</u>	<u>428,163</u>	<u>435,422</u>	Total Equity		<u>433,754</u>	<u>428,163</u>	<u>435,422</u>

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Statement of Changes in Equity for the year ended 30 June 2012

	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
Notes	\$000	\$000	\$000	\$000
Balance at 1 July 2011	435,422	----	----	435,422
Restated Total Equity at 1 July 2011	<u>435,422</u>	<u>----</u>	<u>----</u>	<u>435,422</u>
Net Result for the year	<u>(8,146)</u>			<u>(8,146)</u>
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	----	15,510	----	15,510
Total Other Comprehensive Income	----	15,510	----	15,510
Total Comprehensive Income for the year	<u>(8,146)</u>	<u>15,510</u>	<u>----</u>	<u>7,364</u>
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers 33	<u>(9,032)</u>	<u>----</u>	<u>----</u>	<u>(9,032)</u>
Balance at 30 June 2012	<u><u>418,244</u></u>	<u><u>15,510</u></u>	<u><u>----</u></u>	<u><u>433,754</u></u>
Balance at 1 January 2011	189	----	----	189
Balance at 1 January 2011	<u>189</u>	<u>----</u>	<u>----</u>	<u>189</u>
Net Result for the year	<u>(9,699)</u>			<u>(9,699)</u>
Total Comprehensive Income for the year	<u>(9,699)</u>	<u>----</u>	<u>----</u>	<u>(9,699)</u>
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	444,932	----	----	444,932
Balance at 30 June 2011	<u><u>435,422</u></u>	<u><u>----</u></u>	<u><u>----</u></u>	<u><u>435,422</u></u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2012

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual	
2012	2012	30 June 2011	Notes	2012	2012	30 June 2011	
\$000	\$000	\$000		\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
				Employee Related	(415,921)	(421,844)	(168,737)
(7,519)	(6,280)	(2,845)		Grants and Subsidies	(7,519)	(6,280)	(2,845)
----	----	(1)		Finance Costs	----	----	(1)
(672,637)	(596,180)	(238,330)		Other	(256,716)	(174,336)	(69,593)
(680,156)	(602,460)	(241,176)		Total Payments	(680,156)	(602,460)	(241,176)
Receipts							
484,974	484,718	233,896		NSW Ministry of Health Recurrent Allocations	484,974	484,718	233,896
20,110	20,110	5,710		NSW Ministry of Health Capital Allocations	20,110	20,110	5,710
----	----	----		Asset Sale Proceeds Transferred to the NSW Ministry of Health	----	----	----
----	----	----		Cash Reimbursements from the Crown Entity	31,810	33,673	----
89,567	69,052	----		Sale of Goods and Services	89,567	69,052	----
1,077	1,074	13,779		Interest Received	1,077	1,074	13,779
45,618	46,919	442		Grants and Contributions	13,808	13,246	442
27,741	1,968	3,975		Other	27,741	1,968	3,975
669,087	623,841	257,802		Total Receipts	669,087	623,841	257,802
(11,069)	21,381	16,626		NET CASH FLOWS FROM OPERATING ACTIVITIES	(11,069)	21,381	16,626
CASH FLOWS FROM INVESTING ACTIVITIES							
96	9	----		Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	96	9	----
----	----	----		Proceeds from Sale of Investments	----	----	----
(21,564)	(21,007)	(8,412)		Purchases of Land and Buildings, Plant and Equipment Infrastructure Systems and Intangibles	(21,564)	(21,007)	(8,412)
----	----	----		Purchases of Investments	----	----	----
(21,468)	(20,998)	(8,412)		NET CASH FLOWS FROM INVESTING ACTIVITIES	(21,468)	(20,998)	(8,412)
CASH FLOWS FROM FINANCING ACTIVITIES							
----	----	----		Proceeds from Borrowings and Advances	----	----	----
(912)	(86)	----		Repayment of Borrowings and Advances	(912)	(86)	----
(912)	(86)	----		NET CASH FLOWS FROM FINANCING ACTIVITIES	(912)	(86)	----
(33,449)	297	8,214		NET INCREASE / (DECREASE) IN CASH	(33,449)	297	8,214
17,177	17,177	8,963		Opening Cash and Cash Equivalents	17,177	17,177	8,963
35,123	----	----		Cash Transferred In/(Out) as a Result of Administrative Restructuring	35,123	----	----
18,851	17,474	17,177		CLOSING CASH AND CASH EQUIVALENTS	18,851	17,474	17,177

The accompanying notes form part of these financial statements.

Central Coast Local Health District
Service Group Statements
for the Year Ended 30 June 2012

CCLHD 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		
	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	
	\$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																							
Employee Related	48,487	17,027	1,274	731	46,782	21,040	39,735	18,060	173,532	76,032	48,548	19,286	30,525	9,855	10,227	2,490	26,304	15,532				425,414	180,053
Visiting Medical Officers	189	94	0	0	2,186	1,346	3,001	1,437	17,170	6,527	1,513	578	762	139	813	0	1,089	2,609				26,725	12,730
Other Operating Expenses	11,764	5,568	970	164	24,824	15,331	11,438	6,677	96,419	39,227	8,289	6,041	11,898	4,800	3,253	2,854	7,506	7,261				176,362	87,923
Depreciation and Amortisation	1,073	253	19	3	2,735	1,261	2,273	1,071	10,197	4,369	1,211	563	1,530	458	274	18	1,275	825				20,586	8,821
Grants and Subsidies	2,323	232	1	0	40	113	32	1	144	1	1,201	291	2,948	2,208	2	0	28	0				6,719	2,845
Finance Costs							61	1														61	1
Total Expenses excluding losses	63,835	23,174	2,264	898	76,567	39,091	56,540	27,246	297,462	126,156	60,763	26,760	47,664	17,460	14,569	5,362	36,203	26,227				655,867	292,373
Revenue																							
NSW Ministry of Health Recurrent Allocations ***																							
NSW Ministry of Health Capital Allocations ***																							
Acceptance by the Crown Entity																							
of Employee Benefits and Other Liabilities																							
Sale of Goods and Services	2,468	1,407		28	7,462	2,379	6,170	2,091	58,920	16,488	2,906	3,338	7,083	3,602	400	217	8,457	1,751				484,974	233,896
Investment Revenue	103	34	4	1	127	32	92	26	494	199	97	22	78	23	24	5	59	100				20,110	5,710
Grants and Contributions	229	319	1,317	4	2,427	396	204	2	3,032	264	217	242	173	591	53	10	7,455	2,079				31,810	7,670
Other Revenue	312	5	12	0	385	9	279	8	1,500	31	295	5	236	4	72	1	178	6				93,866	31,301
Total Revenue	3,112	1,765	1,332	33	10,400	2,815	6,745	2,127	63,946	16,982	3,515	3,607	7,570	4,220	549	233	16,149	3,936				247,276	650,212
Gain / (Loss) on Disposal	(73)	(26)	(0)	0	(14)	(15)	(33)	(15)	(98)	(41)	(3)	(2)	(1)	(3)	(0)		(1)	(7)				(223)	(109)
Other Gains / (Losses)	(217)	(7)	(8)	(0)	(267)	(95)	(193)	(7)	(1,040)	(66)	(205)	(11)	(164)	(6)	(50)	(1)	(124)	(20)				(2,268)	(212)
Net Result	(61,013)	(21,442)	(940)	(864)	(66,448)	(36,385)	(50,022)	(25,141)	(234,655)	(109,281)	(57,455)	(23,165)	(40,259)	(13,249)	(14,070)	(5,130)	(20,179)	(22,318)				(8,146)	(9,699)
Other Comprehensive Income																							
Increase/(Decrease) in Asset Revaluation Reserve																							
Total Other Comprehensive Income																							
Total Comprehensive Income	(61,013)	(21,442)	(940)	(864)	(66,448)	(36,385)	(50,022)	(25,141)	(234,655)	(109,281)	(57,455)	(23,165)	(40,259)	(13,249)	(14,070)	(5,130)	(20,179)	(22,318)				(8,146)	(9,699)

Service Group Statements focus on the key measures of service delivery performance.

* The purpose of each service group is summarised in Note 19.

** Comparatives for 2011 are for the six months ended 30 June 2011.

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

The Service Group Statement uses statistical data to 31 December 2011 to allocate the current period's financial information on expenses and revenue to each service group.

No changes have occurred during the period between 1 January 2012 and 30 June 2012 which would materially impact this allocation.

Central Coast Local Health District
Service Group Statements (Continued)
for the Year Ended 30 June 2012

	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		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	\$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	1,835	1,361	65	53	2,201	2,297	1,623	1,601	8,550	7,412	1,747	1,572	1,370	1,026	419	315	1,041	1,540					
Receivables	573	1,057	245	20	1,914	1,686	1,241	1,273	11,768	10,167	647	2,160	2,526	2,526	101	138	2,972	2,358					
Inventories	412	218	9	5	466	428	327	327	1,612	1,570	368	218	317	193	132	41	228	300					
Total Current Assets	2,820	2,636	319	78	4,581	4,411	3,191	3,201	21,930	19,149	2,761	3,950	3,080	3,745	652	494	4,241	4,198					
Non-Current Assets																							
Property, Plant and Equipment																							
- Land and Buildings	23,848	13,048	423	140	60,799	65,020	50,532	55,216	226,696	225,243	26,921	29,065	34,022	23,604	6,082	905	28,337	42,540					
- Plant and Equipment	1,246	471	22	5	3,175	2,347	2,639	1,993	11,840	8,131	1,406	1,049	1,777	852	318	33	1,480	1,535					
- Infrastructure Systems	1,325	324	23	3	3,379	1,615	2,808	1,371	12,599	5,594	1,496	722	1,891	586	338	22	1,575	1,057					
Total Non-Current Assets	26,419	13,843	468	148	67,353	68,982	55,979	58,580	251,134	238,968	29,823	30,826	37,689	25,042	6,738	960	31,392	45,132					
TOTAL ASSETS	29,239	16,479	787	226	71,934	73,393	59,171	61,781	273,064	258,117	32,585	34,776	40,769	28,787	7,390	1,454	35,632	49,330					
LIABILITIES																							
Current Liabilities																							
Payables	5,653	2,781	119	60	6,398	5,448	4,482	4,162	22,115	19,994	5,048	2,774	4,348	2,452	1,813	521	3,131	3,832					
Provisions	6,555	4,053	172	174	6,325	5,009	5,372	4,299	23,460	18,100	6,563	4,591	4,127	2,346	1,383	593	3,556	3,699					
Other	576	309	20	12	690	521	509	363	2,682	1,680	548	356	430	232	131	71	326	349					
Total Current Liabilities	12,784	7,143	312	246	13,413	10,978	10,363	8,824	48,257	39,774	12,159	7,721	8,904	5,030	3,327	1,185	7,014	7,880					
Non-Current Liabilities																							
Provisions	32	13	1	1	31	16	27	14	116	59	33	15	20	8	7	2	18	11					
Total Non-Current Liabilities	32	13	1	1	31	16	27	14	116	59	33	15	20	8	7	2	18	11					
TOTAL LIABILITIES	12,816	7,156	312	247	13,445	10,994	10,389	8,838	48,373	39,833	12,192	7,736	8,925	5,038	3,334	1,187	7,031	7,891					
NET ASSETS	16,423	9,323	475	(21)	58,489	62,399	48,781	52,943	224,691	218,284	20,393	27,040	31,845	23,749	4,056	267	28,601	41,439					

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

1. The Reporting Entity

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

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

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

The District controls the Central Coast 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*. These Divisions provide personnel services to enable a District to exercise its functions.

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

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

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Acting Chief Executive on 27 September 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

The CCLHD'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' Direction. Apart from the basis for the CCLHD'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(ac).

Notwithstanding the consolidated entity has a working capital deficiency of (\$72.957)M 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 CCLHD have been prepared on a going concern basis.

As has been the case in prior years, the NSW Ministry of Health issued a letter of financial support on 27 September 2012 confirming that the CCLHD receives each year funding from monies appropriated to the Minister from the Consolidated Fund in accordance with Section 127 of the Health Services Act 1997.

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

Other mitigating circumstances why the going concern is appropriate include:

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 six month period as the entity was established on 1 January 2011.

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 17% are applied to the value of leave payable at 30 June 2012, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2011 were also 17%).

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

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

ii) Long Service Leave and Superannuation

The CCLHD's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown. The CCLHD accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the CCLHD as shown in Note 24.

Long Service Leave is measured at present value in accordance with AASB119, *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 approximate present value.

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

The CCLHD 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'.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 23, 'Payables'.

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

iii) Other Provisions

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

b) Insurance

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

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.

High Cost Drugs

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

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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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. Payment for inpatient services are based on admitted public activity whilst payments for non admitted patients are subject to a block grant paid to the credit of the NSW Ministry of Health.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB139, Financial Instruments: Recognition and Measurement.

Rental revenue is recognised in accordance with AASB117 Leases on a straight line basis over the lease term.

Dividend revenue is recognised in accordance with AASB118 Revenue when the CCLHD's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB118 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 CCLHD use in the advancement of the CCLHD or individuals within it.

Use of Outside Facilities

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

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

Grants and Contributions

Grants and Contributions are generally recognised as revenues when the CCLHD 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 CCLHD 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 CCLHD 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

Districts recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The revenue values reported within the financial statements have been based on 2010/11 activity data using standard cost weighted separation values to reflect estimated costs in 2011/12 for acute weighted inpatient separations.

The composition of interstate patient flow revenue is disclosed 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 CCLHD.

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 specific requirements of other Australian Accounting Standards.

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

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

h) Capitalisation Thresholds

Individual items of property, plant & equipment are capitalised where their cost is \$10,000 or above.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 CCLHD. 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 AASB116, Property, Plant and Equipment and AASB140, Investment Property.

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

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 CCLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the CCLHD as at 1 July 2011 was completed on 30 June 2012 and was based on an independent assessment

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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 asset revaluation reserve, 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 for the year, 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 asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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 CCLHD is effectively exempt from AASB 136 Impairment of Assets and impairment testing.

This is because AASB136 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.

m) Restoration Costs

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

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

The CCLHD 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.

o) Investment Properties

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

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

q) Maintenance

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

r) Leased Assets

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

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

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

s) Inventories

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

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

t) Loans and Receivables

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

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

u) Investments

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

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

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

The 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 Districts' key management personnel.

The risk management strategy of the CCLHD 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'.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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

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

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

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

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

v) Impairment of financial assets

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

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

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

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

w) De-recognition of financial assets and financial liabilities

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

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

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

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

x) Payables

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
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y) Borrowings

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

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

z) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies 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 AASB1004, *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 agency does not recognise that asset.

aa) Equity and Reserves

(i) Asset Revaluation Surplus

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

(ii) Accumulated Funds

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

(iii) Separate Reserves

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

ab) Trust Funds

The CCLHD receives monies in a trustee capacity for various trusts as set out in Note 27.

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

ac) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Health Ministry 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".

Central Coast Local Health District
Notes to and forming part of the Financial Statements
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ae) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2011 which is then applied to the current period's financial information. The same methodology is applied to attribute assets and liabilities to each service group.

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

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

af) New Australian Accounting Standards Issued but not Effective

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial statements of the CCLHD.

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2013 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. Financial assets of the CCLHD are not significant and 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 CCLHD.

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 material impact on the CCLHD.

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

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 CCLHD.

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 mandate of Treasury.

AASB 2010-8, Deferred Tax: Recovery of Underlying Assets has application from 1 July 2012 and addresses deferred tax relating to investment property. It is assessed as having no impact on the District.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

AASB 2010-10, Removal of Fixed Dates for First Time Adopters, has application from 1 July 2013, and is assessed as having no impact on the District.

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

AASB 2011-3, Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and related amendments has application from 1 July 2012 and changes in disclosure will be dependent on the mandate of 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 to Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013.

The exemptions from preparing the consolidation is not expected to apply to the CCLHD.

ASB 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. The changes have application from 1 July 2013 but are assessed as having no material effect.

AASB 2011-8, Amendments to Australian Accounting Standards, Fair Value Measurement affects 32 standards and nine interpretations, consequential to the new requirements contained in AASB 13, Fair Value Measurement. The change is effective from 1 July 2013.

AASB 2011-9, Amendments to Australian Accounting Standards, Presentation of Items of Other Comprehensive Income has application from 1 July 2012. The amendments requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially reclassified to Profit or Loss. No change is expected.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119 has application from 1 July 2013 and makes consequential amendments to 7 standards and 1 interpretation to the changes made by AASB 119, Employee Entitlements. Any change to the 2013/14 will be dependent on the policy of NSW Treasury.

AASB 2011-11, Amendments to AASB 119 arising from Reduced Disclosure Requirements, has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-12, Amendments to AASB 119 arising from Reduced Disclosure Requirements, has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-13, Amendments to Australian Accounting Standard - Improvements to AASB 1049, has application from 1 July 2013 and relates to the Whole of Government General Purpose Financial Statements and General Government Sector Financial Statements. Any change will be dependent on the mandate of NSW Treasury.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	30 June 2011 \$000		2012 \$000	30 June 2011 \$000
3. Employee Related				
Employee related expenses comprise the following:				
		Salaries and Wages	262,923	113,767
		Overtime	15,967	6,801
		Penalties	29,124	14,457
		Superannuation - Defined Benefit Plans	4,709	2,716
		Superannuation - Defined Contribution Plans	27,488	12,213
		Long Service Leave	29,945	4,954
		Annual Leave	34,041	16,206
		Sick Leave and Other Leave	14,441	5,444
		Redundancies	1,106	116
		Workers' Compensation Insurance	5,670	3,379
			425,414	180,053
The following additional information is provided:				
		Employee Related Expenses Capitalised - Land and Buildings	----	----
		Employee Related Expenses Capitalised - Plant and Equipment	127	----
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
262,923	113,767	Salaries and Wages		
15,967	6,801	Overtime		
29,124	14,457	Penalties		
4,709	2,716	Superannuation - Defined Benefit Plans		
27,488	12,213	Superannuation - Defined Contribution Plans		
29,945	4,954	Long Service Leave		
34,041	16,206	Annual Leave		
14,441	5,444	Sick Leave and Other Leave		
1,106	116	Redundancies		
5,670	3,379	Workers' Compensation Insurance		
425,414	180,053		----	----
The following additional information is provided:				
----	----	Personnel Services Expenses Capitalised - Land and Buildings		
127	----	Personnel Services Expenses Capitalised - Plant and Equipment		
5. Other Operating Expenses				
4,391	2,420	Blood and Blood Products	4,391	2,420
7,389	3,165	Domestic Supplies and Services	7,389	3,165
24,977	13,879	Drug Supplies	24,977	13,879
12,081	6,325	Food Supplies	12,081	6,325
4,792	2,169	Fuel, Light and Power	4,792	2,169
38,549	18,927	General Expenses (See (b) below)	38,549	18,927
2,877	1,078	Hospital Ambulance Transport Costs	2,877	1,078
2,306	304	Information Management Expenses	2,306	304
1,251	265	Insurance	1,251	265
		Maintenance (See (c) below)		
3,577	1,063	Maintenance Contracts	3,577	1,063
5,584	3,072	New/Replacement Equipment under \$10,000	5,584	3,072
2,778	715	Repairs Maintenance/Non Contract	2,778	715
3	----	Other	3	----
24,409	11,481	Medical and Surgical Supplies	24,409	11,481
990	457	Motor Vehicle Expenses	990	457
1,493	469	Postal and Telephone Costs	1,493	469
1,358	500	Printing and Stationery	1,358	500
756	367	Rates and Charges	756	367
1,286	708	Rental	1,286	708
31,798	18,946	Special Service Departments	31,798	18,946
2,135	923	Staff Related Costs	2,135	923
171	----	Sundry Operating Expenses (See (a) below)	171	----
1,411	690	Travel Related Costs	1,411	690
176,362	87,923		176,362	87,923

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	30 June 2011		2012	30 June 2011
\$000	\$000		\$000	\$000
		(a) Sundry Operating Expenses comprise :		
135	-----	Contract for Patient Services	135	-----
36	-----	Isolated Patient Travel and Accommodation Assistance Scheme	36	-----
<u>171</u>	<u>-----</u>		<u>171</u>	<u>-----</u>
		(b) General Expenses include :-		
256	67	Advertising	256	67
120	-----	Auditor's Remuneration - Audit of Financial Statements	120	-----
19	7	Auditor's Remuneration - Other Services	19	7
150	96	Books, Magazines and Journals	150	96
		Consultancies		
5	-----	- Operating Activities	5	-----
855	-----	Corporate Support Services	855	-----
365	116	Courier and Freight	365	116
137	(2)	Data Recording and Storage	137	(2)
158	9	Legal Services	158	9
129	30	Membership/Professional Fees	129	30
1,483	656	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,483	656
93	25	Other Operating Lease Expense - Minimum Lease Payments	93	25
3	-----	Payroll Services	3	-----
117	-----	Quality Assurance/Accreditation	117	-----
421	118	Security Services	421	118
-----	-----	Service Agreement Charges	-----	-----
31,428	17,044	Services Purchased from Health Reform Transition Organisations	31,428	17,044
145	83	Translator Services	145	83
2,666	676	Other	2,666	676
		(c) Reconciliation of Total Maintenance		
11,942	4,850	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	11,942	4,850
1,737	753	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	1,737	753
<u>13,679</u>	<u>5,603</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>13,679</u>	<u>5,603</u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	30 June 2011 \$000		2012 \$000	30 June 2011 \$000
6. Depreciation and Amortisation				
14,349	7,293	Depreciation - Buildings	14,349	7,293
647	91	Amortisation - Leased Buildings	647	91
4,251	1,260	Depreciation - Plant and Equipment	4,251	1,260
1,339	177	Depreciation - Infrastructure Systems	1,339	177
<hr/> 20,586 <hr/>	<hr/> 8,821 <hr/>		<hr/> 20,586 <hr/>	<hr/> 8,821 <hr/>
7. Grants and Subsidies				
2,172	730	Non-Government Organisations	2,172	730
1,056	608	Community Aged Care Packages	1,056	608
3,491	1,507	Other Grants	3,491	1,507
<hr/> 6,719 <hr/>	<hr/> 2,845 <hr/>		<hr/> 6,719 <hr/>	<hr/> 2,845 <hr/>
8. Finance Costs				
61	-----	Interest on Bank Overdrafts and Loans	61	-----
-----	1	Other Interest Charges	-----	1
<hr/> 61 <hr/>	<hr/> 1 <hr/>	Total Finance Costs	<hr/> 61 <hr/>	<hr/> 1 <hr/>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	30 June 2011 \$000		2012 \$000	30 June 2011 \$000
9. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
1,173	628	Sale of Prosthesis	1,173	628
430	142	Other	430	142
208	140	Pharmacy Sales	208	140
(b) Rendering of Services comprise the following:-				
Patient Fees [see note 2(d)]				
26,408	12,501	- Inpatient Fees	26,408	12,501
195	113	- Nursing Home Fees	195	113
323	160	- Non Inpatient Fees	323	160
18,442	8,893	Department of Veterans' Affairs	18,442	8,893
99	5	Staff-Meals and Accommodation	99	5
3,959	1,304	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	3,959	1,304
921	1,087	- Annual Charge	921	1,087
677	250	Car Parking	677	250
41	16	Clinical Services (excluding Clinical Drug Trials)	41	16
169	16	Commercial Activities	169	16
133	63	Fees for Medical Records	133	63
2	-----	Information Retrieval	2	-----
9,457	4,896	High Cost Drugs	9,457	4,896
1,494	884	Motor Accident Authority Third Party	1,494	884
1,048	-----	Patient Inflows from Interstate	1,048	-----
4	2	Patient Transport Fees	4	2
146	-----	Salary Packaging Fee	146	-----
146	24	Services Provided to Non NSW Health Organisations	146	24
26,109	-----	Transition Services Provided to Northern Sydney Local Health District	26,109	-----
2,282	177	Other	2,282	177
<u>93,866</u>	<u>31,301</u>		<u>93,866</u>	<u>31,301</u>
10. Investment Revenue				
Interest				
1,077	322	- Other	1,077	322
<u>1,077</u>	<u>322</u>		<u>1,077</u>	<u>322</u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	30 June 2011		2012	30 June 2011
\$000	\$000		\$000	\$000
11. Grants and Contributions				
839	253	Clinical Drug Trials	839	253
4,331	2,689	Commonwealth Government Grants	4,331	2,689
1,987	525	Industry Contributions/Donations	1,987	525
454	10	Cancer Institute Grants	454	10
4,174	193	NSW Government Grants	4,174	193
4,720	2,716	Personnel Services - Superannuation Defined Benefit Plans	-----	-----
30,411	5,191	Other Grants	3,321	237
46,916	11,577		15,106	3,907
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-----	-----	Superannuation-defined benefit	4,720	2,716
-----	-----	Long Service Leave	27,090	4,954
-----	-----		31,810	7,670
13. Other Revenue				
Other Revenue comprises the following:-				
5	10	Bad Debts Recovered	5	10
74	16	Commissions	74	16
3	2	Conference and Training Fees	3	2
606	120	Lease and Rental Income	606	120
2,221	-----	Treasury Managed Fund Hindsight Adjustment	2,221	-----
360	41	Other	360	41
3,269	189		3,269	189
14. Gain / (Loss) on Disposal				
6,387	118	Property, Plant and Equipment	6,387	118
6,068	-----	Less: Accumulated Depreciation	6,068	-----
319	118	Written Down Value	319	118
96	9	Less: Proceeds from Disposal	96	9
(223)	(109)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(223)	(109)
(223)	(109)	Total Gain/(Loss) on Disposal	(223)	(109)
15. Other Gains / (Losses)				
(1,222)	-----	Property, Plant and Equipment	(1,222)	-----
(1,046)	(212)	Asset Revaluation Increment/Decrement	(1,046)	(212)
(2,268)	(212)	Impairment of Receivables	(2,268)	(212)

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT & CONSOLIDATED

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	3	3,659	-----	3,662
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current reporting period	27	9,967	313	10,307
Total amount of unexpended contributions as at balance date	30	13,626	313	13,969

Comment on restricted assets appears in Note 22

17. Service Groups of the CCLHD

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 Service Group excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services which 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 ambulance services and treatment of patients in designated 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 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 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

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 illness and mental health problems. It also includes the development of preventative programs which 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.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		18. Cash and Cash Equivalents		
13,537	12,110	Cash at Bank and On Hand	13,537	12,110
<u>5,314</u>	<u>5,067</u>	Short Term Deposits	<u>5,314</u>	<u>5,067</u>
<u>18,851</u>	<u>17,177</u>		<u>18,851</u>	<u>17,177</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:				
<u>18,851</u>	<u>17,177</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>18,851</u>	<u>17,177</u>
<u>18,851</u>	<u>17,177</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>18,851</u>	<u>17,177</u>

Refer to Note 34 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
19. Receivables				
Current				
4,521	6,169	Sale of Goods and Services	4,521	6,169
12,059	7,977	Intra Health Receivables	12,059	7,977
3,331	4,635	Goods and Services Tax	3,331	4,635
1,010	2,332	Other Debtors	1,010	2,332
<hr/>	<hr/>		<hr/>	<hr/>
20,921	21,113	Sub Total	20,921	21,113
(197)	-----	Less Allowance for Impairment	(197)	-----
<hr/>	<hr/>		<hr/>	<hr/>
20,724	21,113	Sub Total	20,724	21,113
130	270	Prepayments	130	270
<hr/>	<hr/>		<hr/>	<hr/>
20,854	21,383		20,854	21,383
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
-----	-----	Balance at Commencement of Reporting Period	-----	-----
877	-----	Amounts written off during the year	877	-----
(1,074)	-----	(Increase)/decrease in Allowance Recognised in	(1,074)	-----
(197)	-----	Result for the Year	(197)	-----
		Balance at 30 June	(197)	-----
(b) Movement in the Allowance for Impairment				
Other Debtors				
-----	-----	Balance at Commencement of Reporting Period	-----	-----
(29)	212	Amounts written off during the year	(29)	212
28	(212)	(Increase)/decrease in Allowance Recognised in	28	(212)
(1)	-----	Result for the Year	(1)	-----
		Balance at 30 June	(1)	-----
<hr/>	<hr/>		<hr/>	<hr/>
(198)	-----		(198)	-----
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
(c) Sale of Goods and Services Receivables				
(Current and Non-Current) include:				
455	206	Patient Fees - Compensable	455	206
77	149	Patient Fees - Ineligible	77	149
3,018	4,444	Patient Fees - Other	3,018	4,444
<hr/>	<hr/>		<hr/>	<hr/>
3,550	4,799		3,550	4,799
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 34.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
20. Inventories - Current - Held for Distribution				
2,116	2,144	Drugs	2,116	2,144
1,545	1,156	Medical and Surgical Supplies	1,545	1,156
209	-----	Other Including Goods in Transit	209	-----
<u>3,870</u>	<u>3,300</u>		<u>3,870</u>	<u>3,300</u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
650,977	640,677	Gross Carrying Amount	650,977	640,677
193,318	185,907	Less Accumulated Depreciation and Impairment	193,318	185,907
457,659	454,770	Net Carrying Amount	457,659	454,770
Plant and Equipment - Fair Value				
54,317	34,853	Gross Carrying Amount	54,317	34,853
30,415	18,437	Less Accumulated Depreciation and Impairment	30,415	18,437
23,902	16,416	Net Carrying Amount	23,902	16,416
Infrastructure Systems - Fair Value				
53,572	14,239	Gross Carrying Amount	53,572	14,239
28,137	2,945	Less Accumulated Depreciation and Impairment	28,137	2,945
25,435	11,294	Net Carrying Amount	25,435	11,294
506,996	482,480	Total Property, Plant and Equipment At Net Carrying Amount	506,996	482,480

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21. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012							
Net Carrying Amount at Start of Year	51,798	399,822	2,702	448	16,416	11,294	482,480
Additions	----	----	17,947	74	3,391	(15)	21,397
Reclassifications to Intangibles	----	----	----	----	----	----	----
Recognition of Assets Held for Sale	----	----	----	----	----	----	----
Disposals	----	----	----	----	(319)	----	(319)
Administrative Restructures - Transfers In/(Out)	----	189	608	----	8,932	7	9,736
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	3,053	(3,053)	----	----	----	15,510	15,510
Impairment Losses (Recognised in "Other Gains/Losses")	(1,222)	----	----	----	----	----	(1,222)
Depreciation Expense	----	(14,349)	----	(647)	(4,251)	(1,339)	(20,586)
Reclassifications	----	(236)	(269)	794	(267)	(22)	----
Net Carrying Amount at End of Year	53,629	382,373	20,988	669	23,902	25,435	506,996

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011							
Net Carrying Amount at Start of Reporting Period	----	----	----	----	----	----	----
Additions	----	145	3,629	----	4,397	37	8,208
Reclassifications to Intangibles	----	----	----	----	----	----	----
Recognition of Assets Held for Sale	----	----	----	----	----	----	----
Disposals	----	----	----	----	(117)	----	(117)
Administrative Restructures - Transfers In/(Out)	51,798	405,984	1,270	539	12,185	11,434	483,210
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	----	----	----	----	----
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	----	----	----	----
Depreciation Expense	----	(7,293)	----	(91)	(1,260)	(177)	(8,821)
Reclassifications	----	986	(2,197)	----	1,211	----	----
Net Carrying Amount at End of Year	51,798	399,822	2,702	448	16,416	11,294	482,480

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the CCLHD [see note 2(g)].
- (ii) Land and Buildings were valued by Mark Greenhalgh, FAPI (Registered Valuer No. 2673) of Corporeal Pty Ltd during May 2012 [see note 2(j)] with values as at 1 July 2011. Mark Greenhalgh is not an employee of the CCLHD.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
22. Restricted Assets				
<p>The CCLHD'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				
9,027	7,124	Specific Purposes	9,027	7,124
-----	-----	Perpetually Invested Funds	-----	-----
51	52	Research Grants	51	52
4,891	3,148	Private Practice Funds	4,891	3,148
<hr/> 13,969 <hr/>	<hr/> 10,324 <hr/>		<hr/> 13,969 <hr/>	<hr/> 10,324 <hr/>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		23. Payables		
		Current		
		Accrued Salaries, Wages and On-Costs	10,960	5,638
		Taxation and Payroll Deductions	2,152	2,163
13,112	7,801	Accrued Liability - Purchase of Personnel Services		
14,364	10,878	Creditors	14,364	10,878
		Other Creditors		
		- Intra Health Liability	14,286	15,594
14,286	15,594	- Other	10,442	7,607
10,442	7,607	- Taxation	902	142
902	142			
<u>53,106</u>	<u>42,022</u>		<u>53,106</u>	<u>42,022</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 34.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
24. Provisions				
		Annual Leave - Short Term Benefit	34,657	28,203
		Annual Leave - Long Term Benefit	15,858	12,026
		Long Service Leave On-Costs	6,998	2,635
57,513	42,864	Provision for Personnel Services Liability		
<u>57,513</u>	<u>42,864</u>	Total Current Provisions	<u>57,513</u>	<u>42,864</u>
Non-Current Employee Benefits and Related On-Costs				
		Long Service Leave On-Costs	285	139
285	139	Provision for Personnel Services Liability		
<u>285</u>	<u>139</u>	Total Non-Current Provisions	<u>285</u>	<u>139</u>
Aggregate Employee Benefits and Related On-Costs				
57,513	42,864	Provisions - Current	57,513	42,864
285	139	Provisions - Non-Current	285	139
		Accrued Salaries, Wages and On-Costs (Note 23)	13,112	7,801
13,112	7,801	Accrued Liability - Purchase of Personnel Services (Note 23)		
<u>70,910</u>	<u>50,804</u>		<u>70,910</u>	<u>50,804</u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
25. Other Liabilities				
		Current		
5,913	3,893	Income in Advance	5,913	3,893
<hr/>	<hr/>		<hr/>	<hr/>
5,913	3,893		5,913	3,893
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000	26. Commitments for Expenditure	2012 \$000	2011 \$000
		(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	15,104	913
15,104	913			
15,104	913	Total Capital Expenditure Commitments (Including GST)	15,104	913
		Of the commitments reported at 30 June 2012 it is expected that \$296,692 will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
		Not later than one year	1,619	1,638
1,619	1,638	Later than one year and not later than five years	1,404	497
1,404	497			
3,023	2,135	Total Operating Lease Commitments (Including GST)	3,023	2,135

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

(c) Finance Lease Commitments

NIL

(d) Contingent Asset Related to Commitments for Expenditure

The total of 'Commitments for Expenditure' above, i.e. \$18 million as at 30 June 2012 includes input tax credits of \$1.647M that are expected to be recoverable from the Australian Taxation Office (2011: \$277,000).

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27. Trust Funds

The District holds trust fund moneys of \$333 thousand which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash Balance at the beginning of the financial year	-----		47		337		384	-----
Receipts			255	47	10,824	4,265	11,079	4,312
Expenditure			(91)		(11,039)	(3,928)	(11,130)	(3,928)
Cash Balance at the end of the financial year	-----	-----	211	47	122	337	333	384

PARENT AND CONSOLIDATED

28. 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 2005/06 fund year and an interim adjustment for the 2007/08 fund year were not calculated until 2011/12.

As a result, the 2006/07 final and 2008/09 pertaining to the hospitals and community services now forming part of the CCLHD will be paid in 2012/13. It is not possible for the CCLHD to reliably quantify the benefit to be received.

b) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the CCLHD's consolidated financial statements to the extent of cash payments made.

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

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	Actual		2012	Actual
\$000	30 June 2011		\$000	30 June 2011
\$000	\$000		\$000	\$000
29. Reconciliation of Cash Flows from Operating Activities to Net Result				
(11,069)	16,626	Net Cash Flows from Operating Activities	(11,069)	16,626
(20,587)	(8,821)	Depreciation	(20,587)	(8,821)
1,046	-----	Allowance for Impairment	1,046	-----
(1,511)	-----	Income in advance	(1,511)	-----
(7,392)	(3,646)	Decrease in Provisions	(7,392)	(3,646)
(1,040)	17,174	Increase / (Decrease) in Prepayments and Other Assets	(1,040)	17,174
33,852	(30,711)	(Increase)/ Decrease in Creditors	33,852	(30,711)
(1,222)	-----	Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	(1,222)	-----
(223)	(321)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(223)	(321)
(8,146)	(9,699)	Net Result	(8,146)	(9,699)

30. 2011/12 Voluntary Services

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

- | | |
|---|--|
| <ul style="list-style-type: none"> . Chaplaincies and Pastoral Care - . Pink Ladies/Hospital Auxiliaries - . Patient Support Groups - . Community Organisations - | <ul style="list-style-type: none"> Patient & Family Support Patient Services, Fund Raising Practical Support to Patients and Relative Counselling, Health Education, Transport, Home Help & Patient Activities |
|---|--|

Central Coast Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATED

31. 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 CCLHD 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 CCLHD.

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.

32. Budget Review - Parent and Consolidated

Net Result

The actual Net Result for the year was higher than budget by \$0.9 million.

Assets and Liabilities

Assets are favourable to budget by \$29.0 million due to the transfer in of \$10 million assets from the Health Reform Transition Organisation Northern and an increase on \$14.3 million in the value of Land, Building & Infrastructure from this year's revaluation.

Liabilities are unfavourable to budget by \$23.4 million due to the increases in the Salaries & Wages Accrual by \$5.3 million, accrued expenses by \$5.8 million and the transfer in of Leave Provisions from the Health Reform Transition Organisation Northern of \$7.3 million

Cash Flows

The major cause of the variances in the Cashflow are the driven from the cessation of the Health Reform Transition Organisation Northern (HRTON) and the establishment of a Holding Unit within the accounts of the District to administer the remaining functions of the HRTON pending their agreed splits between the District and Northern Sydney Local Health District (NSLHD).

The District recorded large increases in Payments within the cashflow for payments to the HRTON for services performed primarily up to 30 November 2011, \$26.9 million, and large increases in Receipts for charges to NSLHD for functions performed for NSLHD by the Holding Unit, \$26.1 million.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 15 September 2011 are as follows:

	\$000
Initial Allocation, 1 July 2011	441,846
Transfer from HRTON to Holding Entity	70,481
Transfer to Northern Sydney from Holding Entity	(30,176)
Leap year funding	925
Special Projects	1,743
Awards	5,041
SP&T adjustments	3,370
Redundancies	880
Cash Adjustment	1,998
Other	1,999
Capital Adjustments	6,721
	504,828
Balance as per Statement of Comprehensive Income	504,828

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

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

Other equity transfers effected in the 2011/12 year were:

An decrease in net assets of \$9M relating to the District's assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31st of May 2012.

Assets and Liabilities transferred are as follows:

	2012 \$000
Assets:	
Current Assets	
Cash and Cash Equivalents	35,123
Receivables	(7,632)
Inventories	207
Total Current Assets	<u><u>27,698</u></u>
Non-Current Assets	
Property, Plant and Equipment	
- Land and Buildings	797
- Plant and Equipment	8,932
- Infrastructure Systems	7
Total Property, Plant and Equipment	9,736
Total Non-Current Assets	<u><u>9,736</u></u>
Total Assets	<u><u>37,434</u></u>
Liabilities:	
Current Liabilities	
Payables	(37,702)
Borrowings	(338)
Provisions	(7,320)
Other	(509)
Total Current Liabilities	<u><u>(45,869)</u></u>
Non-Current Liabilities	
Borrowings	(513)
Provisions	(84)
Total Non-Current Liabilities	<u><u>(597)</u></u>
Total Liabilities	<u><u>(46,466)</u></u>
Increase/(Decrease) in Net Assets From Equity Transfers	<u><u>(9,032)</u></u>

Central Coast Local Health District
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2012

34. Financial Instruments

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

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

(a) Financial Instrument Categories

PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 18)	N/A	18,851	17,177
Receivables (note 19)	Loans and receivables (at amortised cost)	17,393	16,478
Total Financial Assets		36,244	33,655
Financial Liabilities			
Payables (note 23)	Financial liabilities	52,207	42,055
Other (note 25)	measured at	5,913	-----
Total Financial Liabilities		58,120	42,055

Notes

1 Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

2 Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 18)	N/A	18,851	17,177
Receivables (note 19)	Loans and receivables (at amortised cost)	17,393	16,478
Total Financial Assets		36,244	33,655
Financial Liabilities			
Payables (note 23)	Financial liabilities	52,207	42,055
Other (note 25)	measured at	5,913	-----
Total Financial Liabilities		58,120	42,055

Notes

1 Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

2 Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) Credit Risk

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

Credit risk associated with the CCLHD'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 in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.25% in 2011/12 compared to 4.56% in the previous year. The TCorp Hour-Glass cash facility is discussed in para (d) below.

Central Coast Local Health District
Notes to and forming part of the Financial Statements
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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 CCLHD 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 CCLHD 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 (2012:\$8.1M; 2011: \$2.51M) and not more than [3] months past due (2012: \$968K; 2011:\$1,361K) are not considered impaired and together these represent 97% 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 CCLHD' 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.

\$000			
2012	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
<3 months overdue	968	966	
3 months - 6 months overdue	98	98	
> 6 months overdue	187	187	
2011			
<3 months overdue	1,361	1,361	
3 months - 6 months overdue	149	149	
> 6 months overdue			

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.

Authority Deposits

The CCLHD has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 4.08% (2011 - 5.44%), while over the year the weighted average interest rate was 4.87% (2011 - 5.42%) on a weighted average balance during the year of \$5,202,635 (2011 - \$5,033,992). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the CCLHD will be unable to meet its payment obligations when they fall due. The CCLHD 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 CCLHD 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 or breaches on any loans payable. No assets have been pledged as collateral. The CCLHD's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Ministry of Health has indicated its ongoing financial support for the Central Coast Local Health District Service (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. 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, eg 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 CCLHD's financial liabilities together with the interest rate exposure.

Central Coast Local Health District
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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		13,112			13,112	13,112		
Creditors		25,708			25,708	25,708		
		38,820	-----	-----	38,820	38,820	-----	-----
2011								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		7,801			7,801	7,801		
Creditors		18,627			18,627	18,627		
		26,428	-----	-----	26,428	26,428	-----	-----

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 CCLHD 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.

Central Coast Local Health District
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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 CCLHD's exposures to market risk are primarily through interest rate risk on the CCLHD's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The CCLHD 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 CCLHD 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 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

	Carrying Amount \$'000	-1% Profit	Equity	Profit	+1% Equity
2012					
Financial Assets					
Cash and Cash Equivalents	18,851	(189)	189	189	(189)
Receivables	17,393	(174)	174	174	(174)
Financial Liabilities					
Payables	53,106	(531)	531	531	(531)
2011					
Financial Assets					
Cash and Cash Equivalents	17,177	(172)	172	172	(172)
Receivables	16,478	(165)	165	165	(165)
Financial Liabilities					
Payables	42,022	(420)	420	420	(420)

Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	5,314	5,067

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

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

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

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

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

	Change in unit price	Impact on profit/loss	
		2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	53	51

(e) Fair Value compared to Carrying Amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the CCLHD's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

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

	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
	Carrying amount	Carrying amount	Fair value	Fair value
Financial assets	30,930	19,310	5,314	5,067
Financial liabilities	53,106	42,057		

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

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2012 Total \$'000
TCorp Hour-Glass Invnt.Facility	----	5,314		5,314

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

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

35. Events after the Reporting Period

Activity Based Funding

A national approach to activity based funding (ABF) commences from 1 July 2012 and will make public hospital funding more transparent and help to drive efficiency in the delivery of hospital services.

Through ABF, public hospitals will be funded according to the numbers and kinds of services they provide.

The Commonwealth Government will meet 45% of the increase in National Health Reform Agreement expenditure commencing from 2014/15, rising to 50% by 2017/18.

A National efficient price of public hospital services will be determined by the Independent Hospital Pricing Authority for use in calculating the Commonwealth's share of growth.

Commonwealth and State government contributions for public hospital funding will be transparent with both amounts to be provided to Local Health Districts through the National Health Funding Pool. For small hospitals where ABF would not be appropriate, funding will continue to be provided through block grants.

