



INDEPENDENT AUDITOR'S REPORT

Southern NSW Local Health District

To Members of the New South Wales Parliament

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

Opinion

In my opinion, the financial statements:

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

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

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

The Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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 Entity
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

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

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



Sally Bond
Director, Financial Audit Services

20 September 2013
SYDNEY

**Southern NSW 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 Southern NSW 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 Southern NSW Local Health District; and

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



Maxwell Alexander
Chief Executive
17 September 2013



Nadine de Villa-Le
Director Finance
17 September 2013

Southern NSW Local Health District
Statement of Comprehensive Income for the year ended 30 June 2013

| PARENT | | | CONSOLIDATION | | | |
|----------------------------------------------------------|---------------------|----------------|---------------|---------------|---------------------|----------------|
| Actual | Budget Unaudited | Actual | Notes | Actual | Budget Unaudited | Actual |
| 2013 \$000 | 2013 \$000 | 2012 \$000 | | 2013 \$000 | 2013 \$000 | 2012 \$000 |
| Expenses excluding losses | | | | | | |
| Operating Expenses | | | | | | |
| ----- | ----- | ----- | | | | |
| | | | | 3 | 191,313 | 194,784 |
| 181,647 | 184,395 | 160,898 | | 4 | ----- | ----- |
| 30,327 | 25,967 | 27,765 | | | 30,327 | 25,967 |
| 96,941 | 87,936 | 102,222 | | 5 | 96,941 | 87,936 |
| 9,120 | 9,121 | 9,228 | | 2(i), 6 | 9,120 | 9,121 |
| 720 | 444 | 114 | | 7 | 720 | 444 |
| 30 | 27 | 43 | | 8 | 30 | 27 |
| 318,785 | 307,890 | 300,270 | | | 328,451 | 318,279 |
| Total Expenses excluding losses | | | | | | |
| Revenue | | | | | | |
| 260,602 | 258,879 | 246,924 | | 2(d) | 260,602 | 258,879 |
| 28,852 | 30,144 | 17,016 | | 2(d) | 28,852 | 30,144 |
| ----- | ----- | ----- | | 2(a)(ii), 12 | 9,666 | 10,389 |
| 41,513 | 33,367 | 34,510 | | 9 | 41,513 | 33,367 |
| 376 | 130 | 265 | | 10 | 376 | 130 |
| 5,881 | 5,316 | 6,035 | | 11 | 5,881 | 5,316 |
| 607 | 584 | 2,495 | | 13 | 607 | 584 |
| 337,831 | 328,420 | 307,245 | | | 347,497 | 338,809 |
| Total Revenue | | | | | | |
| ----- | ----- | 3 | | 14 | ----- | ----- |
| (1,460) | (1,496) | (1,855) | | 15 | (1,460) | (1,496) |
| Other Gains / (Losses) | | | | | | |
| 17,586 | 19,034 | 5,123 | | 31 | 17,586 | 19,034 |
| Net Result | | | | | | |
| Other Comprehensive Income | | | | | | |
| Items that will not be reclassified to net result | | | | | | |
| Net Increase/(Decrease) in Property, Plant & | | | | | | |
| 2,091 | ----- | ----- | | | 2,091 | ----- |
| 2,091 | ----- | ----- | | | 2,091 | ----- |
| Total Other Comprehensive Income for the year | | | | | | |
| 19,677 | 19,034 | 5,123 | | | 19,677 | 19,034 |
| TOTAL COMPREHENSIVE INCOME | | | | | | |

The accompanying notes form part of these financial statements.

**Southern NSW 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 | | | | | | | | | | |
| 7,976 | 8,729 | 9,972 | Cash and Cash Equivalents | 18 | | 7,976 | 8,729 | 9,972 | | |
| 10,868 | 9,563 | 9,563 | Receivables | 19 | | 10,868 | 9,563 | 9,563 | | |
| 574 | 520 | 519 | Inventories | 20 | | 574 | 520 | 519 | | |
| <u>19,418</u> | <u>18,812</u> | <u>20,054</u> | | | | <u>19,418</u> | <u>18,812</u> | <u>20,054</u> | | |
| ---- | 306 | 306 | Non-Current Assets Held for Sale | 22 | | ---- | 306 | 306 | | |
| 19,418 | 19,118 | 20,360 | Total Current Assets | | | 19,418 | 19,118 | 20,360 | | |
| Non-Current Assets | | | | | | | | | | |
| 494 | 602 | 602 | Receivables | 19 | | 494 | 602 | 602 | | |
| Property, Plant and Equipment | | | | | | | | | | |
| 184,450 | 185,121 | 165,244 | - Land and Buildings | 21 | | 184,450 | 185,121 | 165,244 | | |
| 10,300 | 11,868 | 10,570 | - Plant and Equipment | 21 | | 10,300 | 11,868 | 10,570 | | |
| 3,108 | 2,689 | 2,937 | - Infrastructure Systems | 21 | | 3,108 | 2,689 | 2,937 | | |
| <u>197,858</u> | <u>199,678</u> | <u>178,751</u> | Total Property, Plant and Equipment | | | <u>197,858</u> | <u>199,678</u> | <u>178,751</u> | | |
| 198,352 | 200,280 | 179,353 | Total Non-Current Assets | | | 198,352 | 200,280 | 179,353 | | |
| 217,770 | 219,398 | 199,713 | Total Assets | | | 217,770 | 219,398 | 199,713 | | |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| 21,550 | 25,200 | 25,201 | Payables | 24 | | 21,550 | 25,200 | 25,201 | | |
| 427 | 429 | 429 | Borrowings | 25 | | 427 | 429 | 429 | | |
| 20,389 | 20,018 | 19,688 | Provisions | 26 | | 20,389 | 20,018 | 19,688 | | |
| 1,247 | 630 | 630 | Other | 27 | | 1,247 | 630 | 630 | | |
| <u>43,613</u> | <u>46,277</u> | <u>45,948</u> | Total Current Liabilities | | | <u>43,613</u> | <u>46,277</u> | <u>45,948</u> | | |
| Non-Current Liabilities | | | | | | | | | | |
| 146 | 572 | 572 | Borrowings | 25 | | 146 | 572 | 572 | | |
| 150 | 151 | 137 | Provisions | 26 | | 150 | 151 | 137 | | |
| <u>296</u> | <u>723</u> | <u>709</u> | Total Non-Current Liabilities | | | <u>296</u> | <u>723</u> | <u>709</u> | | |
| 43,909 | 47,000 | 46,657 | Total Liabilities | | | 43,909 | 47,000 | 46,657 | | |
| 173,861 | 172,398 | 153,056 | Net Assets | | | 173,861 | 172,398 | 153,056 | | |
| EQUITY | | | | | | | | | | |
| 2,091 | ---- | ---- | Reserves | | | 2,091 | ---- | ---- | | |
| <u>171,770</u> | <u>172,398</u> | <u>153,056</u> | Accumulated Funds | | | <u>171,770</u> | <u>172,398</u> | <u>153,056</u> | | |
| 173,861 | 172,398 | 153,056 | Total Equity | | | 173,861 | 172,398 | 153,056 | | |

The accompanying notes form part of these financial statements.

Southern NSW Local Health District
Statement of Changes in Equity for the year ended 30 June 2013

| PARENT AND CONSOLIDATION | Notes | Accumulated Funds \$000 | Asset Revaluation Surplus \$000 | Total \$000 |
|-------------------------------------------------------------|-------|-------------------------------|---------------------------------------|----------------|
| Balance at 1 July 2012 | | 153,056 | ---- | 153,056 |
| Changes in Accounting Policy | | ---- | ---- | ---- |
| Total Equity at 1 July 2012 | | 153,056 | ---- | 153,056 |
| Net Result for the year | | 17,586 | | 17,586 |
| Other Comprehensive Income: | | | | |
| Net Increase/(Decrease) in Property, Plant & Equipment | | ---- | 2,091 | 2,091 |
| Total Other Comprehensive Income | | ---- | 2,091 | 2,091 |
| Total Comprehensive Income for the year | | 17,586 | 2,091 | 19,677 |
| Transactions With Owners In Their Capacity As Owners | | | | |
| Increase/(Decrease) in Net Assets From Equity Transfers | 35 | 1,128 | ---- | 1,128 |
| Balance at 30 June 2013 | | 171,770 | 2,091 | 173,861 |
| Balance at 1 July 2011 | | 152,822 | ---- | 152,822 |
| Changes in Accounting Policy | | ---- | ---- | ---- |
| Total Equity at 1 July 2011 | | 152,822 | ---- | 152,822 |
| Net Result for the year | | 5,123 | | 5,123 |
| Other Comprehensive Income: | | | | |
| Net Increase/(Decrease) in Property, Plant & Equipment | | ---- | ---- | ---- |
| Available for Sale Financial Assets: | | | | |
| -Valuation Gains/(Losses) | | ---- | ---- | ---- |
| -Transfers on Disposal | | ---- | ---- | ---- |
| Changes in Restoration Liability | | ---- | ---- | ---- |
| Total Other Comprehensive Income | | ---- | ---- | ---- |
| Total Comprehensive Income for the year | | 5,123 | ---- | 5,123 |
| Transactions With Owners In Their Capacity As Owners | | | | |
| Increase/(Decrease) in Net Assets From Equity Transfers | 35 | (4,889) | ---- | (4,889) |
| Balance at 30 June 2012 | | 153,056 | ---- | 153,056 |

The accompanying notes form part of these financial statements.

Southern NSW 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 | | | | | 2013 | 2013 | 2012 |
| \$000 | \$000 | \$000 | | | | | \$000 | \$000 | \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | |
| Payments | | | | | | | | | |
| ---- | ---- | ---- | Employee Related | | | | (184,427) | (188,249) | (160,629) |
| (812) | (538) | (125) | Grants and Subsidies | | | | (812) | (538) | (125) |
| (3) | ---- | (2) | Finance Costs | | | | (3) | ---- | (2) |
| (323,663) | (316,218) | (297,072) | Other | | | | (139,236) | (127,969) | (136,443) |
| <u>(324,478)</u> | <u>(316,756)</u> | <u>(297,199)</u> | Total Payments | | | | <u>(324,478)</u> | <u>(316,756)</u> | <u>(297,199)</u> |
| Receipts | | | | | | | | | |
| 260,603 | 258,879 | 246,924 | NSW Ministry of Health Recurrent Allocations | | | | 260,603 | 258,879 | 246,924 |
| 28,852 | 30,144 | 17,016 | NSW Ministry of Health Capital Allocations | | | | 28,852 | 30,144 | 17,016 |
| 3,775 | 3,775 | 2,596 | Reimbursements from the Crown Entity | | | | 3,775 | 3,775 | 2,596 |
| 33,607 | 33,524 | 31,941 | Sale of Goods and Services | | | | 33,607 | 33,524 | 31,941 |
| 376 | 130 | 265 | Interest Received | | | | 376 | 130 | 265 |
| 7,341 | 6,777 | 4,914 | Grants and Contributions | | | | 7,341 | 6,777 | 4,914 |
| 14,255 | 13,220 | 16,009 | Other | | | | 14,255 | 13,220 | 16,009 |
| <u>348,809</u> | <u>346,449</u> | <u>319,665</u> | Total Receipts | | | | <u>348,809</u> | <u>346,449</u> | <u>319,665</u> |
| <u>24,331</u> | <u>29,693</u> | <u>22,466</u> | NET CASH FLOWS FROM OPERATING ACTIVITIES | | | 31 | <u>24,331</u> | <u>29,693</u> | <u>22,466</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Proceeds from Sale of Land and Buildings, Plant and Equipment | | | | | | | | | |
| ---- | 3 | 3 | and Infrastructure Systems | | | | ---- | 3 | 3 |
| Purchases of Land and Buildings, Plant and Equipment | | | | | | | | | |
| (26,712) | (30,912) | (14,870) | Infrastructure Systems and Intangibles | | | | (26,712) | (30,912) | (14,870) |
| <u>(26,712)</u> | <u>(30,909)</u> | <u>(14,867)</u> | NET CASH FLOWS FROM INVESTING ACTIVITIES | | | | <u>(26,712)</u> | <u>(30,909)</u> | <u>(14,867)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| (456) | (27) | (489) | Repayment of Borrowings and Advances | | | | (456) | (27) | (489) |
| <u>(456)</u> | <u>(27)</u> | <u>(489)</u> | NET CASH FLOWS FROM FINANCING ACTIVITIES | | | | <u>(456)</u> | <u>(27)</u> | <u>(489)</u> |
| (2,837) | (1,243) | 7,110 | NET INCREASE / (DECREASE) IN CASH | | | | (2,837) | (1,243) | 7,110 |
| 9,972 | 9,972 | 2,862 | Opening Cash and Cash Equivalents | | | | 9,972 | 9,972 | 2,862 |
| 841 | ---- | ---- | Cash Transferred In/(Out) as a Result of Administrative Restructuring | | 35 | | 841 | ---- | ---- |
| <u>7,976</u> | <u>8,729</u> | <u>9,972</u> | CLOSING CASH AND CASH EQUIVALENTS | | | 18 | <u>7,976</u> | <u>8,729</u> | <u>9,972</u> |

The accompanying notes form part of these financial statements.

Southern NSW Local Health District
Service Group Statements
for the year ended 30 June 2013

| DISTRICT EXPENSES AND INCOME | Service Group 1.1 * Primary And Community Based Services | | Service Group 1.2 * Aboriginal Health Services | | Service Group 1.3 * Outpatient Services | | Service Group 2.1 * Emergency Services | | Service Group 2.2 * Inpatient Hospital Services | | Service Group 3.1 * Mental Health Services | | Service Group 4.1 * Rehabilitation And Extended Care Services | | Service Group 5.1 * Population Health Services | | Service Group 6.1 * Teaching And Research | | 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 | |
| Expenses excluding losses | | | | | | | | | | | | | | | | | | | | | |
| Operating Expenses | 6,141 | 5,336 | 899 | 781 | 15,171 | 13,181 | 26,286 | 22,838 | 77,477 | 67,313 | 32,963 | 28,639 | 29,615 | 25,731 | 2,583 | 2,244 | 191 | 166 | 191,313 | 166,218 | |
| Employee Related | 30 | 28 | 279 | 255 | 279 | 255 | 2,842 | 2,602 | 19,816 | 18,142 | 4,803 | 4,398 | 2,554 | 2,338 | 3 | 3 | 3 | 3 | 30,327 | 27,765 | |
| Visiting Medical Officers | 2,133 | 2,249 | 242 | 256 | 8,851 | 9,333 | 11,197 | 11,807 | 50,031 | 52,757 | 9,859 | 10,396 | 13,669 | 14,413 | 863 | 910 | 87 | 92 | 96,941 | 102,222 | |
| Other Operating Expenses | 255 | 258 | 8 | 8 | 380 | 385 | 1,258 | 1,273 | 4,774 | 4,831 | 1,218 | 1,233 | 1,211 | 1,225 | 6 | 6 | 8 | 8 | 9,120 | 9,228 | |
| Depreciation and Amortisation | 14 | 2 | 123 | 19 | 135 | 21 | 67 | 11 | 248 | 39 | 21 | 3 | 76 | 12 | 34 | 5 | 1 | 1 | 720 | 114 | |
| Grants and Subsidies | 1 | 1 | 3 | 5 | 3 | 5 | 4 | 6 | 15 | 22 | 1 | 2 | 5 | 7 | 1 | 1 | 1 | 1 | 30 | 43 | |
| Finance Costs | | | | | | | | | | | | | | | | | | | | | |
| Payments to Affiliated Health Organisations | | | | | | | | | | | | | | | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | | | | | | | | |
| Total Expenses excluding losses | 8,574 | 7,874 | 1,272 | 1,064 | 24,819 | 23,180 | 41,654 | 38,537 | 152,361 | 143,104 | 48,865 | 44,671 | 47,130 | 43,726 | 3,489 | 3,168 | 287 | 266 | 328,451 | 305,590 | |
| Revenue | | | | | | | | | | | | | | | | | | | | | |
| NSW Ministry of Health Recurrent Allocations ** | | | | | | | | | | | | | | | | | | | | | |
| NSW Ministry of Health Capital Allocations ** | | | | | | | | | | | | | | | | | | | | | |
| Transfers to the NSW Ministry of Health | | | | | | | | | | | | | | | | | | | | | |
| Acceptance by the Crown Entity | | | | | | | | | | | | | | | | | | | | | |
| of Employee Benefits and Other Liabilities | 695 | 382 | 4 | 3 | 740 | 407 | 1,214 | 668 | 4,224 | 2,325 | 1,460 | 804 | 1,266 | 697 | 24 | 13 | 43 | 24 | 9,666 | 5,320 | |
| Sale of Goods and Services | 673 | 559 | 4 | 3 | 3,935 | 3,272 | 1,403 | 1,166 | 24,339 | 20,233 | 938 | 780 | 9,951 | 8,272 | 116 | 97 | 154 | 128 | 41,513 | 34,510 | |
| Investment Revenue | 6 | 4 | | | 31 | 22 | 12 | 8 | 203 | 144 | 9 | 6 | 114 | 80 | 1 | 1 | 1 | 1 | 376 | 265 | |
| Grants and Contributions | 765 | 785 | | | 88 | 90 | 32 | 33 | 571 | 586 | 25 | 26 | 4,396 | 4,511 | 4 | 4 | 4 | 4 | 5,881 | 6,035 | |
| Other Revenue | 45 | 184 | 4 | 15 | 38 | 156 | 30 | 122 | 226 | 935 | 160 | 657 | 91 | 372 | 11 | 45 | 2 | 9 | 607 | 2,495 | |
| Total Revenue | 2,184 | 1,914 | 8 | 18 | 4,832 | 3,947 | 2,691 | 1,997 | 29,563 | 24,223 | 2,592 | 2,273 | 15,818 | 13,932 | 156 | 160 | 199 | 161 | 347,497 | 312,565 | |
| Gain / (Loss) on Disposal | (34) | (44) | (1) | (1) | (90) | (115) | (144) | (182) | (800) | (1,014) | (133) | (170) | (253) | (322) | (2) | (3) | (3) | (4) | (1,460) | 3 | |
| Other Gains / (Losses) | (6,424) | (6,004) | (1,263) | (1,047) | (20,077) | (19,348) | (39,107) | (36,722) | (123,598) | (119,892) | (46,406) | (42,568) | (31,565) | (30,116) | (3,335) | (3,011) | (91) | (109) | 17,586 | (1,855) | |
| Net Result | (6,424) | (6,004) | (1,263) | (1,047) | (20,077) | (19,348) | (39,107) | (36,722) | (123,598) | (119,892) | (46,406) | (42,568) | (31,565) | (30,116) | (3,335) | (3,011) | (91) | (109) | 17,586 | (1,855) | |
| Other Comprehensive Income | | | | | | | | | | | | | | | | | | | | | |
| Increase/(Decrease) in Revaluation Surplus | 59 | | 2 | | 87 | | 288 | | 1,095 | | 279 | | 278 | | 1 | | 2 | | 2,091 | | |
| Other (SPECIFY) | | | | | | | | | | | | | | | | | | | | | |
| Total Other Comprehensive Income | (6,365) | (6,004) | (1,263) | (1,047) | (19,990) | (19,348) | (38,819) | (36,722) | (122,503) | (119,892) | (46,127) | (42,568) | (31,287) | (30,116) | (3,334) | (3,011) | (89) | (109) | 19,677 | 5,123 | |
| Total Comprehensive Income | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |

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

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

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

Southern NSW Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2013

| DISTRICT ASSETS AND LIABILITIES | Service Group 1.1 * Primary And Community Based Services | | Service Group 1.2 * Aboriginal Health Services | | Service Group 1.3 * Outpatient Services | | Service Group 2.1 * Emergency Services | | Service Group 2.2 * Inpatient Hospital Services | | Service Group 3.1 * Mental Health Services | | Service Group 4.1 * Rehabilitation And Extended Care Services | | Service Group 5.1 * Population Health Services | | Service Group 6.1 * Teaching And Research | | 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 | 208 | 257 | 31 | 35 | 603 | 756 | 1,012 | 1,258 | 3,689 | 3,699 | 4,669 | 1,187 | 1,458 | 1,144 | 1,427 | 85 | 103 | 7 | 9 | | 9,972 | |
| Receivables | 176 | 155 | 1 | 1 | 1,030 | 907 | 367 | 323 | 6,373 | 5,607 | 5,607 | 246 | 216 | 2,605 | 2,292 | 30 | 27 | 40 | 35 | | 10,868 | |
| Inventories | 13 | 11 | 1 | 1 | 52 | 47 | 66 | 60 | 297 | 269 | 58 | 53 | 73 | 81 | 73 | 5 | 5 | 1 | 1 | | 574 | |
| Financial Assets at Fair Value | | | | | | | | | | | | | | | | | | | | | | 519 |
| Other Financial Assets | | | | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | | |
| Non-Current Assets Held for Sale | | | | | | | | | | | | | | | | | | | | | | 306 |
| Total Current Assets | 397 | 432 | 33 | 37 | 1,685 | 1,723 | 1,445 | 1,683 | 10,369 | 10,705 | 1,491 | 1,768 | 3,830 | 3,833 | 120 | 135 | 48 | 44 | | | 19,418 | 20,360 |
| Non-Current Assets | | | | | | | | | | | | | | | | | | | | | | |
| Receivables | 8 | 10 | | | 47 | 57 | 17 | 20 | 290 | 353 | 11 | 14 | 118 | 144 | 1 | 2 | 2 | 2 | | | | 602 |
| Financial Assets at Fair Value | | | | | | | | | | | | | | | | | | | | | | |
| Other Financial Assets | | | | | | | | | | | | | | | | | | | | | | |
| Property, Plant and Equipment | | | | | | | | | | | | | | | | | | | | | | |
| - Land and Buildings | 5,165 | 4,627 | 166 | 149 | 7,692 | 6,891 | 25,436 | 22,787 | 96,558 | 86,504 | 24,643 | 22,077 | 24,495 | 21,944 | 129 | 116 | 166 | 149 | | | | 184,450 |
| - Plant and Equipment | 288 | 296 | 9 | 10 | 430 | 441 | 1,420 | 1,458 | 5,393 | 5,532 | 1,376 | 1,412 | 1,368 | 1,404 | 7 | 7 | 9 | 10 | | | | 10,300 |
| - Infrastructure Systems | 87 | 82 | 3 | 3 | 130 | 122 | 429 | 405 | 1,626 | 1,538 | 415 | 392 | 413 | 390 | 2 | 2 | 3 | 3 | | | | 10,570 |
| Intangible Assets | | | | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | | |
| Total Non-Current Assets | 5,548 | 5,015 | 178 | 162 | 8,299 | 7,511 | 27,302 | 24,670 | 103,867 | 93,927 | 26,445 | 23,895 | 26,394 | 23,882 | 139 | 127 | 180 | 164 | | | | 179,353 |
| TOTAL ASSETS | 5,945 | 5,447 | 211 | 199 | 9,984 | 9,234 | 28,747 | 26,353 | 114,236 | 104,632 | 27,936 | 25,663 | 30,224 | 27,715 | 259 | 262 | 228 | 208 | | | | 199,713 |
| LIABILITIES | | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | | | | | | | | |
| Payables | 474 | 554 | 54 | 63 | 1,968 | 2,301 | 2,489 | 2,911 | 11,123 | 13,009 | 2,192 | 2,563 | 3,039 | 3,553 | 192 | 224 | 19 | 23 | | | | 25,201 |
| Borrowings | 11 | 11 | 2 | 1 | 32 | 33 | 54 | 54 | 198 | 202 | 64 | 63 | 61 | 61 | 5 | 4 | | | | | | 429 |
| Provisions | 654 | 632 | 96 | 93 | 1,617 | 1,561 | 2,801 | 2,705 | 8,257 | 7,971 | 3,513 | 3,392 | 3,156 | 3,048 | 275 | 266 | 20 | 20 | | | | 19,688 |
| Other | 33 | 16 | 5 | 2 | 94 | 48 | 158 | 79 | 578 | 295 | 186 | 92 | 179 | 90 | 13 | 7 | 1 | 1 | | | | 630 |
| Total Current Liabilities | 1,172 | 1,213 | 157 | 159 | 3,711 | 3,943 | 5,502 | 5,749 | 20,156 | 21,477 | 5,955 | 6,110 | 6,435 | 6,752 | 485 | 501 | 40 | 44 | | | | 45,948 |
| Non-Current Liabilities | | | | | | | | | | | | | | | | | | | | | | |
| Borrowings | 4 | 15 | 1 | 2 | 11 | 43 | 19 | 72 | 66 | 268 | 22 | 84 | 21 | 82 | 2 | 6 | | | | | | 572 |
| Provisions | 5 | 4 | 1 | 1 | 12 | 11 | 21 | 19 | 60 | 55 | 26 | 24 | 23 | 21 | 2 | 2 | | | | | | 137 |
| Other | | | | | | | | | | | | | | | | | | | | | | |
| Total Non-Current Liabilities | 9 | 19 | 2 | 3 | 23 | 54 | 40 | 91 | 126 | 323 | 48 | 108 | 44 | 103 | 4 | 8 | 4 | 44 | | | | 709 |
| TOTAL LIABILITIES | 1,181 | 1,232 | 159 | 162 | 3,734 | 3,997 | 5,542 | 5,840 | 20,282 | 21,800 | 6,003 | 6,218 | 6,479 | 6,855 | 489 | 509 | 40 | 44 | | | | 46,657 |
| NET ASSETS | 4,764 | 4,215 | 52 | 37 | 6,250 | 5,237 | 23,205 | 20,513 | 93,954 | 82,832 | 21,933 | 19,445 | 23,745 | 20,860 | (230) | (247) | 188 | 164 | | | | 153,056 |

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

1. The Reporting Entity

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive on 17 September 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Notwithstanding the consolidated entity has a working capital deficiency of \$24.2m (2012 deficiency of \$25.6m) and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

Property, plant and equipment, 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 13.740% 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 17.8%).

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

ii) Long Service Leave and Superannuation

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

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

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

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

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

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

iii) Other Provisions

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

b) Insurance

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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 District, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

Department of Veterans' Affairs

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Investment Revenue

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

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

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

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

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

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

Grants and Contributions

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

NSW Ministry of Health Allocations

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

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

- * the amount of GST incurred by the District as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of 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 District recognised the value of inflows for acute inpatient treatment provided to residents from other states and territories as revenue in note 9.

g) Acquisition of Assets

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

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(z)).

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

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

h) Capitalisation Thresholds

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

i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the District. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

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

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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(o).

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

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

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

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

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

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

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

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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 District 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) Assets Not Able to be Reliably Measured

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

No such assets existed at Balance Date.

m) Restoration Costs

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

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

The District may at times hold certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. The District does not have any non-current assets (or Disposal groups) held for sale.

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

o) Investment Properties

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

p) Intangible Assets

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

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

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

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the District's intangible assets, the assets are carried at cost less any accumulated amortisation. This District does not have any intangible assets.

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

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

q) Maintenance

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

r) Leased Assets

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

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

s) Inventories

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

t) Loans and Receivables

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

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

u) Investments

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

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

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

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

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

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

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

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

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

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

v) Impairment of financial assets

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

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

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

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

w) De-recognition of financial assets and financial liabilities

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

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

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

x) Payables

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

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

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

y) Borrowings

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

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

z) Equity Transfers

The transfer of net assets between 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.

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

(ii) Accumulated Funds

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

(iii) Separate Reserves

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

ab) Trust Funds

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

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

ac) Budgeted Amounts

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

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

ae) 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 District.

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

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

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

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

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 District.

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 District.

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
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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.

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.

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 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.

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

| PARENT | | | CONSOLIDATION | |
|------------------------------------------------------------|----------------|--------------------------------------------------------------|----------------|----------------|
| 2013 \$000 | 2012 \$000 | | 2013 \$000 | 2012 \$000 |
| 3. Employee Related | | | | |
| Employee related expenses comprise the following: | | | | |
| ---- | ---- | Salaries and Wages | 128,189 | 113,207 |
| ---- | ---- | Overtime | 4,207 | 4,411 |
| ---- | ---- | Penalties | 11,594 | 10,825 |
| ---- | ---- | Superannuation - Defined Benefit Plans | 2,769 | 2,474 |
| ---- | ---- | Superannuation - Defined Contribution Plans | 12,647 | 11,138 |
| ---- | ---- | Long Service Leave | 7,170 | 3,899 |
| ---- | ---- | Annual Leave | 13,572 | 12,275 |
| ---- | ---- | Sick Leave and Other Leave | 5,733 | 4,752 |
| ---- | ---- | Redundancies | 869 | 239 |
| ---- | ---- | Workers' Compensation Insurance | 4,548 | 2,964 |
| ---- | ---- | Payroll Tax and Fringe Benefits Tax | 15 | 34 |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| ----- | ----- | | 191,313 | 166,218 |
| The following additional information is provided: | | | | |
| ---- | ---- | Employee Related Expenses Capitalised - Land and Buildings | 199 | ---- |
| 4. Personnel Services | | | | |
| Personnel Services comprise the purchase of the following: | | | | |
| 128,189 | 113,207 | Salaries and Wages | ---- | ---- |
| 4,207 | 4,411 | Overtime | ---- | ---- |
| 11,594 | 10,825 | Penalties | ---- | ---- |
| 0 | 0 | Superannuation - Defined Benefit Plans | ---- | ---- |
| 12,647 | 11,138 | Superannuation - Defined Contribution Plans | ---- | ---- |
| 273 | 1,053 | Long Service Leave | ---- | ---- |
| 13,572 | 12,275 | Annual Leave | ---- | ---- |
| 5,733 | 4,752 | Sick Leave and Other Leave | ---- | ---- |
| 869 | 239 | Redundancies | ---- | ---- |
| 4,548 | 2,964 | Workers' Compensation Insurance | ---- | ---- |
| 15 | 34 | Payroll Tax and Fringe Benefits Tax | ---- | ---- |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| 181,647 | 160,898 | | ----- | ----- |
| The following additional information is provided: | | | | |
| 199 | ---- | Personnel Services Expenses Capitalised - Land and Buildings | ---- | ---- |

Southern NSW 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 |
| 5. Other Operating Expenses | | | | |
| 1,064 | 1,107 | Blood and Blood Products | 1,064 | 1,107 |
| 1 | ---- | Capital Project Expense | 1 | ---- |
| 8,440 | 2,886 | Domestic Supplies and Services | 8,440 | 2,886 |
| 6,225 | 6,358 | Drug Supplies | 6,225 | 6,358 |
| 7,371 | 13,074 | Food Supplies | 7,371 | 13,074 |
| 3,584 | 2,938 | Fuel, Light and Power | 3,584 | 2,938 |
| 8,821 | 21,567 | General Expenses (See (b) below) | 8,821 | 21,567 |
| 8,128 | 7,553 | Hospital Ambulance Transport Costs | 8,128 | 7,553 |
| 4,226 | 3,088 | Information Management Expenses | 4,226 | 3,088 |
| 659 | 485 | Insurance | 659 | 485 |
| | | Maintenance (See (c) below) | | |
| 1,533 | 1,127 | Maintenance Contracts | 1,533 | 1,127 |
| 2,413 | 3,446 | New/Replacement Equipment under \$10,000 | 2,413 | 3,446 |
| 2,009 | 2,241 | Repairs Maintenance/Non Contract | 2,009 | 2,241 |
| 1 | ---- | Other | 1 | ---- |
| 11,081 | 10,804 | Medical and Surgical Supplies | 11,081 | 10,804 |
| 1,007 | 937 | Motor Vehicle Expenses | 1,007 | 937 |
| 797 | 664 | Postal and Telephone Costs | 797 | 664 |
| 567 | 607 | Printing and Stationery | 567 | 607 |
| 397 | 354 | Rates and Charges | 397 | 354 |
| 1,425 | 1,057 | Rental | 1,425 | 1,057 |
| 16,289 | 13,952 | Special Service Departments | 16,289 | 13,952 |
| 3,143 | 3,698 | Staff Related Costs | 3,143 | 3,698 |
| 5,069 | 1,673 | Sundry Operating Expenses (See (a) below) | 5,069 | 1,673 |
| 2,691 | 2,606 | Travel Related Costs | 2,691 | 2,606 |
| 96,941 | 102,222 | | 96,941 | 102,222 |
| 1,287 | 946 | (a) Sundry Operating Expenses comprise : | 1,287 | 946 |
| 3,782 | 727 | Contract for Patient Services | 3,782 | 727 |
| | | Isolated Patient Travel and Accommodation Assistance Scheme | | |
| 5,069 | 1,673 | | 5,069 | 1,673 |
| 96 | 104 | (b) General Expenses include :- | 96 | 104 |
| 94 | 107 | Advertising | 94 | 107 |
| 42 | 35 | Auditor's Remuneration - External Audit | 42 | 35 |
| | | Books, Magazines and Journals | | |
| | | Consultancies | | |
| | | - Capital Works | | |
| 567 | 250 | - Operating Activities | 567 | 250 |
| 3,382 | 3,400 | Corporate Support Services | 3,382 | 3,400 |
| 324 | 266 | Courier and Freight | 324 | 266 |
| 29 | 26 | Data Recording and Storage | 29 | 26 |
| 12 | 1 | Legal Services | 12 | 1 |
| 67 | 62 | Membership/Professional Fees | 67 | 62 |
| 1,526 | 1,307 | Motor Vehicle Operating Lease Expense - Minimum Lease Payments | 1,526 | 1,307 |
| 839 | 934 | Other Operating Lease Expense - Minimum Lease Payments | 839 | 934 |
| 1 | 13 | Payroll Services | 1 | 13 |
| 70 | 74 | Quality Assurance/Accreditation | 70 | 74 |
| 665 | 628 | Security Services | 665 | 628 |
| | 12,823 | Services Purchased from Health Reform Transition Organisations | | 12,823 |
| 15 | 16 | Translator Services | 15 | 16 |
| 1,092 | 1,521 | Other | 1,092 | 1,521 |
| 8,821 | 21,567 | | 8,821 | 21,567 |
| 5,956 | 6,814 | (c) Reconciliation of Total Maintenance | 5,956 | 6,814 |
| 817 | 486 | Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5 | 817 | 486 |
| | | Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4 | | |
| 6,773 | 7,300 | Total Maintenance Expenses included in Notes 3, 4 and 5 | 6,773 | 7,300 |

Southern NSW 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 |
| 6. Depreciation and Amortisation | | | | |
| 7,068 | 7,214 | Depreciation - Buildings | 7,068 | 7,214 |
| 1,857 | 1,813 | Depreciation - Plant and Equipment | 1,857 | 1,813 |
| 195 | 201 | Depreciation - Infrastructure Systems | 195 | 201 |
| <u>9,120</u> | <u>9,228</u> | | <u>9,120</u> | <u>9,228</u> |
| 7. Grants and Subsidies | | | | |
| ----- | 45 | Non-Government Organisations | ----- | 45 |
| ----- | 13 | Grants to Research Orgs | ----- | 13 |
| 720 | 56 | Other Grants | 720 | 56 |
| <u>720</u> | <u>114</u> | | <u>720</u> | <u>114</u> |
| 8. Finance Costs | | | | |
| 27 | 41 | Interest on Loans | 27 | 41 |
| 3 | 2 | Other Interest Charges | 3 | 2 |
| <u>30</u> | <u>43</u> | Total Finance Costs | <u>30</u> | <u>43</u> |

Southern NSW 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 |
| 9. Sale of Goods and Services | | | | |
| (a) Sale of Goods comprise the following:- | | | | |
| 726 | 512 | Sale of Prosthesis | 726 | 512 |
| 5 | 6 | Other | 5 | 6 |
| 19 | 26 | Pharmacy Sales | 19 | 26 |
| (b) Rendering of Services comprise the following:- | | | | |
| | | Patient Fees [see note 2(d)] | | |
| 13,790 | 12,546 | - Inpatient Fees | 13,790 | 12,546 |
| 1,153 | 1,247 | - Nursing Home Fees | 1,153 | 1,247 |
| 1,185 | 318 | - Non Inpatient Fees | 1,185 | 318 |
| 9,318 | 7,886 | Department of Veterans' Affairs | 9,318 | 7,886 |
| 82 | 67 | Staff-Meals and Accommodation | 82 | 67 |
| 18 | 9 | Infrastructure Fees - Monthly Facility Charge [see note 2(d)] | 18 | 9 |
| ---- | 2 | Child Care Fees | ---- | 2 |
| 1,439 | 989 | Clinical Services (excluding Clinical Drug Trials) | 1,439 | 989 |
| 193 | 241 | Commercial Activities | 193 | 241 |
| 22 | 22 | Fees for Medical Records | 22 | 22 |
| 6 | 7 | Information Retrieval | 6 | 7 |
| 2,306 | 2,381 | High Cost Drugs | 2,306 | 2,381 |
| 9 | 11 | Meals on Wheels | 9 | 11 |
| 1,966 | 973 | Motor Accident Authority Third Party | 1,966 | 973 |
| ---- | 4,993 | Patient Inflows from Interstate* | ---- | 4,993 |
| 8 | 4 | Patient Transport Fees | 8 | 4 |
| 68 | 56 | Private Use of Motor Vehicles | 68 | 56 |
| 90 | 62 | Salary Packaging Fee | 90 | 62 |
| 6,452 | ---- | Hosted services provided to Other LHDs | 6,452 | ---- |
| 235 | 34 | Services Provided to Non NSW Health Organisations | 235 | 34 |
| 1,910 | 1,882 | Multi Purpose Service Centre Fees | 1,910 | 1,882 |
| 513 | 236 | Other | 513 | 236 |
| 41,513 | 34,510 | | 41,513 | 34,510 |

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

10. Investment Revenue

| | | | | |
|------------|------------|----------|------------|------------|
| 376 | 265 | Interest | 376 | 265 |
| | | - Other | | |
| 376 | 265 | | 376 | 265 |

Southern NSW 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 |
| 11. Grants and Contributions | | | | |
| ----- | 1 | Clinical Drug Trials | ----- | 1 |
| 2,535 | 1,490 | Commonwealth Government Grants | 2,535 | 1,490 |
| 568 | 793 | Industry Contributions/Donations | 568 | 793 |
| 632 | 324 | Cancer Institute Grants | 632 | 324 |
| 761 | 3,102 | NSW Government Grants | 761 | 3,102 |
| 3 | 24 | Research Grants | 3 | 24 |
| 1,382 | 301 | Other Grants | 1,382 | 301 |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| 5,881 | 6,035 | | 5,881 | 6,035 |
| <hr/> <hr/> | <hr/> <hr/> | | <hr/> <hr/> | <hr/> <hr/> |
| 12. Acceptance by the Crown Entity of employee benefits | | | | |
| The following liabilities and expenses have been assumed by the Crown Entity: | | | | |
| ----- | ----- | Superannuation-defined benefit | 2,769 | 2,474 |
| ----- | ----- | Long Service Leave | 6,897 | 2,846 |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| ----- | ----- | | 9,666 | 5,320 |
| <hr/> <hr/> | <hr/> <hr/> | | <hr/> <hr/> | <hr/> <hr/> |
| 13. Other Revenue | | | | |
| Other Revenue comprises the following:- | | | | |
| ----- | 14 | Bad Debts Recovered | ----- | 14 |
| 28 | 30 | Commissions | 28 | 30 |
| 20 | 31 | Conference and Training Fees | 20 | 31 |
| 26 | 1,852 | Insurance Refunds | 26 | 1,852 |
| 353 | 455 | Lease and Rental Income | 353 | 455 |
| 14 | 28 | Sale of Merchandise, Old Wares and Books | 14 | 28 |
| 38 | 3 | Unclaimed Deposits | 38 | 3 |
| 128 | 82 | Other | 128 | 82 |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| 607 | 2,495 | | 607 | 2,495 |
| <hr/> <hr/> | <hr/> <hr/> | | <hr/> <hr/> | <hr/> <hr/> |

Southern NSW 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 |
| | | 14. Gain / (Loss) on Disposal | | |
| 377 | 1,658 | Property, Plant and Equipment | 377 | 1,658 |
| 377 | 1,658 | Less: Accumulated Depreciation | 377 | 1,658 |
| ----- | ----- | | ----- | ----- |
| ----- | 3 | Written Down Value | ----- | ----- |
| ----- | 3 | Less: Proceeds from Disposal | ----- | 3 |
| ----- | ----- | | ----- | ----- |
| ----- | 3 | Gain/(Loss) on Disposal of Property, Plant and Equipment | ----- | 3 |
| ----- | ----- | | ----- | ----- |
| <u>-----</u> | <u>3</u> | Total Gain/(Loss) on Disposal | <u>-----</u> | <u>3</u> |
| <u>-----</u> | <u>3</u> | | <u>-----</u> | <u>3</u> |
| | | 15. Other Gains / (Losses) | | |
| | | Property, Plant and Equipment | | |
| (861) | (955) | Asset Revaluation Increment/Decrement | (861) | (955) |
| (599) | (900) | Impairment of Receivables | (599) | (900) |
| ----- | ----- | | ----- | ----- |
| <u>(1,460)</u> | <u>(1,855)</u> | | <u>(1,460)</u> | <u>(1,855)</u> |

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT & CONSOLIDATION

16. Conditions on Contributions

| | Purchase of Assets | Health Promotion, Education and Research | Other | Total |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------------|--------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date | 2 | 36 | 1,035 | 1,073 |
| Contributions recognised in previous years which were not expended in the current reporting period | 25 | 130 | 1,387 | 1,542 |
| Total amount of unexpended contributions as at balance date | 27 | 166 | 2,422 | 2,615 |

Comment on restricted assets appears in Note 23

17. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

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

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

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

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

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

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

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

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.

Southern NSW 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 |
| 18. Cash and Cash Equivalents | | | | |
| 7,976 | 9,972 | Cash at Bank and On Hand | 7,976 | 9,972 |
| 7,976 | 9,972 | | 7,976 | 9,972 |
| 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: | | | | |
| 7,976 | 9,972 | Cash and Cash Equivalents (per Statement of Financial Position) | 7,976 | 9,972 |
| 7,976 | 9,972 | Closing Cash and Cash Equivalents (per Statement of Cash Flows) | 7,976 | 9,972 |

Refer to Note 36 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

| PARENT | | | CONSOLIDATION | |
|----------------------------------------------|---------------------|------------------------------------------------|----------------------|---------------------|
| 2013 | 2012 | | 2013 | 2012 |
| \$000 | \$000 | | \$000 | \$000 |
| 19. Receivables | | | | |
| Current | | | | |
| 6,210 | 2,407 | Sale of Goods and Services | 6,210 | 2,407 |
| 2,501 | 5,211 | Intra Health Receivables | 2,501 | 5,211 |
| 1,218 | 961 | Goods and Services Tax | 1,218 | 961 |
| 1,070 | 1,049 | Other Debtors | 1,070 | 1,049 |
| <u>10,999</u> | <u>9,628</u> | Sub Total | <u>10,999</u> | <u>9,628</u> |
| (158) | (129) | Less Allowance for Impairment | (158) | (129) |
| 10,841 | 9,499 | Sub Total | 10,841 | 9,499 |
| 27 | 64 | Prepayments | 27 | 64 |
| <u>10,868</u> | <u>9,563</u> | | <u>10,868</u> | <u>9,563</u> |
| (a) Movement in the Allowance for Impairment | | | | |
| Sale of Goods and Services | | | | |
| (65) | (68) | Balance at Commencement of Reporting Period | (65) | (68) |
| 550 | 767 | Amounts written off during the year | 550 | 767 |
| ----- | ----- | Amounts recovered during the year | ----- | ----- |
| (626) | (764) | (Increase)/decrease in Allowance Recognised in | (626) | (764) |
| (142) | (65) | Result for the Year | (142) | (65) |
| | | Balance at 30 June | | |
| (b) Movement in the Allowance for Impairment | | | | |
| Other Debtors | | | | |
| (64) | (1) | Balance at Commencement of Reporting Period | (64) | (1) |
| 20 | 73 | Amounts written off during the year | 20 | 73 |
| ----- | ----- | Amounts recovered during the year | ----- | ----- |
| 27 | (136) | (Increase)/decrease in Allowance Recognised in | 27 | (136) |
| (16) | (64) | Result for the Year | (16) | (64) |
| | | Balance at 30 June | | |
| <u>(158)</u> | <u>(129)</u> | | <u>(158)</u> | <u>(129)</u> |
| Non-Current | | | | |
| ----- | ----- | Sale of Goods and Services | ----- | ----- |
| ----- | ----- | Leave Mobility | ----- | ----- |
| ----- | ----- | Intra Health Receivables | ----- | ----- |
| ----- | ----- | Goods and Services Tax | ----- | ----- |
| ----- | ----- | Other Debtors | ----- | ----- |
| ----- | ----- | Sub Total | ----- | ----- |
| ----- | ----- | Less Allowance for Impairment | ----- | ----- |
| 494 | 602 | Sub Total | 494 | 602 |
| ----- | ----- | Prepayments | ----- | ----- |
| <u>494</u> | <u>602</u> | | <u>494</u> | <u>602</u> |
| (c) Patient Fee Receivables | | | | |
| (Current and Non-Current) include: | | | | |
| 374 | 50 | Patient Fees - Compensable | 374 | 50 |
| 186 | 55 | Patient Fees - Ineligible | 186 | 55 |
| 2,400 | 1,824 | Patient Fees - Other | 2,400 | 1,824 |
| <u>2,960</u> | <u>1,929</u> | | <u>2,960</u> | <u>1,929</u> |

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 36.

Southern NSW 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. Inventories - Current - Held for Distribution | | | | |
| 508 | 519 | Drugs | 508 | 519 |
| 66 | ----- | Engineering Supplies | 66 | ----- |
| <u>574</u> | <u>519</u> | | <u>574</u> | <u>519</u> |

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

| PARENT | | | CONSOLIDATION | |
|--------------------------------------------|-----------------------|-----------------------------------------------------------------------|-----------------------|-----------------------|
| 2013 | 2012 | | 2013 | 2012 |
| \$000 | \$000 | | \$000 | \$000 |
| 21. Property, Plant and Equipment | | | | |
| Land and Buildings - Fair Value | | | | |
| 345,823 | 336,338 | Gross Carrying Amount | 345,823 | 336,338 |
| <u>161,373</u> | <u>171,094</u> | Less: Accumulated Depreciation and Impairment | <u>161,373</u> | <u>171,094</u> |
| <u>184,450</u> | <u>165,244</u> | Net Carrying Amount | <u>184,450</u> | <u>165,244</u> |
| Plant and Equipment - Fair Value | | | | |
| 21,207 | 20,004 | Gross Carrying Amount | 21,207 | 20,004 |
| <u>10,907</u> | <u>9,434</u> | Less: Accumulated Depreciation and Impairment | <u>10,907</u> | <u>9,434</u> |
| <u>10,300</u> | <u>10,570</u> | Net Carrying Amount | <u>10,300</u> | <u>10,570</u> |
| Infrastructure Systems - Fair Value | | | | |
| 5,938 | 6,025 | Gross Carrying Amount | 5,938 | 6,025 |
| <u>2,830</u> | <u>3,088</u> | Less: Accumulated Depreciation and Impairment | <u>2,830</u> | <u>3,088</u> |
| <u>3,108</u> | <u>2,937</u> | Net Carrying Amount | <u>3,108</u> | <u>2,937</u> |
| <u>197,858</u> | <u>178,751</u> | Total Property, Plant and Equipment At Net Carrying Amount | <u>197,858</u> | <u>178,751</u> |

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT & CONSOLIDATION

21. Property, Plant and Equipment - Reconciliation

| | Land | Buildings | Work in Progress | Plant and Equipment | Infrastructure Systems | Total |
|------------------------------------------------------------------------------|---------------|----------------|------------------|---------------------|------------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2013 | | | | | | |
| Net Carrying Amount at Start of Year | 16,693 | 136,678 | 11,873 | 10,569 | 2,937 | 178,750 |
| Additions | ---- | ---- | 25,104 | 1,608 | ---- | 26,712 |
| Reclassifications to Intangibles | ---- | ---- | ---- | ---- | ---- | ---- |
| Recognition of Assets Held for Sale | 225 | 81 | ---- | ---- | ---- | 306 |
| Disposals | ---- | ---- | ---- | ---- | ---- | ---- |
| Administrative Restructures - Transfers In/(Out) | ---- | ---- | ---- | (20) | ---- | (20) |
| Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves | (808) | 2,091 | ---- | ---- | (53) | 1,230 |
| Impairment Losses (Recognised in "Other Gains/Losses") | ---- | ---- | ---- | ---- | ---- | ---- |
| Depreciation Expense | ---- | (7,068) | ---- | (1,857) | (195) | (9,120) |
| Reclassifications | ---- | 7,569 | (7,988) | ---- | 419 | ---- |
| Net Carrying Amount at End of Year | 16,110 | 139,351 | 28,989 | 10,300 | 3,108 | 197,858 |

| | Land | Buildings | Work in Progress | Plant and Equipment | Infrastructure Systems | Total |
|------------------------------------------------------------------------------|---------------|----------------|------------------|---------------------|------------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2012 | | | | | | |
| Net Carrying Amount at Start of Year | 16,908 | 140,203 | 3,802 | 9,875 | 3,138 | 173,926 |
| Additions | 800 | 2,404 | 9,437 | 2,230 | ---- | 14,871 |
| Reclassifications to Intangibles | ---- | ---- | ---- | ---- | ---- | ---- |
| Recognition of Assets Held for Sale | (60) | (81) | ---- | ---- | ---- | (141) |
| Disposals | ---- | ---- | ---- | ---- | ---- | ---- |
| Administrative Restructures - Transfers In/(Out) | ---- | ---- | ---- | 278 | ---- | 278 |
| Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves | (955) | ---- | ---- | ---- | ---- | (955) |
| Impairment Losses (Recognised in "Other Gains/Losses") | ---- | ---- | ---- | ---- | ---- | ---- |
| Depreciation Expense | ---- | (7,214) | ---- | (1,813) | (201) | (9,228) |
| Reclassifications | ---- | 1,367 | (1,367) | ---- | ---- | ---- |
| Net Carrying Amount at End of Year | 16,693 | 136,679 | 11,872 | 10,570 | 2,937 | 178,751 |

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

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Opteon Property Group in accordance with note 2(j). Opteon Property Group is not an employee of the District.

Southern NSW 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 |
| | | 22. Non-Current Assets (or Disposal Groups) Held for Sale | | |
| | | Assets Held for Sale | | |
| ----- | 306 | Land and Buildings | ----- | 306 |
| ----- | 306 | | ----- | 306 |

During the year ended 30 June 2013, due to rezoning issues the following two properties were not actively marketed for sale and were therefore transferred from Non-Current Assets Held for Sale to Property, Plant and Equipment:-

| | |
|----------------------------------------------|------------------|
| Land and Buildings, Denison Street Crookwell | \$141,375 |
| Land, Kialla Road Crookwell | <u>\$165,000</u> |
| | <u>\$306,375</u> |

Southern NSW 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. Restricted Assets | | | |
| The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. | | | |
| Category | | | |
| 1,618 | 1,772 | 1,618 | 1,772 |
| 69 | 64 | 69 | 64 |
| 928 | 438 | 928 | 438 |
| <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> |
| 2,615 | 2,274 | 2,615 | 2,274 |
| <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

Southern NSW 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 |
| | | 24. Payables | | |
| | | Current | | |
| ----- | ----- | Accrued Salaries, Wages and On-Costs | 4,375 | 3,730 |
| ----- | ----- | Taxation and Payroll Deductions | 963 | 822 |
| 5,338 | 4,552 | Accrued Liability - Purchase of Personnel Services | ----- | ----- |
| 10,960 | 10,869 | Creditors | 10,960 | 10,869 |
| | | Other Creditors | | |
| 82 | 1,168 | - Capital Works | 82 | 1,168 |
| 2,214 | 6,687 | - Intra Health Liability | 2,214 | 6,687 |
| 2,956 | 1,925 | - Other | 2,956 | 1,925 |
| <u>21,550</u> | <u>25,201</u> | | <u>21,550</u> | <u>25,201</u> |

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.

| | | | | |
|------------|------------|--------------------------|------------|------------|
| | | 25. Borrowings | | |
| | | Current | | |
| <u>427</u> | <u>429</u> | Other Loans and Deposits | <u>427</u> | <u>429</u> |
| <u>427</u> | <u>429</u> | | <u>427</u> | <u>429</u> |
| | | Non-Current | | |
| <u>146</u> | <u>572</u> | Other Loans and Deposits | <u>146</u> | <u>572</u> |
| <u>146</u> | <u>572</u> | | <u>146</u> | <u>572</u> |

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.

Final Repayment is scheduled for September 2014

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

| PARENT | | | CONSOLIDATION | |
|-----------------------------------------------------------|---------------|------------------------------------------------|----------------------|---------------|
| 2013 | 2012 | | 2013 | 2012 |
| \$000 | \$000 | | \$000 | \$000 |
| 26. Provisions | | | | |
| ----- | ----- | Annual Leave - Short Term Benefit | 10,289 | ----- |
| ----- | ----- | Annual Leave - Long Term Benefit | 7,242 | 17,090 |
| ----- | ----- | Long Service Leave On-Costs | 2,858 | 2,598 |
| 20,389 | 19,688 | Provision for Personnel Services Liability | ----- | ----- |
| <u>20,389</u> | <u>19,688</u> | Total Current Provisions | <u>20,389</u> | <u>19,688</u> |
| | | | | |
| Non-Current Employee Benefits and Related On-Costs | | | | |
| ----- | ----- | Long Service Leave On-Costs | 150 | 137 |
| 150 | 137 | Provision for Personnel Services Liability | ----- | ----- |
| <u>150</u> | <u>137</u> | Total Non-Current Provisions | <u>150</u> | <u>137</u> |
| | | | | |
| Aggregate Employee Benefits and Related On-Costs | | | | |
| ----- | ----- | Provisions - Current | 20,389 | 19,688 |
| ----- | ----- | Provisions - Non-Current | 150 | 137 |
| ----- | ----- | Accrued Salaries, Wages and On-Costs (Note 24) | 5,338 | 4,552 |
| 25,877 | 24,377 | Liability - Purchase of Personnel Services | ----- | ----- |
| <u>25,877</u> | <u>24,377</u> | | <u>25,877</u> | <u>24,377</u> |

Southern NSW 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 |
| 27. Other Liabilities | | | | |
| Current | | | | |
| 1,247 | 630 | Income in Advance | 1,247 | 630 |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| 1,247 | 630 | | 1,247 | 630 |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| Non-Current | | | | |
| ---- | ---- | Income in Advance | ---- | ---- |
| <hr/> | <hr/> | | <hr/> | <hr/> |
| ---- | ---- | | ---- | ---- |
| <hr/> | <hr/> | | <hr/> | <hr/> |

The District has received the following income prior to the services/activity being provided/achieved:-

Transitional Aged Care \$0.196M (MoH), High Cost Drugs \$0.376M (MoH)
MAA (MoH) \$0.194M, Patient Fees \$0.01M, Other Grants \$0.471M.

Southern NSW 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 |
| | | 28. Commitments for Expenditure | | |
| | | (a) Capital Commitments | | |
| | | Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for: | | |
| | | Not later than one year | 3,493 | 10,213 |
| 3,493 | 10,213 | Later than one year and not later than five years | 6,515 | 525 |
| 6,515 | 525 | Later than five years | ----- | ----- |
| ----- | ----- | | | |
| <u>10,008</u> | <u>10,738</u> | Total Capital Expenditure Commitments (Including GST) | <u>10,008</u> | <u>10,738</u> |
| | | Of the commitments reported at 30 June 2013 it is expected that \$NIL will be met from locally generated moneys. | | |
| | | (b) Operating Lease Commitments | | |
| | | Future non-cancellable operating lease rentals not provided for and payable: | | |
| | | Not later than one year | 2,548 | 1,579 |
| 2,548 | 1,579 | Later than one year and not later than five years | 2,243 | 2,345 |
| 2,243 | 2,345 | Later than five years | ----- | ----- |
| ----- | ----- | | | |
| <u>4,791</u> | <u>3,924</u> | Total Operating Lease Commitments (Including GST) | <u>4,791</u> | <u>3,924</u> |
| | | The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment, property rental and other equipment. | | |

PARENT AND CONSOLIDATION

29. Trust Funds

The District holds trust fund moneys of \$748 thousand which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

| | Patient Trust | | Refundable Deposits | | Private Practice Trust Funds | | Total | |
|-----------------------------------------------------|---------------|-------|---------------------|-------|------------------------------|-------|---------|---------|
| | 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 | 631 | 646 | 6 | 37 | 86 | 65 | 723 | 748 |
| Receipts | 328 | 572 | 4 | 71 | 949 | 952 | 1,281 | 1,595 |
| Expenditure | (325) | (587) | (6) | (102) | (925) | (931) | (1,256) | (1,620) |
| Cash Balance at the end of the financial year | 634 | 631 | 4 | 6 | 110 | 86 | 748 | 723 |

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT AND CONSOLIDATED

30. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

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

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

Southern NSW 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 |
| 31. Reconciliation of Cash Flows from Operating Activities to Net Result | | | | |
| 24,331 | 22,466 | Net Cash Flows from Operating Activities | 24,331 | 22,466 |
| (9,121) | (9,228) | Depreciation | (9,121) | (9,228) |
| (599) | (900) | Allowance for Impairment | (599) | (900) |
| (617) | (438) | (Increase)/ Decrease Income in Advance | (617) | (438) |
| (1,021) | (2,268) | (Increase)/ Decrease in Provisions | (1,021) | (2,268) |
| 1,588 | (194) | Increase / (Decrease) in Prepayments and Other Assets | 1,588 | (194) |
| 3,886 | (3,363) | (Increase)/ Decrease in Creditors | 3,886 | (3,363) |
| (861) | (955) | Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)" | (861) | (955) |
| ----- | 3 | Net Gain/ (Loss) on Sale of Property, Plant and Equipment | ----- | 3 |
| 17,586 | 5,123 | Net Result | 17,586 | 5,123 |

32. 2012/13 Voluntary Services

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

PARENT AND CONSOLIDATED

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

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

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

34. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was lower than budget by \$1.448 million. The District continues to incur the additional costs of attracting permanent medical, nursing and allied health professionals in an environment of increasing demand for rural health services.

More specifically, the District has recorded a budget *unfavourability* in the following areas:

| | Unfavourability |
|-------------------------------|-----------------|
| Visiting Medical Officers | 4.360M |
| Medical Agency Expenses | 1.865M |
| Ambulance Costs | 0.418M |
| Overtime | 1.336M |
| Travel | 1.342M |
| Medical and Surgical Supplies | 0.884M |

The budget deficit of the above items was offset by the following *favourabilities*:

| | Favourability |
|-----------------------------------|---------------|
| Salaries and Wages | 3.688M |
| Patient Fees Revenue | 1.710M |
| Motor Vehicle Expenses | 0.491M |
| Repairs, Maintenance and Renewals | 0.378M |
| Drugs Expenses | 0.467M |
| Food Expenses | 0.453M |
| Education and Training | 1.018M |
| Grants and Contributions Revenue | 0.565M |

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

Assets and Liabilities

Total Assets were below budget by \$1.628M, largely due to a capital expenditure for equipment and land and buildings being less than budgeted. Total liabilities were lower than budget by \$3.091M, with Payables falling below budget by \$3.650M and Income in Advance exceeding budget by \$0.617M.

Cash Flows

Net Cash Flows from Operating Activities were \$5.362M unfavourable to budget. Payments for Other Goods and Services exceeded budget by \$11.267M offset by Employee Related payments falling below budget by \$3.822M. Payments received from Ministry of Health exceeded budget by \$0.432M, with receipts from Grants and Contributions and Other Sources exceeding budget by \$0.564M and \$1.035M respectively.

Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems fell below budget by \$4.200M, resulting in a closing Cash and Equivalent \$0.753M lower than budget.

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

| | \$000 |
|--------------------------------------------------|--------------|
| Initial Allocation | 252,920 |
| Award Increases | 73 |
| Special Projects | |
| Caring Together | 89 |
| Mental Health | 163 |
| National Partnerships | 679 |
| Statewide Service Enhancements | 273 |
| Other | |
| Voluntary Redundancies | 782 |
| Rural Doctors | 499 |
| Nursing | 823 |
| Drug & Alcohol | 145 |
| IPTAAS | 476 |
| MSOAP | 390 |
| TMF Adjustment | 2,012 |
| Other Adjustments | (445) |
| Balance as per Statement of Comprehensive Income | 258,879 |

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

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

Equity transfers effected in the 2011/12 year were:

An decrease in net assets of \$4.889M 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 \$1.128M relating to the District's assumption of responsibilities upon dissolution of Health Reform Transitional Organisation on 31 May 2012.

| | 2013 | 2012 |
|--------------------------------------------------------|--------------|--------------|
| | \$000 | \$000 |
| Equity transfers effected comprised: | | |
| Health Reform Transitional Organisation | | (4,889) |
| Murrumbidgee Local Health District | 821 | |
| Crown Entity - Transfer of Long Service Leave On-costs | 307 | |

| | 1,128 | (4,889) |
|--|--------------|----------------|
|--|--------------|----------------|

Assets and Liabilities transferred are as follows:

| | 2013 | 2012 |
|----------------------------------------------------------------|--------------|----------------|
| | \$000 | \$000 |
| Assets | | |
| Cash | 841 | ----- |
| Property, Plant & Equipment | (20) | 278 |
| Inventory | ----- | 79 |
| Liabilities | | |
| Payables | ----- | (1,040) |
| Provisions | 307 | (2,761) |
| Loans | ----- | (1,445) |
| Increase/(Decrease) in Net Assets From Equity Transfers | 1,128 | (4,889) |

Southern NSW Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2013

36. Financial Instruments

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

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

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

(a) Financial Instrument Categories

| PARENT AND CONSOLIDATION | | Carrying Amount 2013 \$000 | Carrying Amount 2012 \$000 |
|-------------------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Class: | Category | | |
| Financial Assets | | | |
| Cash and Cash Equivalents (note 18) | N/A | 7,976 | 9,972 |
| Receivables (note 19)* | Loans and receivables (at amortised cost) | 9,623 | 8,538 |
| Total Financial Assets | | 17,599 | 18,510 |
| Financial Liabilities | | | |
| Borrowings (note 25) | Financial liabilities | 573 | 1,001 |
| Payables (note 24)** | measured at | 20,587 | 24,379 |
| Other (note 27) | amortised cost | ----- | ----- |
| Total Financial Liabilities | | 21,160 | 25,380 |

Notes

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

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

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(b) Credit Risk

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

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

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

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.11% in 2012/13 compared to 4.27% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

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Receivables - trade debtors

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

The District is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013:\$0.866M; 2012: \$0.981M) and not more than [3] months past due (2013: \$0.290M; 2012:\$0.353M) are not considered impaired and together these represent 91% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

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

| 2013 | Total ^{1,2} | Past due but not impaired ^{1,2} | Considered impaired ^{1,2} |
|-----------------------------|-----------------------------|-------------------------------------------------|-------------------------------------------|
| | \$000 | \$000 | \$000 |
| <3 months overdue | 483 | 290 | 0 |
| 3 months - 6 months overdue | 191 | 303 | 34 |
| > 6 months overdue | 170 | 150 | 123 |
| 2012 | | | |
| <3 months overdue | 353 | 353 | 0 |
| 3 months - 6 months overdue | 83 | 69 | 4 |
| > 6 months overdue | 179 | 138 | 40 |

Notes

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

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

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(c) Liquidity Risk

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

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

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

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

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

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

| | Interest Rate Exposure | | | | | Maturity Dates | | |
|--------------------------------------------------------------|-----------------------------------------------|--------------------------------|---------------------------|------------------------------|------------------------------|----------------|--------------|-------------|
| | Weighted Average Effective Int. Rate | Nominal Amount ¹ | Fixed Interest Rate | Variable Interest Rate | Non - Interest Bearing | < 1 Yr | 1-5 Yr | > 5Yr |
| | % | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2013 | | | | | | | | |
| Payables: | | | | | | | | |
| - Accrued Salaries Wages, On-Costs and Payroll Deductions | | 4,375 | ---- | ---- | 4,375 | 4,375 | ---- | ---- |
| - Creditors | | 16,212 | ---- | ---- | 16,212 | 16,212 | ---- | ---- |
| Borrowings: | | | | | | | | |
| - Loans and Deposits | 6.90 | 1,042 | 1,001 | ---- | ---- | 456 | 586 | ---- |
| | | <u>21,629</u> | <u>1,001</u> | <u>----</u> | <u>20,587</u> | <u>21,043</u> | <u>586</u> | <u>----</u> |
| 2012 | | | | | | | | |
| Payables: | | | | | | | | |
| - Accrued Salaries Wages, On-Costs and Payroll Deductions | | 3,730 | ---- | ---- | 3,730 | 3,730 | ---- | ---- |
| - Creditors | | 20,649 | ---- | ---- | 20,649 | 20,649 | ---- | ---- |
| Borrowings: | | | | | | | | |
| - Loans and Deposits | 6.90 | 1,514 | 1,432 | ---- | ---- | 472 | 1,042 | ---- |
| | | <u>25,893</u> | <u>1,432</u> | <u>----</u> | <u>24,379</u> | <u>24,851</u> | <u>1,042</u> | <u>----</u> |

Notes:

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

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d) Market Risk

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

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

Interest rate risk

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

However, District 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 District does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The District'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 | 7,976 | (80) | 1 | 80 | 80 |
| Receivables | 9,623 | ---- | ---- | ---- | ---- |
| Financial Liabilities | | | | | |
| Payables | 20,587 | ---- | ---- | ---- | ---- |
| Borrowings | 573 | (6) | (6) | 6 | 6 |
| Other | ---- | ---- | ---- | ---- | ---- |
| 2012 | | | | | |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 9,972 | (100) | (100) | 100 | 100 |
| Receivables | 8,538 | ---- | ---- | ---- | ---- |
| Financial Liabilities | | | | | |
| Payables | 24,379 | ---- | ---- | ---- | ---- |
| Borrowings | 1,001 | (10) | (10) | 10 | 10 |
| Other | ---- | ---- | ---- | ---- | ---- |

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Note 37 Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS