



INDEPENDENT AUDITOR'S REPORT

Health Administration Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Administration Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation 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 Corporation and the consolidated entity, as at 30 June 2013, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

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

Director-General's Responsibility for the Financial Statements

The Director-General of the Ministry of Health 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 Director-General 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 Director-General, 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.

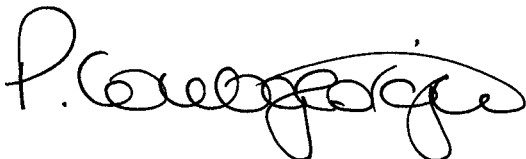
My opinion does *not* provide assurance:

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

Independence

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

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



Peter Coulogeorgiou
Director, Financial Audit Services

11 October 2013
SYDNEY

Health Administration Corporation
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2013

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

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

- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Administration Corporation; and

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



Dr Mary Foley
Director General
9 October 2013



John Roach
Chief Financial Officer

Health Administration Corporation
Statement of Comprehensive Income for the year ended 30 June 2013

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000	
Expenses excluding losses							
Operating Expenses							
-----	-----	-----					
				3	1,251,339	1,272,422	920,858
1,213,649	1,233,183	864,032	Employee Related	3			
				4	-----	-----	-----
941,287	944,549	751,249	Personnel Services	4			
				5	941,287	944,549	751,249
69,991	69,850	60,140	Other Operating Expenses	5			
				2(h), 6	69,991	69,850	60,140
22,916	22,894	22,022	Depreciation and Amortisation	2(h), 6			
				7	22,916	22,894	22,022
111	7	94	Grants and Subsidies	7			
				8	111	7	94
2,247,954	2,270,483	1,697,537	Finance Costs	8			
			Total Expenses excluding losses		2,285,644	2,309,722	1,754,363
Revenue							
679,268	680,986	508,775	Ministry of Health Recurrent Allocations	2(d)	679,268	680,986	508,775
190,421	189,906	141,199	Ministry of Health Capital Allocations	2(d)	190,421	189,906	141,199
-----	-----	(1,191)	Transfers to the Ministry of Health		-----	-----	(1,191)
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 12	37,690	39,239	56,826
1,580,022	1,582,779	1,070,254	Sale of Goods and Services	9	1,580,022	1,582,779	1,070,254
7,179	6,443	4,303	Investment Revenue	10	7,179	6,443	4,303
6,329	3,432	22,257	Grants and Contributions	11	6,329	3,432	22,257
11,037	8,443	9,014	Other Revenue	13	11,037	8,443	9,014
2,474,256	2,471,989	1,754,611	Total Revenue		2,511,946	2,511,228	1,811,437
(764)	(818)	(823)	Loss on Disposal	14	(764)	(818)	(823)
(30,377)	(22,476)	(26,270)	Other Losses	15	(30,377)	(22,476)	(26,270)
195,161	178,212	29,981	Net Result	33	195,161	178,212	29,981
Other Comprehensive Income							
Items that will not be reclassified to net result							
Net Increase in Property, Plant &							
356	-----	47,349	Equipment Asset Revaluation Surplus		356	-----	47,349
356	-----	47,349	Total Other Comprehensive Income for the year		356	-----	47,349
195,517	178,212	77,330	TOTAL COMPREHENSIVE INCOME		195,517	178,212	77,330

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Financial Position as at 30 June 2013

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual				Actual	Budget Unaudited	Actual		
2013	2013	2012				2013	2013	2012		
\$000	\$000	\$000				\$000	\$000	\$000		
ASSETS										
Current Assets										
301,976	272,355	188,188	Cash and Cash Equivalents	18		301,976	272,355	188,188		
279,932	281,417	264,901	Receivables	19		279,932	281,417	264,901		
33,761	35,198	28,734	Inventories	20		33,761	35,198	28,734		
4,274	6,975	6,494	Financial Assets at Fair Value	21		4,274	6,975	6,494		
619,943	595,945	488,317				619,943	595,945	488,317		
2,216	3,600	3,600	Non-Current Assets Held for Sale	24		2,216	3,600	3,600		
622,159	599,545	491,917	Total Current Assets			622,159	599,545	491,917		
Non-Current Assets										
738	581	581	Receivables	19		738	581	581		
1,163	6,677	6,678	Financial Assets at Fair Value	21		1,163	6,677	6,678		
Property, Plant and Equipment										
296,709	297,437	266,804	- Land and Buildings	22		296,709	297,437	266,804		
162,244	216,336	144,737	- Plant and Equipment	22		162,244	216,336	144,737		
146	158	142	- Infrastructure Systems	22		146	158	142		
459,099	513,931	411,683	Total Property, Plant and Equipment			459,099	513,931	411,683		
382,549	356,013	292,519	Intangible Assets	23		382,549	356,013	292,519		
843,549	877,202	711,461	Total Non-Current Assets			843,549	877,202	711,461		
1,465,708	1,476,747	1,203,378	Total Assets			1,465,708	1,476,747	1,203,378		
LIABILITIES										
Current Liabilities										
302,149	330,422	310,050	Payables	26		302,149	330,422	310,050		
48	7,086	7,086	Borrowings	27		48	7,086	7,086		
210,546	216,392	208,390	Provisions	28		210,546	216,392	208,390		
8,971	5	5	Other	29		8,971	5	5		
521,714	553,905	525,531	Total Current Liabilities			521,714	553,905	525,531		
Non-Current Liabilities										
272	-----	401	Borrowings	27		272	-----	401		
5,738	1,964	1,317	Provisions	28		5,738	1,964	1,317		
-----	150	143	Other	29		-----	150	143		
6,010	2,114	1,861	Total Non-Current Liabilities			6,010	2,114	1,861		
527,724	556,019	527,392	Total Liabilities			527,724	556,019	527,392		
937,984	920,728	675,986	Net Assets			937,984	920,728	675,986		
EQUITY										
129,657	129,398	129,301	Reserves			129,657	129,398	129,301		
808,327	791,330	546,685	Accumulated Funds			808,327	791,330	546,685		
937,984	920,728	675,986	Total Equity			937,984	920,728	675,986		

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Changes in Equity for the year ended 30 June 2013

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2012		546,685	129,301	675,986
Total Equity at 1 July 2012		546,685	129,301	675,986
Net Result for the year		195,161		195,161
Other Comprehensive Income:				
Net Increase in Property, Plant & Equipment		----	356	356
Total Other Comprehensive Income		----	356	356
Total Comprehensive Income for the year		195,161	356	195,517
Transactions With Owners In Their Capacity As Owners				
Increase in Net Assets From Equity Transfers	37	66,481	----	66,481
Balance at 30 June 2013		808,327	129,657	937,984
Balance at 1 July 2011		459,283	81,952	541,235
Total Equity at 1 July 2011		459,283	81,952	541,235
Net Result for the year		29,981		29,981
Other Comprehensive Income:				
Net Increase in Property, Plant & Equipment		----	47,349	47,349
Total Other Comprehensive Income		----	47,349	47,349
Total Comprehensive Income for the year		29,981	47,349	77,330
Transactions With Owners In Their Capacity As Owners				
Increase in Net Assets From Equity Transfers	37	57,421	----	57,421
Balance at 30 June 2012		546,685	129,301	675,986

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Cash Flows for the year ended 30 June 2013

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---		---	---	---
(25,549)	(25,526)	(24,628)		(25,549)	(25,526)	(24,628)
(102)	(7)	(94)		(102)	(7)	(94)
(2,382,232)	(2,349,115)	(1,639,692)		(1,150,726)	(1,098,508)	(786,296)
<u>(2,407,883)</u>	<u>(2,374,648)</u>	<u>(1,664,414)</u>		<u>(2,407,883)</u>	<u>(2,374,648)</u>	<u>(1,664,414)</u>
Receipts						
679,268	680,986	508,775		679,268	680,986	508,775
190,421	189,906	141,199		190,421	189,906	141,199
---	---	(1,191)		---	---	(1,191)
22,989	22,989	396		22,989	22,989	396
1,759,133	1,728,120	1,134,013		1,759,133	1,728,120	1,134,013
7,180	6,443	4,302		7,180	6,443	4,302
6,743	3,846	24,176		6,743	3,846	24,176
(5,510)	(3,533)	4,963		(5,510)	(3,533)	4,963
<u>2,660,224</u>	<u>2,628,757</u>	<u>1,816,633</u>		<u>2,660,224</u>	<u>2,628,757</u>	<u>1,816,633</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
<u>252,341</u>	<u>254,109</u>	<u>152,219</u>	33	<u>252,341</u>	<u>254,109</u>	<u>152,219</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Land and Buildings, Plant and Equipment						
3,734	(70)	(123)		3,734	(70)	(123)
Purchases of Land and Buildings, Plant and Equipment						
(192,127)	(218,271)	(148,212)		(192,127)	(218,271)	(148,212)
Purchases of Investments						
5,515	---	18,455		5,515	---	18,455
<u>(182,878)</u>	<u>(218,341)</u>	<u>(129,880)</u>		<u>(182,878)</u>	<u>(218,341)</u>	<u>(129,880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Borrowings and Advances						
46,720	44,018	45,477		46,720	44,018	45,477
Repayment of Borrowings and Advances						
(50,890)	(44,114)	(47,298)		(50,890)	(44,114)	(47,298)
<u>(4,170)</u>	<u>(96)</u>	<u>(1,821)</u>		<u>(4,170)</u>	<u>(96)</u>	<u>(1,821)</u>
NET INCREASE IN CASH						
65,293	35,672	20,518		65,293	35,672	20,518
Opening Cash and Cash Equivalents						
188,188	188,188	106,565		188,188	188,188	106,565
Cash Transferred In as a Result of Administrative Restructuring						
48,495	48,495	61,105	37	48,495	48,495	61,105
<u>301,976</u>	<u>272,355</u>	<u>188,188</u>	18	<u>301,976</u>	<u>272,355</u>	<u>188,188</u>
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

Health Administration Corporation
Service Group Statements
for the year ended 30 June 2013

HAC EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																							
Operating Expenses																							
Employee Related	7,754	5,706	591	434	75,436	55,513	548,266	403,468	420,090	309,143	83,974	61,797	94,752	69,728	9,279	6,829	11,197	8,240	1,251,339	920,868	1,251,339	920,868	
Other Operating Expenses	18,104	14,449	1,443	1,151	131,115	104,644	239,961	191,515	342,788	273,582	55,328	44,158	133,436	106,497	8,742	6,977	10,370	8,276	941,287	751,249	941,287	751,249	
Depreciation and Amortisation	1,505	1,293	125	107	6,778	5,824	22,982	19,756	26,979	23,182	4,765	4,084	5,357	4,603	701	603	789	678	69,991	60,140	69,991	60,140	
Grants and Subsidies	1,031	991	86	83	3,323	3,193	3,094	2,974	10,499	10,089	1,920	1,845	2,130	2,047	390	375	443	425	22,916	22,022	22,916	22,022	
Finance Costs	1	1	-----	-----	2	2	95	80	10	8	2	2	1	1	-----	-----	-----	-----	111	94	111	94	
Total Expenses excluding losses	28,395	22,440	2,245	1,775	216,654	169,176	814,408	617,793	800,366	616,004	145,989	111,896	235,676	182,876	19,112	14,784	22,799	17,619	2,285,644	1,754,363	2,285,644	1,754,363	
Revenue																							
Ministry of Health Recurrent Allocations **	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Ministry of Health Capital Allocations **	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Transfers to the Ministry of Health	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Acceptance by the Crown Entity	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
of Employee Benefits and Other Liabilities	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sale of Goods and Services	156	236	14	19	2,569	3,874	15,637	23,577	13,270	20,007	2,707	4,081	2,948	4,445	323	487	66	100	37,690	56,826	37,690	56,826	
Investment Revenue	21,801	14,767	1,829	1,239	146,296	99,096	276,062	188,995	778,250	527,161	95,117	64,429	240,691	163,036	10,616	7,191	9,360	6,340	1,580,022	1,070,254	1,580,022	1,070,254	
Grants and Contributions	172	103	25	15	885	531	1,852	1,110	2,918	1,749	354	212	812	487	67	40	94	56	7,179	4,303	7,179	4,303	
Other Revenue	116	407	9	34	628	2,207	1,204	4,232	1,785	6,279	270	950	957	3,364	459	1,614	901	3,170	6,329	22,257	6,329	22,257	
	32	26	3	2	315	257	5,922	4,836	2,579	2,106	266	218	1,841	1,504	41	34	38	31	11,037	9,014	11,037	9,014	
Total Revenue	22,277	15,539	1,880	1,309	150,693	105,965	300,677	219,559	796,802	557,302	98,714	69,890	247,249	172,836	11,506	9,366	10,459	9,697	869,689	649,974	869,689	649,974	
Gain / (Loss) on Disposal	2	2	(1)	(1)	(10)	(11)	876	944	(1,603)	(1,727)	(14)	(15)	(16)	(17)	1	1	1	1	(764)	(823)	(764)	(823)	
Other Gains / (Losses)	3	3	(2)	(2)	10	9	(30,304)	(26,207)	(102)	(89)	7	6	7	6	2	1	2	1	(30,377)	(26,270)	(30,377)	(26,270)	
Net Result	(6,113)	(6,896)	(368)	(467)	(65,961)	(63,213)	(543,159)	(423,497)	(3,269)	(60,518)	(47,282)	(42,015)	11,564	(10,051)	(7,503)	(5,416)	(12,337)	(7,920)	869,689	649,974	869,689	649,974	
Other Comprehensive Income																							
Increase in Revaluation Surplus	-----	-----	-----	-----	-----	-----	50	6,650	232	30,857	35	4,655	39	5,187	-----	-----	-----	-----	-----	-----	-----	-----	
Total Other Comprehensive Income	(6,113)	(6,896)	(368)	(467)	(65,961)	(63,213)	(543,109)	(418,847)	(3,037)	(29,661)	(47,247)	(37,360)	11,603	(4,864)	(7,503)	(5,416)	(12,337)	(7,920)	869,689	649,974	869,689	649,974	

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

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

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

Health Administration Corporation
Service Group Statements (Continued)
for the year ended 30 June 2013

HAC ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	3,752	2,407	297	190	18,147	18,147	66,270	105,743	66,078	12,003	19,288	31,137	19,617	31,137	2,525	1,586	3,012	1,890	3,012	1,890	3,012	1,890	3,012	1,890
Receivables	3,862	3,655	325	307	24,527	24,527	46,284	137,882	130,479	15,947	16,852	42,643	40,353	42,643	1,881	1,780	1,658	1,569	1,658	1,569	1,658	1,569	1,658	1,569
Inventories	649	563	51	44	4,703	4,002	8,607	12,295	10,464	1,689	1,984	4,786	4,073	4,786	314	267	372	317	372	317	372	317	372	317
Financial Assets at Fair Value	53	83	3	7	405	626	1,523	2,287	1,497	2,288	273	414	677	36	55	43	65	43	65	43	65	43	65	43
Non-Current Assets Held for Sale	48	77	3	5	215	349	728	1,183	854	1,388	151	245	170	276	22	36	25	41	25	41	25	41	25	41
Total Current Assets	8,364	6,775	679	553	59,866	47,651	167,366	258,271	210,689	30,298	38,548	79,177	64,996	79,177	4,778	3,724	5,110	3,882	5,110	3,882	5,110	3,882	5,110	3,882
Non-Current Assets																								
Receivables	10	8	2	-----	68	54	129	364	286	35	44	112	89	120	5	4	4	3	4	3	4	3	4	3
Property, Plant and Equipment	14	85	2	7	110	644	414	2,352	407	2,345	74	426	696	10	56	12	67	12	67	12	67	12	67	12
- Land and Buildings	6,381	5,738	535	481	28,734	25,838	97,468	114,369	102,842	18,163	20,198	22,708	20,419	22,708	2,973	2,673	3,343	3,006	3,343	3,006	3,343	3,006	3,343	3,006
- Plant and Equipment	3,489	3,113	293	261	15,712	14,016	53,297	62,538	55,790	9,853	11,045	12,417	11,077	12,417	1,625	1,450	1,828	1,631	1,828	1,631	1,828	1,631	1,828	1,631
- Infrastructure Systems	3	3	1	(1)	14	14	48	56	55	10	10	11	11	11	1	1	2	2	2	2	2	2	2	2
Intangible Assets	8,228	6,291	690	527	37,046	28,328	125,666	147,457	112,754	26,042	19,913	29,277	22,387	29,277	3,833	2,931	4,310	3,296	4,310	3,296	4,310	3,296	4,310	3,296
Total Non-Current Assets	18,125	15,238	1,523	1,275	81,684	68,894	277,022	325,191	274,072	48,400	57,413	64,645	54,679	64,645	8,447	7,115	9,499	8,005	9,499	8,005	9,499	8,005	9,499	8,005
TOTAL ASSETS	26,489	22,013	2,202	1,828	141,550	116,545	444,388	583,462	484,761	78,698	95,961	143,822	119,675	143,822	13,225	10,839	14,609	11,887	14,609	11,887	14,609	11,887	14,609	11,887
LIABILITIES																								
Current Liabilities																								
Payables	5,811	5,963	463	475	43,188	43,188	77,026	79,041	110,034	18,225	17,760	42,833	43,953	42,833	2,806	2,880	3,329	3,416	3,329	3,416	3,329	3,416	3,329	3,416
Borrowings	1	91	-----	7	5	683	17	2,485	17	452	3	5	739	5	60	-----	71	-----	71	-----	71	-----	71	-----
Provisions	1,305	1,291	99	98	12,693	12,563	92,249	91,305	70,663	14,129	13,985	15,943	15,779	15,943	1,561	1,545	1,884	1,865	1,884	1,865	1,884	1,865	1,884	1,865
Other	111	-----	11	-----	850	-----	3,196	2	3,141	-----	573	925	1	75	-----	-----	89	-----	89	-----	89	-----	89	-----
Total Current Liabilities	7,228	7,345	573	580	55,635	56,434	172,488	183,875	185,360	32,465	32,465	59,706	60,472	59,706	4,442	4,485	5,302	5,352	5,302	5,352	5,302	5,352	5,302	5,352
Non-Current Liabilities																								
Borrowings	3	5	1	-----	26	39	97	141	95	141	17	26	42	28	2	3	3	4	3	4	3	4	3	4
Provisions	36	8	3	1	346	79	2,514	577	1,926	442	385	88	434	100	43	10	51	12	51	12	51	12	51	12
Other	-----	2	-----	1	-----	14	-----	50	-----	50	-----	9	-----	15	-----	-----	1	-----	1	-----	1	-----	1	-----
Total Non-Current Liabilities	39	15	4	2	372	132	2,611	768	2,021	633	402	123	462	157	45	14	54	17	54	17	54	17	54	17
TOTAL LIABILITIES	7,267	7,360	577	582	56,007	56,566	175,099	185,896	187,381	32,785	32,867	60,168	60,629	60,168	4,487	4,499	5,356	5,369	5,356	5,369	5,356	5,369	5,356	5,369
NET ASSETS	19,222	14,653	1,625	1,246	85,543	59,979	269,289	197,566	197,380	45,913	63,094	83,654	59,046	83,654	8,738	6,340	9,253	6,518	9,253	6,518	9,253	6,518	9,253	6,518

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

1. The Reporting Entity

The Health Administration Corporation (HAC) is established under Section 9 of the Health Administration Act 1982. Under Section 126 B of the Health Services Act 1997 the Director General is responsible for providing health support services. The Director General has established administrative divisions under HAC to provide these services. HAC is comprised of the following divisions:

- * Public Health Systems Support (PHSS) was set up as a division of HAC on the 17th of March 2006. In the prior year PHSS comprised three units, with Policy and Technical Support Unit disbanded on 30 June 2012 and Health Infrastructure established as a separate Division of HAC. This year PHSS comprises two units:
 - Health System Support Group was newly established on 1 July 2012 and comprises a number of functions which include the Activity Based Funding Taskforce, Program Management Office, Performance Support Office and the Health Protection Service NSW.
 - Health Support Services from 1 August 2012 had a name change to HealthShare NSW. This unit was originally established on 24 April 2008 to provide financial, payroll, linen, food, information and other health support services to the health sector.

- * Health Infrastructure originally established on 1 July 2007 as a unit of PHSS, newly established as a division of HAC on 1 July 2012, provides a broad range of asset services in connection with public health organisations, for example, the management and coordination of Government approved capital works projects.

- * Under Section 67B of the *Health Services Act 1997* the Director General is responsible for providing Ambulance Services. The Ambulance Service of NSW was transferred to HAC on 17 March 2006 after the *Ambulance Service Act 1990* was repealed.

- * NSW Health Pathology was established on 1 June 2012, by way of the Health Services (Dissolution of Health Reform Transitional Organisations) Order 2012. Assets and liabilities were transferred to HAC as a separate Division.

HAC, as a reporting entity, also encompasses the Special Purposes Trust Funds of these units, which while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by HAC.

HAC controls four special purpose employment divisions, which have been established under section 116(4) of the Health Services Act, to provide personnel services to each of the four HAC divisions highlighted above. As a consequence the values in the annual financial statements presented herein consist of HAC (as the parent entity) and the consolidated financial statements of the economic entity. In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is consolidated as part of the financial statements prepared for both the Ministry of Health and the NSW Total State Sector Accounts. HAC is a not-for-profit entity (as profit is not its principal objective).

The consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Financial Officer and Director General on 9 October 2013.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Comparative Information

Except where an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period is a twelve month period. NSW Pathology was transferred on 1 June 2012 to HAC which means that the prior year contains only one month of transactions.

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.

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 ranging between 13.2% and 19.0% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs ranged between 17.0% and 21.1% for 30 June 2012).

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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

ii) Long Service Leave and Superannuation

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

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

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

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

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 26, 'Payables'.

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

iii) Other Provisions

Other provisions exist when HAC 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

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the entity 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).

Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the costs incurred for those persons transported by ambulance as a result of motor accidents. HAC recognises the revenue on an accruals basis.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Investment Revenue

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

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

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 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 HAC use in the advancement of HAC or individuals within it.

Use of Outside Facilities

HAC 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 HAC obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

Ministry of Health Allocations

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

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

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

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

- * the amount of GST incurred by HAC 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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

f) Acquisition of Assets

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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

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

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

g) Capitalisation Thresholds

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

h) 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 HAC. 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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

i) Revaluation of Non-Current Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

j) Impairment of Property, Plant and Equipment

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

k) Assets Not Able to be Reliably Measured

HAC may at times hold certain assets that are not recognised in the Statement of Financial Position because HAC is unable to measure reliably the value of the assets.

l) Restoration Costs

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

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

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

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

n) Investment Properties

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

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

o) Intangible Assets

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

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

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

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

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

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

p) Maintenance

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

q) Leased Assets

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

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

r) Inventories

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

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

s) 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.

t) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. HAC 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 - HAC 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 HAC's key management personnel.

The risk management strategy of HAC 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'.

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 HAC 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.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

u) Impairment of financial assets

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

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

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

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

v) De-recognition of financial assets and financial liabilities

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

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

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

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

w) Payables

These amounts represent liabilities for goods and services provided to HAC 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 HAC.

x) Borrowings

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

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

y) Equity Transfers

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

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the assets and liabilities were 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 entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

z) Equity and Reserves

(i) Revaluation Surplus

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

(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.

aa) Trust Funds

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

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

ab) Budgeted Amounts

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

ac) Service Group Statements Allocation Methodology

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

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

In respect of assets and liabilities, the Ministry requires HAC 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 Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

Health Administration Corporation
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ad) New Australian Accounting Standards Issued but not Effective

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

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

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

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

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

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

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

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

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 HAC.

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

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

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

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

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

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

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. The changes have application from 1 July 2014 but are assessed as having no material effect.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119, applicable from 1 July 2013 assessed as having no material impact.

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

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

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

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

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

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

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

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

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

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

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

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

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT		CONSOLIDATION	
2013 \$000	2012 \$000	2013 \$000	2012 \$000
3. Employee Related			
Employee related expenses comprise the following:			
----	----		
----	----	Salaries and Wages	747,460
----	----	Overtime	88,134
----	----	Penalties	99,568
----	----	Superannuation - Defined Benefit Plans	25,411
----	----	Superannuation - Defined Contribution Plans	74,832
----	----	Long Service Leave	15,385
----	----	Annual Leave	99,419
----	----	Sick Leave and Other Leave	40,497
----	----	Redundancies	6,405
----	----	Workers' Compensation Insurance	53,829
----	----	Fringe Benefits Tax	399
-----	-----	1,251,339	920,858
The following additional information is provided:			
----	----	Employee Related Expenses Capitalised - Land and Buildings	10,654
----	----	Employee Related Expenses Capitalised - Intangibles	13,052
4. Personnel Services			
Personnel Services comprise the purchase of the following:			
747,460	484,641	Salaries and Wages	----
88,134	78,404	Overtime	----
99,568	84,131	Penalties	----
74,832	50,839	Superannuation - Defined Contribution Plans	----
3,106	5,109	Long Service Leave	----
99,419	74,701	Annual Leave	----
40,497	25,219	Sick Leave and Other Leave	----
6,405	3,510	Redundancies	----
53,829	57,131	Workers' Compensation Insurance	----
399	347	Fringe Benefits Tax	----
-----	-----	1,213,649	864,032
The following additional information is provided:			
10,654	6,524	Personnel Services Expenses Capitalised - Land and Buildings	----
13,052	8,901	Employee Related Expenses Capitalised - Intangibles	----
5. Other Operating Expenses			
24,308	23,975	Domestic Supplies and Services	24,308
6,413	8,390	Drug Supplies	6,413
70,537	69,063	Food Supplies	70,537
12,108	7,380	Fuel, Light and Power	12,108
252,722	202,206	General Expenses (See (b) below)	252,722
1,128	1,169	Hospital Ambulance Transport Costs	1,128
191,583	191,207	Information Management Expenses	191,583
4,993	4,279	Insurance	4,993
Maintenance (See (c) below)			
20,499	8,102	Maintenance Contracts	20,499
52,431	43,060	New/Replacement Equipment under \$10,000	52,431
14,897	11,735	Repairs Maintenance/Non Contract	14,897
552	72	Other	552
27,730	25,891	Medical and Surgical Supplies	27,730
16,652	14,832	Motor Vehicle Expenses	16,652
10,054	5,601	Postal and Telephone Costs	10,054
5,910	4,159	Printing and Stationery	5,910
3,488	2,602	Rates and Charges	3,488
16,677	10,630	Rental	16,677
110,877	9,648	Special Service Departments	110,877
14,463	36,311	Staff Related Costs	14,463
73,053	67,130	Sundry Operating Expenses (See (a) below)	73,053
9,356	3,741	Travel Related Costs	9,356
856	66	Visiting Medical Officers	856
-----	-----	941,287	751,249

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
		(a) Sundry Operating Expenses comprise :		
72,734	66,905	Aircraft Expenses (Ambulance)	72,734	66,905
144	288	Contract for Patient Services	144	288
175	3	Isolated Patient Travel and Accommodation Assistance Scheme	175	3
73,053	67,196		73,053	67,196
		(b) General Expenses include :-		
796	346	Advertising	796	346
338	568	Auditor's Remuneration - External Audit	338	568
492	501	Books, Magazines and Journals	492	501
		Consultancies		
110	1,369	- Capital Works	110	1,369
164,049	130,606	Corporate Support Services	164,049	130,606
6,504	3,248	Courier and Freight	6,504	3,248
501	364	Data Recording and Storage	501	364
5,252	-----	Hosted services purchased from Local Health Districts	5,252	-----
2,106	1,172	Legal Services	2,106	1,172
2,020	769	Membership/Professional Fees	2,020	769
22,900	21,416	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	22,900	21,416
706	-----	Public Private Partnership	706	-----
1,927	522	Other Operating Lease Expense - Minimum Lease Payments	1,927	522
2,987	557	Quality Assurance/Accreditation	2,987	557
1,221	670	Security Services	1,221	670
		(c) Reconciliation of Total Maintenance		
88,378	62,969	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	88,378	62,969
4,410	4,345	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	4,410	4,345
92,788	67,314	Total Maintenance Expenses included in Notes 3, 4 and 5	92,788	67,314

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Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
6. Depreciation and Amortisation				
9,763	9,190	Depreciation - Buildings	9,763	9,190
717	493	Depreciation - Leased Buildings	717	493
37,182	33,385	Depreciation - Plant and Equipment	37,182	33,385
12	5	Depreciation - Infrastructure Systems	12	5
22,317	17,067	Amortisation - Intangible Assets	22,317	17,067
69,991	60,140		69,991	60,140
7. Grants and Subsidies				
974	955	Non-Government Organisations	974	955
21,868	20,920	Community Aged Care Packages	21,868	20,920
45	----	Grants to Research Organisations	45	----
29	147	Other Grants	29	147
22,916	22,022		22,916	22,022
8. Finance Costs				
9	----	Interest on Loans	9	----
102	94	Other Interest Charges	102	94
111	94	Total Finance Costs	111	94

Health Administration Corporation
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for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
9. Sale of Goods and Services				
2,228	506	(a) Sale of Goods	2,228	506
(b) Rendering of Services comprise the following:-				
85	756	Staff-Meals and Accommodation	85	756
116,274	7,463	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	116,274	7,463
16,503	8,624	- Annual Charge	16,503	8,624
10,734	11,855	Cafeteria/Kiosk	10,734	11,855
97	116	Car Parking	97	116
14	20	Child Care Fees	14	20
12,627	-----	Clinical Services (excluding Clinical Drug Trials)	12,627	-----
389,312	48,687	Commercial Activities	389,312	48,687
105	81	Fees for Medical Records	105	81
103	137	Information Retrieval	103	137
8,518	6,737	Linen Service Revenues - Non Health Services	8,518	6,737
78,572	76,873	Linen Service Revenues - Other Health Services	78,572	76,873
810	1,040	Meals on Wheels	810	1,040
31,388	29,843	Motor Accident Authority Third Party	31,388	29,843
546	142	PADP Patient Copayments	546	142
169,091	163,287	Patient Transport Fees	169,091	163,287
1,573	1,118	Salary Packaging Fee	1,573	1,118
-----	3,706	Hosted services provided to Local Health Districts	-----	3,706
232	-----	Services Provided to Non NSW Health Organisations	232	-----
732,771	696,468	Shared Corporate Services to NSW Health	732,771	696,468
4,720	3,853	Use of Ambulance Facilities	4,720	3,853
3,719	8,942	Other	3,719	8,942
<u>1,580,022</u>	<u>1,070,254</u>		<u>1,580,022</u>	<u>1,070,254</u>
10. Investment Revenue				
Interest				
614	745	- T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	614	745
6,565	3,558	- Other	6,565	3,558
<u>7,179</u>	<u>4,303</u>		<u>7,179</u>	<u>4,303</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
11. Grants and Contributions				
511	----	Clinical Drug Trials	511	----
3,105	16,637	Commonwealth Government Grants	3,105	16,637
1,589	1,991	Industry Contributions/Donations	1,589	1,991
419	1,903	NSW Government Grants	419	1,903
55	48	Research Grants	55	48
650	1,678	Other Grants	650	1,678
<u>6,329</u>	<u>22,257</u>		<u>6,329</u>	<u>22,257</u>
 12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	25,411	19,329
----	----	Long Service Leave	12,279	37,497
<u>----</u>	<u>----</u>		<u>37,690</u>	<u>56,826</u>
 13. Other Revenue				
Other Revenue comprises the following:-				
4,773	4,412	Ambulance Death and Disability - employee contribution	4,773	4,412
303	----	Bad Debts Recovered	303	----
68	55	Commissions	68	55
127	41	Conference and Training Fees	127	41
130	112	Discounts	130	112
45	18	Insurance Refunds	45	18
686	579	Lease and Rental Income	686	579
----	213	Property not Previously Recognised	----	213
----	56	Sale of Merchandise, Old Wares and Books	----	56
303	177	Sponsorship Income	303	177
980	52	Treasury Managed Fund Hindsight Adjustment	980	52
10	----	Unclaimed Deposits	10	----
3,612	3,299	Other	3,612	3,299
<u>11,037</u>	<u>9,014</u>		<u>11,037</u>	<u>9,014</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
14. Loss on Disposal				
63,564	52,589	Property, Plant and Equipment	63,564	52,589
59,015	51,887	Less: Accumulated Depreciation	59,015	51,887
4,549	702	Written Down Value	4,549	702
1,977	45	Less: Proceeds from Disposal	1,977	45
<u>(2,572)</u>	<u>(657)</u>	Loss on Disposal of	<u>(2,572)</u>	<u>(657)</u>
	166	Property, Plant and Equipment		
----	----	Financial Assets at Fair Value	----	166
50	----	Less: Proceeds from Disposal	50	----
50	(166)	Gain/(Loss) on Disposal of Financial	50	(166)
		Assets at Fair Value	<u>50</u>	<u>(166)</u>
----	----	Assets Held for Sale	----	----
1,758	----	Less: Proceeds from Disposal	1,758	----
1,758	----	Gain on Disposal of Assets	1,758	----
		Held for Sale	<u>1,758</u>	<u>----</u>
<u>(764)</u>	<u>(823)</u>	Loss on Disposal	<u>(764)</u>	<u>(823)</u>
15. Other Losses				
(30,377)	(26,270)	Impairment of Receivables	(30,377)	(26,270)
<u>(30,377)</u>	<u>(26,270)</u>		<u>(30,377)</u>	<u>(26,270)</u>

Health Administration Corporation
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PARENT & CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	876	60,902	16,464	78,242
Contributions recognised in previous years which were not expended in the current reporting period	5,895	42,426	9,965	58,286
Total amount of unexpended contributions as at balance date	6,771	103,328	26,429	136,528

Comment on restricted assets appears in Note 25

17. Service Groups of HAC

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

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

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

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

Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

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	CONSOLIDATION			
	2013	2012		
	\$000	\$000	\$000	\$000
PARENT				
18. Cash and Cash Equivalents				
Cash at Bank and On Hand	192,820	113,531	113,531	
Short Term Deposits	109,156	74,657	74,657	
	301,976	188,188		
Cash and Cash Equivalents (per Statement of Financial Position)	301,976	188,188	188,188	
	301,976	188,188	188,188	

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:

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

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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
19. Receivables				
Current				
60,487	54,692	Sale of Goods and Services	60,487	54,692
176,849	166,251	Intra Health Receivables	176,849	166,251
12,342	12,960	Goods and Services Tax	12,342	12,960
15,164	14,708	Other Debtors	15,164	14,708
<u>264,842</u>	<u>248,611</u>	Sub Total	<u>264,842</u>	<u>248,611</u>
<u>(30,838)</u>	<u>(28,010)</u>	Less Allowance for Impairment (a)	<u>(30,838)</u>	<u>(28,010)</u>
234,004	220,601	Sub Total	234,004	220,601
45,928	44,300	Prepayments	45,928	44,300
<u><u>279,932</u></u>	<u><u>264,901</u></u>		<u><u>279,932</u></u>	<u><u>264,901</u></u>
 (a) Movement in the Allowance for Impairment				
(28,010)	(26,636)	Balance at Commencement of Reporting Period	(28,010)	(26,636)
27,549	24,896	Amounts written off during the year	27,549	24,896
<u>(30,377)</u>	<u>(26,270)</u>	Increase in Allowance Recognised in Result for the Year	<u>(30,377)</u>	<u>(26,270)</u>
<u><u>(30,838)</u></u>	<u><u>(28,010)</u></u>	Balance at 30 June	<u><u>(30,838)</u></u>	<u><u>(28,010)</u></u>
 Non-Current				
738	581	Prepayments	738	581
<u>738</u>	<u>581</u>		<u>738</u>	<u>581</u>

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
20. Inventories - Current - Held for Distribution				
33,661	28,628	Medical and Surgical Supplies	33,661	28,628
100	106	Food and Hotel Supplies	100	106
<u>33,761</u>	<u>28,734</u>		<u>33,761</u>	<u>28,734</u>

Health Administration Corporation
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	PARENT	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000
21. Financial Assets at Fair Value					
				CONSOLIDATION	
Current					
Other	4,274	6,494		4,274	6,494
	<u>4,274</u>	<u>6,494</u>		<u>4,274</u>	<u>6,494</u>
Non Current					
Other	1,163	6,678		1,163	6,678
	<u>1,163</u>	<u>6,678</u>		<u>1,163</u>	<u>6,678</u>

Refer to Note 38 for further information regarding credit risk, liquidity risk and market risk arising from financial investments.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
539,434	460,794	Gross Carrying Amount	539,434	460,794
<u>242,725</u>	<u>193,990</u>	Less: Accumulated Depreciation and Impairment	<u>242,725</u>	<u>193,990</u>
<u>296,709</u>	<u>266,804</u>	Net Carrying Amount	<u>296,709</u>	<u>266,804</u>
Plant and Equipment - Fair Value				
341,814	331,266	Gross Carrying Amount	341,814	331,266
<u>179,570</u>	<u>186,529</u>	Less: Accumulated Depreciation and Impairment	<u>179,570</u>	<u>186,529</u>
<u>162,244</u>	<u>144,737</u>	Net Carrying Amount	<u>162,244</u>	<u>144,737</u>
Infrastructure Systems - Fair Value				
660	250	Gross Carrying Amount	660	250
<u>514</u>	<u>108</u>	Less: Accumulated Depreciation and Impairment	<u>514</u>	<u>108</u>
<u>146</u>	<u>142</u>	Net Carrying Amount	<u>146</u>	<u>142</u>
<u>459,099</u>	<u>411,683</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>459,099</u>	<u>411,683</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2013					
Net Carrying Amount at Start of Year	101,831	164,973	144,737	142	411,683
Additions	23,614	7,469	59,758	—	90,841
Reclassifications to Intangibles	—	—	(7,685)	—	(7,685)
Recognition of Assets Held for Sale	(370)	(4)	—	—	(374)
Disposals	—	—	(4,549)	—	(4,549)
Administrative Restructures - Transfers In/(Out)	19,610	(10,191)	7,067	15	16,501
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	(80)	436	—	—	356
Depreciation Expense	—	(10,480)	(37,182)	(12)	(47,674)
Reclassifications	—	(99)	98	1	—
Net Carrying Amount at End of Year	144,605	152,104	162,244	146	459,099

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000
2012					
Net Carrying Amount at Start of Year	81,214	127,267	117,279	79	325,839
Additions	1,025	8,150	35,843	—	45,018
Reclassifications to Intangibles	—	—	(607)	—	(607)
Recognition of Assets Held for Sale	(1,391)	(165)	—	—	(1,556)
Disposals	(702)	—	—	—	(702)
Administrative Restructures - Transfers In	—	13,997	25,419	—	39,416
Net Revaluation Increment Less					
Revaluation Decrements Recognised in Reserves	21,685	25,664	—	—	47,349
Depreciation Expense	—	(9,683)	(33,385)	(4)	(43,072)
Reclassifications	—	(257)	188	69	—
Net Carrying Amount at End of Year	101,831	164,973	144,737	142	411,683

- (i) Land and Buildings for HealthShare NSW were revalued by the Department of Finance and Services on 30 June 2011.
- (ii) Land and Buildings for the Ambulance Service of NSW were last revalued by the Australian Valuation Office as at 30 June 2012.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		23. Intangible Assets		
		Software		
500,809	396,147	Cost (Gross Carrying Amount)	500,809	396,147
<u>118,260</u>	<u>103,628</u>	Less Accumulated Amortisation and Impairment	<u>118,260</u>	<u>103,628</u>
<u>382,549</u>	<u>292,519</u>	Net Carrying Amount	<u>382,549</u>	<u>292,519</u>
<u>382,549</u>	<u>292,519</u>	Total Intangible Assets at Net Carrying Amount	<u>382,549</u>	<u>292,519</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

23. Intangibles - Reconciliation

	Software \$000
2013	
Net Carrying Amount at Start of Year	292,519
Additions (From Internal Development or Acquired Separately)	104,106
Reclassifications from Plant & Equipment	7,685
Amortisation (Recognised in Depreciation and Amortisation)	(22,317)
Administrative Restructures - Transfers In	556
Net Carrying Amount at End of Year	382,549

	Software \$000
2012	
Net Carrying Amount at Start of Year	204,496
Additions (From Internal Development or Acquired Separately)	104,483
Reclassifications from Plant & Equipment	607
Amortisation (Recognised in Depreciation and Amortisation)	(17,067)
Net Carrying Amount at End of Year	292,519

Health Administration Corporation
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	PARENT		CONSOLIDATION	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
24. Non-Current Assets (or Disposal Groups) Held for Sale				
Assets Held for Sale				
Land and Buildings	2,216	3,600	2,216	3,600
	2,216	3,600	2,216	3,600

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

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
25. Restricted Assets				
HAC's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.				
Category				
12,028	6,984	Specific Purposes	12,028	6,984
5,485	9,049	Research Grants	5,485	9,049
21,269	17,125	Death and Disability Award (Ambulance)	21,269	17,125
97,746	47,241	Private Practice Funds	97,746	47,241
<hr/> 136,528	<hr/> 80,399		<hr/> 136,528	<hr/> 80,399

Details of Conditions on Contributions appear in Note 16.
Major categories included in the Consolidation are:

Category	Brief Details of Externally Imposed Conditions
Specific Purposes Trust Funds	Donations, contributions and fundraisings held for the benefit of specific patient, District and/or staff groups.
Perpetually Invested Trust Funds	Funds invested in perpetuity. The income, therefrom used in accordance with donors' or trustees' instructions for the benefit of patients and/or in support of hospital services.
Research Grants	Specific research grants.
Private Practice Funds	Annual Infrastructure Charges raised in respect of Salaried Medical Officers Rights of Private Practice arrangements.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		26. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	36,113	30,997
-----	-----	Taxation and Payroll Deductions	3,863	5,015
39,976	36,012	Accrued Liability - Purchase of Personnel Services	-----	-----
215,575	214,293	Creditors	215,575	214,293
		Other Creditors		
16,579	12,190	- Capital Works	16,579	12,190
30,019	47,555	- Intra Health Liability	30,019	47,555
<u>302,149</u>	<u>310,050</u>		<u>302,149</u>	<u>310,050</u>

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

		27. Borrowings		
		Current		
-----	-----	Loans and Deposits, Ministry of Health	-----	-----
48	7,086		48	7,086
<u>48</u>	<u>7,086</u>		<u>48</u>	<u>7,086</u>
		Non-Current		
-----	-----	Loans and Deposits, Ministry of Health	-----	-----
272	401		272	401
<u>272</u>	<u>401</u>		<u>272</u>	<u>401</u>

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

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
28. Provisions				
----	----	Annual Leave - Short Term Benefit	92,933	86,896
----	----	Annual Leave - Long Term Benefit	81,763	87,261
----	----	Death and Disability (Ambulance Officers)	10,212	12,291
----	----	Sick Leave	43	40
----	----	Long Service Leave On-Costs	25,359	21,902
236	----	Other	236	----
210,310	208,390	Provision for Personnel Services Liability	----	----
<u>210,546</u>	<u>208,390</u>	Total Current Provisions	<u>210,546</u>	<u>208,390</u>
Non-Current Employee Benefits and Related On-Costs				
----	----	Death and Disability (Ambulance Officers)	2,407	----
----	----	Long Service Leave On-Costs	1,332	1,317
1,999	----	Other	1,999	----
3,739	1,317	Provision for Personnel Services Liability	----	----
<u>5,738</u>	<u>1,317</u>	Total Non-Current Provisions	<u>5,738</u>	<u>1,317</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	210,310	208,390
----	----	Provisions - Non-Current	3,739	1,317
----	----	Accrued Salaries, Wages and On-Costs (Note 26)	39,976	36,012
254,025	245,719	Liability - Purchase of Personnel Services	----	----
<u>254,025</u>	<u>245,719</u>		<u>254,025</u>	<u>245,719</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
29. Other Liabilities				
Current				
		Income in Advance		
8,971	5		8,971	5
<u>8,971</u>	<u>5</u>		<u>8,971</u>	<u>5</u>
Non-Current				
		Other		
----	143		----	143
<u>----</u>	<u>143</u>		<u>----</u>	<u>143</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000	30. Commitments for Expenditure	2013 \$000	2012 \$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:		
68,856	40,680	Not later than one year	68,856	40,680
4,402	-----	Later than one year and not later than five years	4,402	-----
73,258	40,680	Total Capital Expenditure Commitments (Including GST)	73,258	40,680
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
87,322	77,835	Not later than one year	87,322	77,835
156,894	157,829	Later than one year and not later than five years	156,894	157,829
101,374	138,534	Later than five years	101,374	138,534
345,590	374,198	Total Operating Lease Commitments (Including GST)	345,590	374,198

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

(c) Contingent Asset Related to Commitments for Expenditure

The total of 'Commitments for Expenditure' above, i.e. \$418.8 million as at 30 June 2013 includes input tax credits of \$38.1 million that are expected to be recoverable from the Australian Taxation Office (2012: \$37.7 million).

Health Administration Corporation
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

31. Trust Funds

HAC holds trust fund moneys of \$1.2 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	-----	-----	-----	-----	203	-----	-----	-----
Receipts	-----	-----	-----	-----	143,414	15,537	143,414	15,537
Expenditure	-----	-----	-----	-----	(142,438)	(15,334)	(142,438)	(15,334)
Cash Balance at the end of the financial year	-----	-----	-----	-----	1,179	203	1,179	203

Health Administration Corporation
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PARENT AND CONSOLIDATED

32. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

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

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

Health Administration Corporation
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	PARENT	CONSOLIDATION
	2013 \$000	2012 \$000
33. Reconciliation of Cash Flows from Operating Activities to Net Result		
Net Cash Flows from Operating Activities	252,341	152,219
Depreciation	(69,991)	(60,140)
Allowance for Impairment	(30,377)	(26,270)
Increase Income in Advance	(8,966)	(1,709)
(Increase)/ Decrease in Provisions	(4,899)	64,052
Increase in Prepayments and Other Assets	16,220	96,370
(Increase)/ Decrease in Creditors	41,597	(193,718)
Net Loss on Sale of Property, Plant and Equipment	(764)	(823)
	<u>195,161</u>	<u>29,981</u>
	<u>195,161</u>	<u>29,981</u>
34. Non-Cash Financing and Investing Activities		
Assets received by Administrative Transfer	17,053	49,590
	<u>17,053</u>	<u>49,590</u>
	<u>17,053</u>	<u>49,590</u>

Health Administration Corporation
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PARENT AND CONSOLIDATED

35. Unclaimed Moneys

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

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

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

36. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was favourable to budget by \$17 million, primarily due to reduced employee related expenses in HealthShare NSW and the Health System Support Group.

Assets and Liabilities

Assets

Current Assets increased by \$23 million against budget as a result of reduced Employee Related expenses.

Non Current Assets reduced by \$34 million against budget and included reductions in capital spending by the NSW Health Pathology Service.

Liabilities

Current Liabilities reduced by \$32 million largely at HealthShare NSW and NSW Health Pathology.

Non Current Liabilities increased by \$4 million and included the non current component of Ambulance Death and Disability cover.

Cash Flows

Actual Cashflows from Operating Activities varied by only \$2 million from budget.

Cashflows from Investing Activities varied by \$35 million due to the receipt of capital allocations not yet spent together with the accrual for works performed but not yet invoiced / paid.

Cashflows from Financing Activities varied by \$4.1 million due to the extinguishment of debt with the Ministry of Health.

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

2012/13 Transfers

Equity transfers effected in the 2012/13 year were:

- * For Healthshare \$0.771 million in net assets transferred in and this comprised The Sydney Children's Hospital Network (\$0.208 million) and the transfer of Long Service Leave On Costs to the Crown Entity (\$0.979 million).
- * \$65.691 million in net assets transferred in to NSW Pathology. The transfer in of net assets of \$79.868 million were from Hunter New England Local Health District (\$0.086 million), South Eastern Sydney Local Health District (\$3.187 million), Sydney Local Health District (\$28.813 million) Western Sydney Local Health District (\$46.953 million) and the transfer of Long Service Leave On Costs to the Crown Entity (\$0.829 million).
The transfer out of net assets of \$14.177 million were to Illawarra Shoalhaven Local Health District (\$0.229 million) and South Western Sydney Local Health District (\$13.948 million).
- * \$0.321 million transferred to the Agency for Clinical Innovation and the Clinical Excellence Commission with the assumption of the Policy and Technical Support Unit responsibilities within those entities.

2011/12 Transfers

Equity transfers effected in the 2011/12 year were:

- * \$0.694 million in inventory transferred in to HealthShare NSW from Northern Sydney Local Health District.
- * \$56.726 million in net assets transferred in to the newly established NSW Health Pathology on 1 June 2012. Assets were previously recognised by the Health Reform Transitional Organisations.

Assets and Liabilities transferred are as follows:

	2013 \$000	2012 \$000
Assets		
Current Assets		
Cash	48,495	61,105
Receivables	(1,452)	13,642
Inventory	(559)	12,326
Financial Assets at Fair Value	----	9,686
Total Current Assets	46,484	96,759
Non Current Assets		
Receivables	----	10
Land and Buildings	9,419	14,218
Plant and Equipment	7,067	25,198
Infrastructure Systems	15	----
Intangible Assets	556	----
Other Financial Assets	(4)	----
Financial Assets at Fair Value	----	488
Total Non Current Assets	17,053	39,914
Total Assets	63,537	136,673
Liabilities		
Payables	(2,202)	29,089
Provisions	(757)	48,918
Other Current Liabilities	----	9
Total Current Liabilities	(2,959)	78,016
Non Current Liabilities		
Provisions	15	1,236
Total Non Current Liabilities	15	1,236
Total Liabilities	(2,944)	79,252
Increase in Net Assets From Equity Transfers	66,481	57,421

Health Administration Corporation
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38. Financial Instruments

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

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

The Director General 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 HAC, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by Audit & Risk Management Committees and internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 18)	N/A	301,976	188,188
Receivables (note 19)*	Loans and receivables (at amortised cost)	221,662	207,641
Financial Assets at Fair Value (note 21)	At fair value through profit or loss (designated as such upon initial recognition)	5,437	13,172
Total Financial Assets		529,075	409,001
Financial Liabilities			
Borrowings (note 27)	Financial liabilities	320	7,487
Payables (note 26)**	measured at	298,286	305,035
Other (note 29)**	amortised cost	-----	143
Total Financial Liabilities		298,606	312,665

Notes

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

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

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(b) Credit Risk

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

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

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.07% to 3.27% in 2012/13 compared to 4.24% to 4.50% in the previous year. The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that HAC 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.

Intra Health debt accounts for approximately 70% of the receivable value and it is considered that HAC is not materially exposed to credit risk due to the recovery mechanisms employed by the Ministry of Health. Most of the debtors relate to Ambulance transport of private individuals, pathology accounts and charges within NSW Health for services provided by HealthShare NSW. Ambulance invoices are generally issued under 21 day payment terms whilst HealthShare NSW accounts are settled monthly.

Based on past experience, debtors that are not past due (2013:\$110.3M; 2012:\$103.3M) and not more than 3 months past due (2013: \$32.5M; 2012:\$30.9M) are not considered impaired and together these represent 64.4% of the total trade debtors.

Most of HAC's debtors are Ambulance Patient Transport debtors which represent the majority of financial assets that are past due or impaired.

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2013	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	48,584	32,502	16,082
3 months - 6 months overdue	23,537	12,674	10,863
> 6 months overdue	39,266	35,373	3,893
2012			
<3 months overdue	45,511	30,904	14,607
3 months - 6 months overdue	22,048	12,181	9,867
> 6 months overdue	36,782	33,246	3,536

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

HAC has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.65% (2012 - 4.88%), while over the year the weighted average interest rate was 3.71 % (2012 - 5.36%) on a weighted average balance during the year of \$17.2 million (2012 - \$16.6 million). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that HAC will be unable to meet its payment obligations when they fall due. HAC 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.

HAC has negotiated no loan outside of arrangements with the Ministry of Health or Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. HAC's exposure to liquidity risk is not significant.

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 Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		36,113	----	----	36,113	36,113	----	----
- Creditors		262,173	----	----	262,173	262,173	----	----
Borrowings:								
- Loans and Deposits		320	----	----	320	48	272	----
		<u>298,606</u>	<u>----</u>	<u>----</u>	<u>298,606</u>	<u>298,334</u>	<u>272</u>	<u>----</u>
2012								
Payables:								
- Accrued Salaries Wages, On-Costs and Payroll Deductions		30,997	----	----	30,997	30,997	----	----
- Creditors		274,038	----	----	274,038	274,038	----	----
Borrowings:								
- Loans and Deposits		7,487	----	----	7,487	7,086	401	----
- Other		143	----	----	143	143	----	----
		<u>312,665</u>	<u>----</u>	<u>----</u>	<u>312,665</u>	<u>312,264</u>	<u>401</u>	<u>----</u>

Notes:

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

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d) Market Risk

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

Interest rate risk

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

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

Both Treasury and the Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. HAC 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. HAC's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
2013					
Financial Assets					
Cash and Cash Equivalents	301,976	(3,020)	(3,020)	3,020	3,020
Receivables	221,662	----	----	----	----
Financial Assets at Fair Value	5,437	(54)	(54)	54	54
Other Financial Assets	----	----	----	----	----
Financial Liabilities					
Payables	298,286	----	----	----	----
Borrowings	320	(3)	(3)	3	3
Other	----	----	----	----	----
2012					
Financial Assets					
Cash and Cash Equivalents	188,188	(1,882)	(1,882)	1,882	1,882
Receivables	207,641	----	----	----	----
Financial Assets at Fair Value	13,172	(132)	(132)	132	132
Other Financial Assets	----	----	----	----	----
Financial Liabilities					
Payables	305,035	----	----	----	----
Borrowings	7,487	(75)	(75)	75	75
Other	143	(1)	(1)	1	1

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Other price risk - TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2013	2012
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	17,170	16,556

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 HAC'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).

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	
		2013 \$'000	2012 \$'000
Hour-Glass Investment - Cash facility	1% +/-	171	165

(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 HAC'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.

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.

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

HAC 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	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	-----	17,170	-----	17,170

(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 2013.

Note 39 Events after the Reporting Period

Formal agreement could not be reached between HAC and the NSW Police as to the cost value and written down value of assets transferred to the Forensic & Analytical Laboratories of NSW Health Pathology for inclusion in the signed Heads of Agreement.

Consequently whilst the assets are located on the premises of the Forensic & Analytical Laboratories at Lidcombe, and are either installed for use or placed in storage, no value was agreed for these assets to allow inclusion in the asset registers and financial statements.

Upon signing the Heads of Agreement, which would include the agreed list of all assets and the valuation of those assets, the entries will then be made during 2013/14 to incorporate them in the financial statements of HAC.

Otherwise, there are no events after the reporting period that require amendment to the financial statements.

END OF AUDITED FINANCIAL STATEMENTS