



INDEPENDENT AUDITOR'S REPORT

Nepean Blue Mountains Local Health District

To Members of the New South Wales Parliament

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

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 2013, and of its financial performance and its 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.

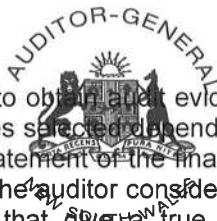
My opinion should be read in conjunction with the rest of this report.

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the 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 the 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 District'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 District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

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

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

A handwritten signature in black ink, appearing to read 'R. Meimaroglou', is located below the text of the independence section.

Renee Meimaroglou
Director, Financial Audit Services

19 September 2013
SYDNEY


**Nepean Blue Mountains Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2013**

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

- 1) The financial statements of the Nepean Blue Mountains Local Health District for the year ended 30 June 2013 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Nepean Blue Mountains Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Kay Hyman
Chief Executive
13 September 2013



Angela Edwards
Director, Finance
13 September 2013

Nepean Blue Mountains Local Health District
Statement of Comprehensive Income for the year ended 30 June 2013

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2013 \$000	2013 \$000	2012 \$000		2013 \$000	2013 \$000	2012 \$000	
Expenses excluding losses							
Operating Expenses							
-----	-----	-----	Employee Related	3	362,256	354,293	340,185
353,087	344,388	321,878	Personnel Services	4	-----	-----	-----
25,507	23,802	22,498	Visiting Medical Officers		25,507	23,802	22,498
189,555	202,293	192,980	Other Operating Expenses	5	189,555	202,293	192,980
22,235	23,556	18,165	Depreciation and Amortisation	2(i), 6	22,235	23,556	18,165
3,599	3,025	347	Grants and Subsidies	7	3,599	3,025	347
1,009	1,129	1,076	Finance Costs	8	1,009	1,129	1,076
3,140	4,699	3,165	Payments to Affiliated Health Organisations	9	3,140	4,699	3,165
598,132	602,892	560,109	Total Expenses excluding losses		607,301	612,797	578,416
Revenue							
516,759	506,652	477,225	NSW Ministry of Health Recurrent Allocations	2(d)	516,759	506,652	477,225
46,391	45,313	46,065	NSW Ministry of Health Capital Allocations	2(d)	46,391	45,313	46,065
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii),14	9,169	9,905	18,307
57,734	65,228	46,844	Sale of Goods and Services	11	57,734	65,228	46,844
1,017	1,819	737	Investment Revenue	12	1,017	1,819	737
7,006	6,589	6,558	Grants and Contributions	13	7,006	6,589	6,558
1,714	1,528	3,567	Other Revenue	15	1,714	1,528	3,567
630,621	627,129	580,996	Total Revenue		639,790	637,034	599,303
197	(225)	(270)	Gain / (Loss) on Disposal	16	197	(225)	(270)
770	(300)	(8,213)	Other Gains / (Losses)	17	770	(300)	(8,213)
33,456	23,712	12,404	Net Result	33	33,456	23,712	12,404
Other Comprehensive Income							
Items that will not be reclassified to net result							
Net Increase/(Decrease) in Property, Plant &							
-----	-----	141	Equipment Asset Revaluation Surplus		-----	-----	141
-----	-----	141	Total Other Comprehensive Income for the year		-----	-----	141
33,456	23,712	12,545	TOTAL COMPREHENSIVE INCOME		33,456	23,712	12,545

The accompanying notes form part of these financial statements.

**Nepean Blue Mountains Local Health District
Statement of Financial Position as at 30 June 2013**

PARENT								CONSOLIDATION		
Actual	Budget Unaudited	Actual				Actual	Budget Unaudited	Actual		
2013	2013	2012				2013	2013	2012		
\$000	\$000	\$000				\$000	\$000	\$000		
ASSETS										
Current Assets										
27,304	5,326	26,644	Cash and Cash Equivalents	20		27,304	5,326	26,644		
18,384	11,805	13,242	Receivables	21		18,384	11,805	13,242		
3,836	3,325	3,325	Inventories	22		3,836	3,325	3,325		
49,524	20,456	43,211	Total Current Assets			49,524	20,456	43,211		
Non-Current Assets										
724	793	793	Receivables	21		724	793	793		
Property, Plant and Equipment										
473,584	472,970	445,446	- Land and Buildings	23		473,584	472,970	445,446		
31,978	30,088	31,802	- Plant and Equipment	23		31,978	30,088	31,802		
3,136	3,109	3,326	- Infrastructure Systems	23		3,136	3,109	3,326		
508,698	506,167	480,574	Total Property, Plant and Equipment			508,698	506,167	480,574		
122	-----	-----	Intangible Assets	24		122	-----	-----		
509,544	506,960	481,367	Total Non-Current Assets			509,544	506,960	481,367		
559,068	527,416	524,578	Total Assets			559,068	527,416	524,578		
LIABILITIES										
Current Liabilities										
41,798	52,868	44,193	Payables	26		41,798	52,868	44,193		
2,801	-----	2,435	Borrowings	27		2,801	-----	2,435		
51,975	52,079	51,562	Provisions	28		51,975	52,079	51,562		
-----	764	764	Other	29		-----	764	764		
96,574	105,711	98,954	Total Current Liabilities			96,574	105,711	98,954		
Non-Current Liabilities										
5,866	8,068	8,398	Borrowings	27		5,866	8,068	8,398		
289	(13)	284	Provisions	28		289	(13)	284		
6,155	8,055	8,682	Total Non-Current Liabilities			6,155	8,055	8,682		
102,729	113,766	107,636	Total Liabilities			102,729	113,766	107,636		
456,339	413,650	416,942	Net Assets			456,339	413,650	416,942		
EQUITY										
141	141	141	Reserves			141	141	141		
456,198	413,509	416,801	Accumulated Funds			456,198	413,509	416,801		
456,339	413,650	416,942	Total Equity			456,339	413,650	416,942		

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Changes in Equity for the year ended 30 June 2013

PARENT AND CONSOLIDATION

	Accumulated Funds	Asset Revaluation Surplus	Total
	\$000	\$000	\$000
Balance at 1 July 2012	416,801	141	416,942
Total Other Comprehensive Income	-----	-----	-----
Total Comprehensive Income for the year	33,456	-----	33,456
Transactions With Owners In Their Capacity As Owners Increase/(Decrease) in Net Assets From Equity Transfers	5,941	-----	5,941
Balance at 30 June 2013	456,198	141	456,339
Balance at 1 July 2011	402,244	-----	402,244
Total Equity at 1 July 2011	402,244	-----	402,244
Net Result for the year	12,404		12,404
Other Comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment	-----	141	141
Total Other Comprehensive Income	-----	141	141
Total Comprehensive Income for the year	12,404	141	12,545
Transactions With Owners In Their Capacity As Owners Increase/(Decrease) in Net Assets From Equity Transfers	2,153	-----	2,153
Balance at 30 June 2012	416,801	141	416,942

Notes

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The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Cash Flows for the year ended 30 June 2013

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual
2013	2013	2012	Notes	2013	2013	2012
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
-----	-----	-----		(358,132)	(349,964)	(312,512)
(7,536)	(8,520)	(3,965)		(7,536)	(8,520)	(3,965)
(869)	-----	(917)		(869)	-----	(917)
(601,777)	(618,584)	(542,846)		(243,645)	(268,620)	(230,334)
(610,182)	(627,104)	(547,728)		(610,182)	(627,104)	(547,728)
Receipts						
516,759	506,652	477,225		516,759	506,652	477,225
46,391	45,310	46,065		46,391	45,310	46,065
4,980	4,980	-----		4,980	4,980	-----
56,097	64,214	36,520		56,097	64,214	36,520
1,017	1,099	737		1,017	1,099	737
7,466	7,774	5,510		7,466	7,774	5,510
25,833	29,023	29,991		25,833	29,023	29,991
658,543	659,052	596,048		658,543	659,052	596,048
48,361	31,948	48,320	33	48,361	31,948	48,320
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
-----	-----	42		-----	-----	42
(45,396)	(49,373)	(44,473)		(45,396)	(49,373)	(44,473)
(45,396)	(49,373)	(44,431)		(45,396)	(49,373)	(44,431)
NET CASH FLOWS FROM INVESTING ACTIVITIES						
CASH FLOWS FROM FINANCING ACTIVITIES						
(2,305)	(3,893)	(3,080)		(2,305)	(3,893)	(3,080)
(2,305)	(3,893)	(3,080)		(2,305)	(3,893)	(3,080)
NET CASH FLOWS FROM FINANCING ACTIVITIES						
660	(21,318)	809		660	(21,318)	809
26,644	26,644	25,214		26,644	26,644	25,214
-----	-----	621	36	-----	-----	621
27,304	5,326	26,644	20	27,304	5,326	26,644
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2013

NEMILHD ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total		
	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
ASSETS																					
Current Assets																					
Cash and Cash Equivalents	1,029	1,004	89	87	4,181	4,080	3,640	3,552	13,772	13,440	1,711	1,669	2,417	2,358	189	184	276	270		27,304	26,644
Receivables	63	45	2	1	3,820	2,752	502	362	10,922	7,867	189	136	2,669	1,923	199	143	18	13		18,394	13,242
Inventories	81	70	7	6	627	544	630	546	2,118	1,834	109	94	224	195	19	17	21	19		3,836	3,325
Total Current Assets	1,173	1,119	98	94	8,628	7,376	4,772	4,460	26,812	23,141	2,009	1,899	5,310	4,476	407	344	315	302		49,524	43,211
Non-Current Assets																					
Receivables	2	3			150	165	20	22	431	470	7	8	105	115	8	9	1	1		724	793
Property, Plant and Equipment																					
- Land and Buildings	14,065	13,230	663	624	93,959	88,376	63,650	59,868	235,893	221,876	15,391	14,477	44,943	42,273	1,373	1,292	3,647	3,430		473,584	445,446
- Plant and Equipment	950	945	45	45	6,344	6,310	4,298	4,274	15,928	15,839	1,039	1,034	3,035	3,018	93	92	246	245		31,978	31,802
- Infrastructure Systems	93	99	4	5	622	660	421	447	1,563	1,655	102	108	298	316	9	10	24	26		3,136	3,326
Intangible Assets	4				24		16		61		4		12				1			122	
Total Non-Current Assets	15,114	14,277	712	674	101,099	95,511	68,405	64,611	253,876	239,840	16,543	15,627	48,393	45,722	1,483	1,403	3,919	3,702		509,544	481,367
TOTAL ASSETS	16,287	15,396	810	768	109,727	102,887	73,177	69,071	280,688	262,981	18,552	17,526	53,703	50,198	1,890	1,747	4,234	4,004		559,068	524,578
LIABILITIES																					
Current Liabilities																					
Payables	886	937	71	75	6,834	7,226	6,863	7,256	23,073	24,395	1,183	1,251	2,445	2,585	209	221	234	247		41,798	44,193
Borrowings	106	92	9	8	429	373	373	325	1,413	1,226	176	153	248	216	19	17	28	25		2,801	2,435
Provisions	2,121	2,104	166	165	7,911	7,848	6,102	6,053	24,646	24,450	4,392	4,357	5,494	5,450	452	449	691	686		51,975	51,562
Other		29		2		117		102		385		48		68			5	8		764	
Total Current Liabilities	3,113	3,162	246	250	15,174	15,564	13,338	13,736	49,132	50,456	5,751	5,809	8,187	8,319	680	692	953	966		96,574	98,954
Non-Current Liabilities																					
Borrowings	221	317	19	27	898	1,286	782	1,120	2,959	4,236	368	526	519	743	41	58	59	85		5,866	8,398
Provisions	12	12	1	1	44	43	34	33	136	135	24	24	31	30	3	2	4	4		289	284
Total Non-Current Liabilities	233	329	20	28	942	1,329	816	1,153	3,095	4,371	392	550	550	773	44	60	63	89		6,155	8,682
TOTAL LIABILITIES	3,346	3,491	266	278	16,116	16,893	14,154	14,889	52,227	54,827	6,143	6,359	8,737	9,092	724	752	1,016	1,055		102,729	107,636
NET ASSETS	12,941	11,905	544	490	93,611	85,994	59,023	54,182	228,461	208,154	12,409	11,167	44,966	41,106	1,166	995	3,218	2,949		456,339	416,942

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

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

1. The Reporting Entity

The Nepean Blue Mountains Local Health District (the NBMLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

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

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

- * The Nepean Blue Mountains Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. This Division provides personnel services to enable the NBMLHD to exercise its functions

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

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The NBMLHD'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 NBMLHD'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(aa).

Notwithstanding the consolidated entity has a working capital deficiency of \$47.1m (2012 deficiency of \$55.7m) and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the NBMLHD have been prepared on a going concern basis.

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

Other mitigating circumstances why the going concern is appropriate include:

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

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

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

Comparative Information

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment.

Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term".

On-costs of 14.9% are applied to the value of leave payable at 30 June 2013, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2012 were 17%).

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

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

ii) Long Service Leave and Superannuation

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

The NBMLHD 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 the NBMLHD 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.

The NBMLHD'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'.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

iii) Other Provisions

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

b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

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

Patient Fees

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

High Cost Drugs

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

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

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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. Revenue when the NBMLHD's right to receive payment is established.

Debt Forgiveness

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

Use of Hospital Facilities

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

- * a monthly charge raised by the 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 NBMLHD use in the advancement of the NBMLHD or individuals within it.

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

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

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

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

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

f) Interstate Patient Flows

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

In the previous year, the NBMLHD recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 11.

g) Acquisition of Assets

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

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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(x)).

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

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

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

h) Capitalisation Thresholds

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

i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the NBMLHD. 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%
Furniture, Fittings and Furnishings	5.0%
Intangibles	20%

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

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

j) Revaluation of Non-Current Assets

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

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

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.

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The NBMLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the NBMLHD was completed in the 2011-12 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.

k) Impairment of Property, Plant and Equipment

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

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

l) Restoration Costs

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

m) Investment Properties

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

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

n) Intangible Assets

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

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

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

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

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

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

o) Maintenance

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

p) Leased Assets

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

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

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

q) Inventories

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

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

r) Loans and Receivables

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

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

s) Investments

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

t) Impairment of financial assets

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

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

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

u) De-recognition of financial assets and financial liabilities

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

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

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

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

v) Payables

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

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

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

w) Borrowings

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

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

x) Equity Transfers

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

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

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

y) Equity and Reserves

(i) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets.

This accords with the NBMLHD's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(ii) Accumulated Funds

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

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(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.

z) Trust Funds

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

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

aa) Budgeted Amounts

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

ab) Service Group Statements Allocation Methodology

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

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

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

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

ac) 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 the NBMLHD.

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.

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

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

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

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

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

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

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

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. For not-for-profits, the changes have application from 1 July 2014 but are assessed as having no material effect.

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

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

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

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

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

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

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

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

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

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

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

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

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

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PARENT			CONSOLIDATION	
2013	2012		2013	2012
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	245,137	218,889
----	----	Overtime	12,711	12,160
----	----	Penalties	23,957	22,292
----	----	Superannuation - Defined Benefit Plans	4,201	4,058
----	----	Superannuation - Defined Contribution Plans	25,125	22,378
----	----	Long Service Leave	4,950	16,754
----	----	Annual Leave	28,681	28,176
----	----	Sick Leave and Other Leave	9,880	9,489
----	----	Redundancies	783	116
----	----	Workers' Compensation Insurance	6,768	5,873
----	----	Payroll Tax and Fringe Benefits Tax	63	----
-----	-----		362,256	340,185
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
245,137	218,889	Salaries and Wages	----	----
12,711	12,160	Overtime	----	----
23,957	22,292	Penalties	----	----
25,125	22,378	Superannuation - Defined Contribution Plans	----	----
(18)	2,505	Long Service Leave	----	----
28,681	28,176	Annual Leave	----	----
9,880	9,489	Sick Leave and Other Leave	----	----
783	116	Redundancies	----	----
6,768	5,873	Workers' Compensation Insurance	----	----
63	----	Payroll Tax and Fringe Benefits Tax	----	----
353,087	321,878		-----	-----
5. Other Operating Expenses				
2,793	2,794	Blood and Blood Products	2,793	2,794
1	2	Capital Project Expense	1	2
4,752	4,972	Domestic Supplies and Services	4,752	4,972
19,411	18,876	Drug Supplies	19,411	18,876
8,329	7,560	Food Supplies	8,329	7,560
4,199	3,231	Fuel, Light and Power	4,199	3,231
14,143	24,077	General Expenses (See (b) below)	14,143	24,077
3,541	3,123	Hospital Ambulance Transport Costs	3,541	3,123
8,034	5,377	Information Management Expenses	8,034	5,377
829	643	Insurance	829	643
Maintenance (See (c) below)				
2,859	601	Maintenance Contracts	2,859	601
3,520	3,733	New/Replacement Equipment under \$10,000	3,520	3,733
3,718	4,312	Repairs Maintenance/Non Contract	3,718	4,312
----	(230)	Other	----	(230)
32,665	27,420	Medical and Surgical Supplies	32,665	27,420
892	1,012	Motor Vehicle Expenses	892	1,012
1,057	1,239	Postal and Telephone Costs	1,057	1,239
2,217	1,067	Printing and Stationery	2,217	1,067
712	691	Rates and Charges	712	691
1,031	1,096	Rental	1,031	1,096
22,392	30,510	Special Service Departments	22,392	30,510
2,212	1,836	Staff Related Costs	2,212	1,836
48,531	47,078	Sundry Operating Expenses (See (a) below)	48,531	47,078
1,717	1,960	Travel Related Costs	1,717	1,960
189,555	192,980		189,555	192,980

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
(a) Sundry Operating Expenses comprise :				
48,471	47,045	Contract for Patient Services	48,471	47,045
60	33	Isolated Patient Travel and Accommodation Assistance Scheme	60	33
<u>48,531</u>	<u>47,078</u>		<u>48,531</u>	<u>47,078</u>
(b) General Expenses include :-				
103	78	Advertising	103	78
201	115	Auditor's Remuneration - External Audit	201	115
228	223	Books, Magazines and Journals	228	223
		Consultancies		
368	65	- Operating Activities	368	65
2,514	2,948	Corporate Support Services	2,514	2,948
261	219	Courier and Freight	261	219
407	348	Data Recording and Storage	407	348
129	344	Legal Services	129	344
279	153	Membership/Professional Fees	279	153
1,484	1,662	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,484	1,662
3	-----	Public Private Partnership	3	-----
2,463	1,754	Other Operating Lease Expense - Minimum Lease Payments	2,463	1,754
31	4	Payroll Services	31	4
120	62	Quality Assurance/Accreditation	120	62
712	842	Security Services	712	842
464	2	Translator Services	464	2
4,376	15,259	Other	4,376	15,259
<u>14,143</u>	<u>24,078</u>		<u>14,143</u>	<u>24,078</u>
(c) Reconciliation of Total Maintenance				
10,096	8,416	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	10,096	8,416
1,280	1,237	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	1,280	1,237
<u>11,376</u>	<u>9,653</u>	Total Maintenance Expenses included in Notes 3, 4 and 5	<u>11,376</u>	<u>9,653</u>

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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
6. Depreciation and Amortisation				
13,712	12,804	Depreciation - Buildings	13,712	12,804
1,999	1,338	Amortisation - Leased Buildings	1,999	1,338
6,231	3,807	Depreciation - Plant and Equipment	6,231	3,807
215	216	Depreciation - Infrastructure Systems	215	216
78	----	Amortisation - Intangible Assets	78	----
22,235	18,165		22,235	18,165
7. Grants and Subsidies				
3,008	(6)	Non-Government Organisations	3,008	(6)
38	8	Grants to Research Orgs	38	8
1	----	Promotion of Research	1	----
552	345	Other Grants	552	345
3,599	347		3,599	347
8. Finance Costs				
869	917	Finance Lease Interest Charges	869	917
140	159	Interest on Loans	140	159
1,009	1,076	Total Finance Costs	1,009	1,076
9. Payments to Affiliated Health Organisations				
3,140	3,165	(a) Recurrent Sourced Tresillian Family Care Centre	3,140	3,165
3,140	3,165		3,140	3,165

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
-----	-----	10. Other Expenses	-----	-----
-----	-----		-----	-----
		11. Sale of Goods and Services		
		(a) Sale of Goods comprise the following:-		
2,181	2,254	Sale of Prosthesis	2,181	2,254
29	80	Other	29	80
144	140	Pharmacy Sales	144	140
		(b) Rendering of Services comprise the following:-		
		Patient Fees [see note 2(d)]		
16,876	13,904	- Inpatient Fees	16,876	13,904
299	495	- Nursing Home Fees	299	495
919	125	- Non Inpatient Fees	919	125
8,770	8,543	Department of Veterans' Affairs	8,770	8,543
5	11	Staff-Meals and Accommodation	5	11
8,211	3,378	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	8,211	3,378
4,198	2,615	- Annual Charge	4,198	2,615
7	8	Cafeteria/Kiosk	7	8
1,095	1,082	Car Parking	1,095	1,082
1,024	1,011	Child Care Fees	1,024	1,011
285	631	Clinical Services (excluding Clinical Drug Trials)	285	631
873	2	Commercial Activities	873	2
63	39	Fees for Medical Records	63	39
5	56	Information Retrieval	5	56
8,192	8,118	High Cost Drugs	8,192	8,118
-----	7	Linen Service Revenues - Non Health Services	-----	7
2,223	1,500	Motor Accident Authority Third Party	2,223	1,500
-----	992	Patient Inflows from Interstate*	-----	992
-----	(4)	Patient Transport Fees	-----	(4)
65	54	Private Use of Motor Vehicles	65	54
574	264	Salary Packaging Fee	574	264
1,205	1,336	Services Provided to Non NSW Health Organisations	1,205	1,336
21	-----	Shared Corporate Services	21	-----
235	-----	Multi Purpose Service Centre Fees	235	-----
235	203	Other	235	203
57,734	46,844		57,734	46,844

*From 1 July 2012, interstate patient flows are paid through the state pool account. As a result, these funds are now recognised through recurrent allocation. Refer note 2(f).

12. Investment Revenue

1,017	737	Interest	1,017	737
		- Other		
1,017	737		1,017	737

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
13. Grants and Contributions				
388	409	Clinical Drug Trials	388	409
3,216	777	Commonwealth Government Grants	3,216	777
1,013	794	Industry Contributions/Donations	1,013	794
574	476	Cancer Institute Grants	574	476
380	2,788	NSW Government Grants	380	2,788
388	492	Research Grants	388	492
1,047	822	Other Grants	1,047	822
7,006	6,558		7,006	6,558
14. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	4,201	4,058
----	----	Long Service Leave	4,968	14,249
----	----		9,169	18,307
15. Other Revenue				
Other Revenue comprises the following:-				
18	13	Bad Debts Recovered	18	13
144	119	Commissions	144	119
25	51	Conference and Training Fees	25	51
14	----	Insurance Refunds	14	----
780	811	Lease and Rental Income	780	811
3	----	Sale of Merchandise, Old Wares and Books	3	----
1	----	Sponsorship Income	1	----
729	2,573	Other	729	2,573
1,714	3,567		1,714	3,567

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
16. Gain / (Loss) on Disposal				
2,013	4,033	Property, Plant and Equipment	2,013	4,033
2,210	3,721	Less: Accumulated Depreciation	2,210	3,721
<u>(197)</u>	<u>312</u>	Written Down Value	<u>(197)</u>	<u>312</u>
-----	42	Less: Proceeds from Disposal	-----	42
<u>197</u>	<u>(270)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>197</u>	<u>(270)</u>
<u>197</u>	<u>(270)</u>	Total Gain/(Loss) on Disposal	<u>197</u>	<u>(270)</u>
17. Other Gains / (Losses)				
1,048	(8,002)	Property, Plant and Equipment	1,048	(8,002)
(278)	(211)	Asset Revaluation Increment/Decrement	(278)	(211)
<u>770</u>	<u>(8,213)</u>	Impairment of Receivables	<u>770</u>	<u>(8,213)</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT & CONSOLIDATION

18. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Total
	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	19,961	(16,791)	3,170
Contributions recognised in previous years which were not expended in the current reporting period	5,256	21,025	26,281
Total amount of unexpended contributions as at balance date	25,217	4,234	29,451

Comment on restricted assets appears in Note 25

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

19. Service Groups of the NBMLHD

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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Service Group 3.1 - Mental Health Services

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT		CONSOLIDATION	
2013 \$000	2012 \$000	2013 \$000	2012 \$000
20. Cash and Cash Equivalents			
27,304	26,644	27,304	26,644
Cash at Bank and On Hand			
27,304	26,644	27,304	26,644
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:			
27,304	26,644	27,304	26,644
Cash and Cash Equivalents (per Statement of Financial Position)			
27,304	26,644	27,304	26,644
Closing Cash and Cash Equivalents (per Statement of Cash Flows)			

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		21. Receivables		
		Current		
4,400	5,798	Sale of Goods and Services	4,400	5,798
5,612	2,141	Intra Health Receivables	5,612	2,141
3,927	1,470	Goods and Services Tax	3,927	1,470
4,947	4,361	Other Debtors	4,947	4,361
<u>18,886</u>	<u>13,770</u>	Sub Total	<u>18,886</u>	<u>13,770</u>
(620)	(619)	Less Allowance for Impairment	(620)	(619)
18,266	13,151	Sub Total	18,266	13,151
118	91	Prepayments	118	91
<u>18,384</u>	<u>13,242</u>		<u>18,384</u>	<u>13,242</u>
		(a) Movement in the Allowance for Impairment		
-----	-----	Sale of Goods and Services		
(465)	(23)	Balance at Commencement of Reporting Period	(465)	(23)
226	(242)	Amounts written off during the year	226	(242)
(161)	(200)	(Increase)/decrease in Allowance Recognised in Result for the Year	(161)	(200)
<u>(402)</u>	<u>(465)</u>	Balance at 30 June	<u>(402)</u>	<u>(465)</u>
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(154)	-----	Balance at Commencement of Reporting Period	(154)	-----
52	(143)	Amounts written off during the year	52	(143)
(117)	(11)	(Increase)/decrease in Allowance Recognised in Result for the Year	(117)	(11)
<u>(219)</u>	<u>(154)</u>	Balance at 30 June	<u>(219)</u>	<u>(154)</u>
<u>(621)</u>	<u>(619)</u>		<u>(621)</u>	<u>(619)</u>
724	793	Prepayments	724	793
<u>724</u>	<u>793</u>		<u>724</u>	<u>793</u>
		(c) Patient Fee Receivables		
		(Current and Non-Current) include:		
406	1,560	Patient Fees - Compensable	406	1,560
507	1,267	Patient Fees - Ineligible	507	1,267
2,119	(198)	Patient Fees - Other	2,119	(198)
<u>3,032</u>	<u>2,629</u>		<u>3,032</u>	<u>2,629</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT

CONSOLIDATION

2013 2012
\$000 **\$000**

2013 2012
\$000 **\$000**

22. Inventories - Current - Held for Distribution

143	2		143	2
<u>3,693</u>	<u>3,323</u>	Medical and Surgical Supplies	<u>3,693</u>	<u>3,323</u>
<u>3,836</u>	<u>3,325</u>	Other Including Goods in Transit	<u>3,836</u>	<u>3,325</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
23. Property, Plant and Equipment				
Land and Buildings - Fair Value				
717,736	673,890	Gross Carrying Amount	717,736	673,890
244,152	228,444	Less: Accumulated Depreciation and Impairment	244,152	228,444
<u>473,584</u>	<u>445,446</u>	Net Carrying Amount	<u>473,584</u>	<u>445,446</u>
Plant and Equipment - Fair Value				
59,402	51,680	Gross Carrying Amount	59,402	51,680
27,424	19,878	Less: Accumulated Depreciation and Impairment	27,424	19,878
<u>31,978</u>	<u>31,802</u>	Net Carrying Amount	<u>31,978</u>	<u>31,802</u>
Infrastructure Systems - Fair Value				
8,810	8,780	Gross Carrying Amount	8,810	8,780
5,674	5,454	Less: Accumulated Depreciation and Impairment	5,674	5,454
<u>3,136</u>	<u>3,326</u>	Net Carrying Amount	<u>3,136</u>	<u>3,326</u>
<u>508,698</u>	<u>480,574</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>508,698</u>	<u>480,574</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

23. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2013							
Net Carrying Amount at Start of Year	26,842	348,249	21,793	48,562	31,812	3,326	480,584
Additions	----	3,473	36,700	----	4,870	2	45,045
Disposals	----	3	----	----	194	----	197
Administrative Restructures - Transfers In/(Out)	----	----	----	----	4,185	----	4,185
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	1,048	----	----	----	----	1,048
Depreciation Expense	----	(14,878)	----	(833)	(6,274)	(215)	(22,200)
Reclassifications	----	4,450	----	(1,825)	(2,809)	23	(161)
Net Carrying Amount at End of Year	26,842	342,345	58,493	45,904	31,978	3,136	508,698

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012							
Net Carrying Amount at Start of Year	23,840	288,054	70,172	49,244	26,330	2,291	459,931
Additions	----	16,506	18,614	----	8,970	1,110	45,200
Disposals	42	182	----	----	(536)	----	(312)
Administrative Restructures - Transfers In/(Out)	----	----	936	----	845	----	1,781
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	2,960	(10,962)	----	----	----	141	(7,861)
Depreciation Expense	----	(12,804)	----	(1,338)	(3,807)	(216)	(18,165)
Reclassifications	----	67,273	(67,929)	656	----	----	----
Net Carrying Amount at End of Year	26,842	348,249	21,793	48,562	31,802	3,326	480,574

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the NBMLHD [see note 2(g)].
- (ii) Land and Buildings were valued in the 2011/12 financial year by AON Valuation Services in accordance with note 2(j). AON Valuation Services is not an employee of the NBMLHD.
- (iii) Indices provided by Land & Property Information being the carrying value of assets were not applied as immaterial.
- (iii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		24. Intangible Assets		
		Intangibles		
236	----	Cost (Gross Carrying Amount)	236	----
114	----	Less Accumulated Amortisation and Impairment	114	----
<u>122</u>	<u>----</u>	Net Carrying Amount	<u>122</u>	<u>----</u>
<u>122</u>	<u>----</u>	Total Intangible Assets at Net Carrying Amount	<u>122</u>	<u>----</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

24. Intangibles - Reconciliation

	Intangibles \$000
2013	
Net Carrying Amount at Start of Year	-----
Reclassifications from Plant & Equipment	157
Amortisation (Recognised in Depreciation and Amortisation)	(35)
Net Carrying Amount at End of Year	122

	Intangibles \$000
2012	
Net Carrying Amount at Start of Year	-----
Net Carrying Amount at End of Year	-----

Nepean Blue Mountains Local Health District
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	PARENT	CONSOLIDATION	
	2013	2013	2012
	\$000	\$000	\$000
25. Restricted Assets			
<p>The NBMLHD's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>			
Category			
	9,814	9,814	9,497
	19,637	19,637	16,784
	<u>29,451</u>	<u>29,451</u>	<u>26,281</u>
	<u>26,281</u>	<u>26,281</u>	<u>26,281</u>

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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
		26. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	7,995	6,603
-----	-----	Taxation and Payroll Deductions	2,541	2,202
10,536	8,805	Accrued Liability - Purchase of Personnel Services	-----	-----
19,423	20,226	Creditors	19,423	20,226
-----	2	Interest	-----	2
		Other Creditors		
5,869	8,445	- Intra Health Liability	5,869	8,445
5,970	6,715	- Other	5,970	6,715
-----	-----	- Goods and Services Tax	-----	-----
41,798	44,193		41,798	44,193

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

		27. Borrowings		
		Current		
831	667	Other Loans and Deposits	831	667
1,970	1,768	Finance Leases [see note 2(p)]	1,970	1,768
2,801	2,435		2,801	2,435
		Non-Current		
1,032	1,592	Other Loans and Deposits	1,032	1,592
4,834	6,806	Finance Leases [see note 2(p)]	4,834	6,806
5,866	8,398		5,866	8,398

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

Other loans still to be extinguished represent monies to be repaid to the HealthShare, NSW Ministry of Health and Treasury. Final Repayment is scheduled for 30 June 2019.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
28. Provisions				
-----	-----	Annual Leave - Short Term Benefit	16,537	15,804
-----	-----	Annual Leave - Long Term Benefit	29,951	30,344
-----	-----	Long Service Leave - Long Term Benefit	4	22
-----	-----	Long Service Leave On-Costs	5,483	5,392
51,975	51,562	Provision for Personnel Services Liability	-----	-----
51,975	51,562	Total Current Provisions	51,975	51,562
<hr/>				
Non-Current Employee Benefits and Related On-Costs				
-----	-----	Long Service Leave On-Costs	289	284
289	284	Provision for Personnel Services Liability	-----	-----
289	284	Total Non-Current Provisions	289	284
<hr/>				
Aggregate Employee Benefits and Related On-Costs				
-----	-----	Provisions - Current	51,975	51,562
-----	-----	Provisions - Non-Current	289	284
-----	-----	Accrued Salaries, Wages and On-Costs (Note 26)	10,536	8,805
62,800	60,651	Liability - Purchase of Personnel Services	-----	-----
62,800	60,651		62,800	60,651

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
29. Other Liabilities				
		Current		
-----	764	Income in Advance	-----	764
-----	764		-----	764
=====	=====		=====	=====

In June 2012 \$0.764m represents nine months license fee from S&K Car Park Management Ltd under the terms of a contract to provide and operate car park facilities at Nepean Campus of the District.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT			CONSOLIDATION	
2013 \$000	2012 \$000		2013 \$000	2012 \$000
		30. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
9,321	29,488	Not later than one year	9,321	29,488
-----	1,979	Later than one year and not later than five years	-----	1,979
			-----	-----
<u>9,321</u>	<u>31,467</u>	Total Capital Expenditure Commitments (Including GST)	<u>9,321</u>	<u>31,467</u>
		Of the commitments reported at 30 June 2013 it is expected that \$3.42M will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
3,789	4,156	Not later than one year	3,789	4,156
13,313	12,925	Later than one year and not later than five years	13,313	12,925
8,641	104	Later than five years	8,641	104
			-----	-----
<u>25,743</u>	<u>17,185</u>	Total Operating Lease Commitments (Including GST)	<u>25,743</u>	<u>17,185</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Finance Lease Commitments		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
2,993	2,937	Not later than one year	2,993	2,937
6,466	9,459	Later than one year and not later than five years	6,466	9,459
			-----	-----
9,459	12,396	Minimum Lease Payments	9,459	12,396
2,654	3,822	Less: Future Finance Charges	2,654	3,822
<u>6,805</u>	<u>8,574</u>	Present Value of Minimum Lease Payments	<u>6,805</u>	<u>8,574</u>
		The present value of finance lease commitments is as follows:		
1,970	1,768	Not later than one year	1,970	1,768
4,835	6,806	Later than one year and not later than five years	4,835	6,806
			-----	-----
<u>6,805</u>	<u>8,574</u>	Present Value of Minimum Lease Payments	<u>6,805</u>	<u>8,574</u>
		Classified as:		
1,970	1,768	(a) Current (Note 27)	1,970	1,768
4,835	6,806	(b) Non-Current (Note 27)	4,835	6,806
			-----	-----
<u>6,805</u>	<u>8,574</u>		<u>6,805</u>	<u>8,574</u>

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

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

The total of 'Commitments for Expenditure' above, i.e. \$44.523 million(2012-\$61.048 million) million as at 30 June 2013 includes input tax credits of \$4.048million that are expected to be recoverable from the Australian Taxation Office (2012 \$5.550million).

Nepean Blue Mountains Local Health District
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PARENT AND CONSOLIDATION

31. Trust Funds

The NBMLHD holds trust fund moneys of \$12.0 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the NBMLHD 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	309	501	1,570	1,151	4,213	4,823	6,092	6,475
Receipts	37	47	15,115	12,641	34,157	49,532	49,309	62,220
Expenditure	(19)	(239)	(15,100)	(12,222)	(28,317)	(50,142)	(43,436)	(62,603)
Cash Balance at the end of the financial year	327	309	1,585	1,570	10,053	4,213	11,965	6,092

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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 the hospitals and community services now forming part of the NBMLHD will be paid in 2013/14. It is not possible for the NBMLHD to reliably quantify the benefit to be received or amount payable.

b) Affiliated Health Organisations

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

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

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PARENT

2013
\$000

2012
\$000

CONSOLIDATION

33. Reconciliation of Cash Flows from Operating Activities to Net Result

Net Cash Flows from Operating Activities	48,320	48,320	48,320
Depreciation	(18,166)	(18,166)	(18,166)
Allowance for Impairment	211	211	211
(Increase)/ Decrease Income in Advance	40	40	40
(Increase)/ Decrease in Provisions	(5,723)	(5,723)	(5,723)
Increase / (Decrease) in Prepayments and Other Assets	(2,198)	(2,198)	(2,198)
(Increase)/ Decrease in Creditors	(1,808)	(1,808)	(1,808)
Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	(8,002)	(8,002)	(8,002)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	197	197	(270)
	33,456	33,456	12,404

Net Result

12,404

2012/13 Voluntary Services

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

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

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PARENT AND CONSOLIDATED

34. 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 the NBMLHD 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 the NBMLHD.

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.

35. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than budget by \$10 million, primarily due to:
Higher than expected revenues for Ministry of Health recurrent and capital allocations when compared to budget.
Other contributing factors to the final result included employee related expenses being over budget \$8 million, favourability to budget for depreciation \$1.3 million, TMF hindsight expense adjustment of \$1.7 million and additional special purpose and trust revenue associated with the Imaging Services transition to the NBMLHD. The result reflected all required adjustments to annual leave and long service leave including consequential factors as directed by the Ministry of Health. Budget management incorporating revenue and expenditure will continue to be a major focus in the 2013-14 financial year.

Assets and Liabilities

The variation to budget for assets and liabilities reflects the budget alignment that will occur across major line items in 2013-14. The transfer of hosted and imaging services has impacted on some variances to budget.

Cash Flows

The variation to budget for Cash Flows reflects the budget realignment that needs to occur across major line items in 2013-14.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2012 are as follows:

	\$000
Initial Allocation, 01 July 2012	464,214
Award Increases	8,440
Other	
Escalations	5,612
Special Projects	
Stateside Service Enhancements	1,400
Mental Health	2,754
Other	
Election Commitments	226
Growth	10,839
Revenue Funding	3,916
Other Enhancements	2,971
Approved Line Transfers	1,425
Redundancy	718
Hawkesbury Availability Charge & National Elective Surgery Targets	4,137
Balance as per Statement of Comprehensive Income	506,652

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

Equity transfers effected in the 2011/12 year were:

An increase in net assets of \$2.153M relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31 May 2012.

Equity transfers effected in the 2012/13 year were:

An increase in net assets of \$5.941M relating to the Districts' assumption of responsibilities due to the split of Hosted and Imaging services between NBMLHD and other organisations listed.

	2013	2012
	\$000	\$000
Equity transfers effected comprised:		
Crown Entity - Transfer of Long Service Leave On-costs	840	
WSLHD	5,138	2,153
SLHD	-93	
HealthShare	-3	
ACI	59	
	<u>5,941</u>	<u>2,153</u>

Assets and Liabilities transferred are as follows:

	2013	2012
	\$000	\$000
Assets		
Cash & Cash Equivalents		621
Receivables	1,310	2,765
Inventory	143	57
Assets Held for Sale		
Land & Buildings		935
Plant & Equipment	4,185	1,573
Plant & Equipment	-315	
Intangibles	-30	
Work in Progress		
Non Current Receivables		91
Liabilities		
Show category and amount		
Payables	1,394	-1,117
Borrowings and Finance Leases		-2,772
Provisions	-746	
Increase/(Decrease) in Net Assets From Equity Transfers	<u>5,941</u>	<u>2,153</u>

Nepean Blue Mountains Local Health District
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37. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 20)	N/A	27,304	26,644
Receivables (note 21)*	Loans and receivables (at amortised cost)	14,339	11,681
Total Financial Assets		41,643	38,325
Financial Liabilities			
Borrowings (note 27)	Financial liabilities	8,667	10,833
Payables (note 26)**	measured at	39,257	41,991
Total Financial Liabilities		47,924	52,824

Notes

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

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

(b) Credit Risk

Credit risk arises when there is the possibility of the NBMLHD's debtors defaulting on their contractual obligations, resulting in a financial loss to the NBMLHD. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

Credit risk associated with the NBMLHD's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Nepean Blue Mountains Local Health District
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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 3.26% in 2012/13 compared to 4.27% in the previous year.

Receivables - trade debtors

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

The NBMLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013:\$2.126M; 2012: \$4.462M) and not more than 3 months past due (2013: \$2.055M; 2012:\$2.536M) are not considered impaired and together these represent 89.27% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the NBMLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

2013	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	2,084	1,915	169
3 months - 6 months overdue	441	140	301
> 6 months overdue			
2012			
<3 months overdue	1,734	1,664	70
3 months - 6 months overdue	1,274	872	402
> 6 months overdue			

Notes

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

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

(c) Liquidity Risk

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

The NBMLHD has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury. During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The NBMLHD has exposure to liquidity risk.

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

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

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
2013							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		7,995	-----	-----	7,995	-----	-----
- Creditors		31,262	-----	-----	31,262	-----	-----
Borrowings:							
- Loans and Deposits	5.68	1,476	1,476		571	905	
- Finance Leases	6.66	6,805	6,805		1,970	4,835	
		<u>47,538</u>	<u>8,281</u>	<u>-----</u>	<u>39,257</u>	<u>5,740</u>	<u>-----</u>
2012							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		6,603	-----	-----	6,603	-----	-----
- Creditors		35,388	-----	-----	35,388	-----	-----
Borrowings:							
- Loans and Deposits	5.68	2,259	2,259		667	1,250	342
- Finance Leases	6.71	8,574	8,574		1,768	6,806	-----
		<u>52,824</u>	<u>10,833</u>	<u>-----</u>	<u>41,991</u>	<u>8,056</u>	<u>342</u>

Notes:

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

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d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the NBMLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The NBMLHD'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	27,304	(273)	3	273	273
Receivables	14,339	----	----	----	----
Financial Liabilities					
Payables	39,257	----	----	----	----
Borrowings	8,667	(87)	(87)	87	87
2012					
Financial Assets					
Cash and Cash Equivalents	26,644	(266)	(266)	266	266
Receivables	11,681	----	----	----	----
Financial Liabilities					
Payables	41,991	----	----	----	----
Borrowings	10,833	(108)	(108)	108	108

Note 38 Events after the Reporting Period

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS