



INDEPENDENT AUDITOR'S REPORT

Mid North Coast Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Mid North Coast Local Health District (the District), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 2012, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

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

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Peter Coulogeorgiou
Director, Financial Audit Services

2 October 2012
SYDNEY

**Mid North Coast Local Health District
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2012**

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

- 1) The financial statements 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;
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Mid North Coast Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.

I further state the financial statements have been prepared in accordance with the NSW Ministry of Health's Accounts and Audit Determination for Public Health Organisations.



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Stephen Rodwell
Acting Chief Executive Officer
28 September 2012

**Mid North Coast Local Health District
Statement of Financial Position as at 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2012	2012	2011		2012	2012	2011
\$000	\$000	\$000		\$000	\$000	\$000
ASSETS						
Current Assets						
19,266	13,764	9,460	18	19,266	13,764	9,460
14,102	15,940	15,330	19	14,102	15,940	15,330
712	691	691	20	712	691	691
34,080	30,395	25,481		34,080	30,395	25,481
Total Current Assets						
Non-Current Assets						
44	0	0	19	44	0	0
Receivables						
Property, Plant and Equipment						
238,889	236,332	229,120	21	238,889	236,332	229,120
- Land and Buildings						
18,198	18,410	11,972	21	18,198	18,410	11,972
- Plant and Equipment						
9,722	9,979	10,121	21	9,722	9,979	10,121
- Infrastructure Systems						
266,809	264,721	251,213		266,809	264,721	251,213
Total Property, Plant and Equipment						
266,853	264,721	251,213		266,853	264,721	251,213
Total Non-Current Assets						
300,933	295,116	276,694		300,933	295,116	276,694
Total Assets						
LIABILITIES						
Current Liabilities						
32,817	35,398	32,856	23	32,817	35,398	32,856
Payables						
238	327	0	24	238	327	0
Borrowings						
36,545	32,398	26,208	25	36,545	32,398	26,208
Provisions						
103	590	0	26	103	590	0
Other						
69,703	68,713	59,064		69,703	68,713	59,064
Total Current Liabilities						
Non-Current Liabilities						
228	(499)	0	24	228	(499)	0
Borrowings						
203	128	90	25	203	128	90
Provisions						
399	0	465	26	399	0	465
Other						
830	(371)	555		830	(371)	555
Total Non-Current Liabilities						
70,533	68,342	59,619		70,533	68,342	59,619
Total Liabilities						
230,400	226,774	217,075		230,400	226,774	217,075
Net Assets						
EQUITY						
3,696	0	0		3,696	0	0
Reserves						
226,704	226,774	217,077		226,704	226,773	217,075
Accumulated Funds						
230,400	226,774	217,077		230,400	226,773	217,075
Total Equity						

The accompanying notes form part of these financial statements.

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

	Accumulated Funds	Asset Revaluation Surplus	Total
Notes	\$000	\$000	\$000
Balance at 1 July 2011	217,073	0	217,073
Restated Total Equity at 1 July 2011	217,073	0	217,073
Net Result for the year	5,567		5,567
Other Comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment Available for Sale Financial Assets:	0	3,696	3,696
Total Other Comprehensive Income	0	3,696	3,696
Total Comprehensive Income for the year	5,567	3,696	9,263
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	4,065	0	4,065
Balance at 30 June 2012	226,705	3,696	230,401
Balance at 1 January 2011	0	0	0
Net Result for the six month period ended 30 June 2011	(7,116)		(7,116)
Total Comprehensive Income for the six month period ended 30 June 2011	(7,116)	0	(7,116)
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	224,189	0	224,189
Balance at 30 June 2011	217,073	0	217,073

The accompanying notes form part of these financial statements.

**Mid North Coast Local Health District
Statement of Cash Flows for the year ended 30 June 2012**

PARENT			CONSOLIDATION		
Actual	Budget Unaudited	Actual	Actual	Budget Unaudited	Actual
2012	2012	6 months ended 30 June 2011	Notes	2012	2012
\$000	\$000	\$000		\$000	\$000
					6 months ended 30 June 2011
					\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
0	0	0		(261,036)	(266,419)
(1,430)	(1,003)	(155)		(1,430)	(1,003)
(6)	0	0		(6)	0
(459,034)	(462,741)	(200,822)		(197,998)	(196,322)
(460,470)	(463,744)	(200,977)		(460,470)	(463,744)
Receipts					
377,591	377,591	167,555		377,591	377,591
14,839	15,917	5,949		14,839	15,917
0	0	5,119		13,432	13,935
47,773	47,357	18,449		47,773	47,357
928	150	238		928	150
25,256	25,290	11,545		11,824	11,355
18,195	18,287	0		18,195	18,287
484,582	484,592	208,855		484,582	484,592
NET CASH FLOWS FROM OPERATING ACTIVITIES					
24,112	20,848	7,878	30	24,112	20,848
CASH FLOWS FROM INVESTING ACTIVITIES					
108	0	0		108	0
(16,850)	(18,279)	(5,261)		(16,850)	(18,279)
(16,742)	(18,279)	(5,261)		(16,742)	(18,279)
CASH FLOWS FROM FINANCING ACTIVITIES					
(340)	(1,040)	0		(340)	(1,040)
(340)	(1,040)	0		(340)	(1,040)
NET INCREASE / (DECREASE) IN CASH					
7,030	1,529	2,617		7,030	1,529
9,460	9,460	0		9,460	9,460
2,776	2,775	6,843	34	2,776	2,775
19,266	13,764	9,460	18	19,266	13,764
CLOSING CASH AND CASH EQUIVALENTS					

The accompanying notes form part of these financial statements.

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

MID NORTH COAST LOCAL HEALTH DISTRICT EXPENSES / INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses																						
Operating Expenses																						
Employee Related	27,245	10,557	2,043	284	14,842	4,102	36,618	17,000	130,842	58,386	28,643	12,463	19,639	9,240	5,787	338	1,002	3,661			266,661	116,061
Visiting Medical Officers	1,660	816	1		39	19	3,681	1,373	34,015	15,993	3,305	1,453	920	482	34	2	1	1			43,656	20,139
Other Operating Expenses	9,182	7,095	342	762	16,763	10,976	11,210	5,398	76,363	34,701	8,385	5,514	8,957	3,998	1,606	2,108	998	382			133,806	70,944
Depreciation and Amortisation	1,254	590	21	8	1,269	397	1,292	630	6,322	3,127	1,120	538	627	307	156	39	30	16			12,091	5,652
Grants and Subsidies	277	151	32								484	1			479		1				1,283	152
Finance Costs	1						1		14		2		1								19	
Total Expenses excluding losses	39,619	19,209	2,439	1,054	32,913	15,494	52,802	24,431	247,556	112,207	41,949	19,969	30,144	14,027	8,062	2,487	2,032	4,070			457,516	212,948
Revenue																						
NSW Ministry of Health Recurrent Allocations ***																					377,591	167,555
NSW Ministry of Health Capital Allocations ***																					14,839	5,949
Acceptance by the Crown Entity of Employee Benefits and Other Liabilities																						
Sale of Goods and Services	1,372	620	103	17	748	241	1,844	1,000	6,591	3,427	1,443	731	989	542	291	20	50	215			13,432	6,812
Investment Revenue	2,109	657	178	48	10,724	4,370	3,745	543	21,275	10,614	2,577	336	4,806	3,012	222	56	153	209			45,789	19,845
Grants and Contributions	272	29	2	2	277	111	45	3	270	70	43	7	45	12	11	3	39	3			1,004	238
Other Revenue	1,756	1,352	151	57	2,216	1,186	107	23	1,262	460	122	66	3,543	655	999	446	1,012	256			11,168	4,501
Total Revenue	48	96	2	2	5	23	66	55	132	288	738	48	116	98	14	22	1	6			519	1,279
Gain / (Loss) on Disposal	5,557	2,754	436	127	13,988	5,974	5,796	1,701	29,687	15,309	4,233	1,256	9,422	4,319	1,537	547	1,255	689			392,430	173,504
Other Gains / (Losses)	(18)				(2)		(18)		(22)	(208)	(1)	(39)	(7)	(14)	(10)	(4)	(4)	(1)			(68)	
Net Result	(43)	(20)	(1)	(1)	(65)	(18)	(149)	(43)	(767)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)			(1,191)	(347)
Other Comprehensive Income Increase/(Decrease) in Asset Revaluation Reserve	(34,123)	(16,475)	(2,004)	(927)	(18,983)	(9,538)	(47,173)	(22,773)	(22,773)	(97,106)	(37,835)	(18,752)	(20,762)	(9,722)	(6,455)	(1,944)	(781)	(3,382)			392,430	173,504
Total Other Comprehensive Income	268	0	21	0	807	0	256	0	1,486	0	184	0	522	0	80	0	73	0			3,696	0
Total Comprehensive Income	(33,855)	(16,475)	(1,983)	(927)	(18,186)	(9,538)	(45,916)	(22,773)	(22,773)	(97,106)	(37,651)	(18,752)	(20,240)	(9,722)	(6,455)	(1,944)	(707)	(3,382)			392,430	173,504

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

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

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

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

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

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

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

MID NORTH COAST LOCAL HEALTH 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			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																						
Current Assets																						
Cash and Cash Equivalents	1,662	854	47	103	1,379	688	2,222	1,085	10,420	4,965	1,766	887	1,268	623	340	110	86	181			19,266	9,460
Receivables	1,022	1,265	65	79	3,060	3,397	977	416	5,668	7,043	311	311	1,990	2,240	304	312	280	281			14,102	15,330
Inventories	52	57	4	3	156	153	49	19	286	317	35	14	100	101	15	14	14	13			712	651
Total Current Assets	2,756	2,176	116	186	4,615	4,238	3,248	1,520	16,375	12,345	2,502	1,212	3,359	2,964	659	436	380	474			34,080	25,481
Non-Current Assets																						
Receivables	3				10		3		18		2		6		1		1				44	
Property, Plant and Equipment	17,314	18,908	1,338	970	52,179	50,776	16,552	6,214	96,023	105,262	11,876	4,649	33,713	33,481	5,150	4,664	4,744	4,195			238,869	229,120
- Land and Buildings	1,887	1,250	32	17	1,910	841	1,945	1,334	9,515	6,623	1,686	1,140	944	650	235	83	45	34			18,169	11,972
- Plant and Equipment	1,008	1,057	17	14	1,020	711	1,039	1,128	5,063	5,999	901	963	504	550	125	70	24	29			9,171	10,121
- Infrastructure Systems	20,212	21,215	1,387	1,001	55,119	52,328	19,539	8,676	110,639	117,484	14,465	6,752	35,167	34,681	5,511	4,817	4,814	4,258			256,853	251,213
Total Non-Current Assets	22,968	23,991	1,573	1,116	59,734	56,567	22,787	10,196	127,014	129,930	16,367	7,364	38,526	37,645	6,171	5,254	5,194	4,732			300,933	276,694
TOTAL ASSETS																						
LIABILITIES																						
Current Liabilities																						
Payables	2,378	2,711	164	139	7,168	7,281	2,274	891	13,191	15,085	1,631	667	4,631	4,801	707	669	652	602			32,817	32,856
Borrowings	21		1		17		27		129		22		16		4		1				238	
Provisions	2,649	2,163	205	111	7,982	5,808	2,532	711	14,690	12,040	1,817	532	5,157	3,930	788	534	726	480			36,545	26,208
Other	9		1		7		12		56		8		7		2						103	
Total Current Liabilities	5,057	4,874	391	250	15,174	13,089	4,846	1,602	28,066	27,135	3,479	1,198	9,812	8,631	1,501	1,202	1,378	1,081			69,703	59,064
Non-Current Liabilities																						
Borrowings	17		1		50		16		92		11		32		5		5				228	
Provisions	15	7	1	0	44	20	14	2	82	41	10	2	29	13	4	2	4	2			203	90
Other	29	38	2	2	87	103	28	13	160	214	20	9	56	58	9	9	8	9			399	465
Total Non-Current Liabilities	60	46	5	2	181	123	58	15	334	255	41	11	117	81	18	11	16	10			830	555
TOTAL LIABILITIES	5,117	4,920	396	253	15,355	13,212	4,902	1,617	28,399	27,390	3,520	1,210	9,929	8,712	1,519	1,214	1,395	1,092			70,533	59,619
NET ASSETS	17,850	18,471	1,178	864	44,378	43,354	17,885	8,579	98,615	102,440	13,447	6,754	28,997	28,933	4,651	4,040	3,799	3,641			290,400	217,075

* 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. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(ae), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

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

1. The Reporting Entity

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

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

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 Mid North Coast District Special Purpose Service Entity which was established as a Division of the NSW Health 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 2012 have been authorised for issue by the Chief Executive on 28 September 2012.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Mid North Coast Local Health 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' Direction. Apart from the basis for the Mid North Coast Local Health 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(ab).

Notwithstanding the consolidated entity has a working capital deficiency of \$-35.623M 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 Mid North Coast Local Health District have been prepared on a going concern basis.

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

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

Other mitigating circumstances why the going concern is appropriate include:

- * The Mid North Coast Local Health 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.
- * The Mid North Coast Local Health 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 six month period as the entity was established on 1 January 2011.

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

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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

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

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

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

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

ii) Long Service Leave and Superannuation

The Mid North Coast Local Health District's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity.

The Mid North Coast Local Health District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Mid North Coast Local Health District as shown in Note 32.

Long Service Leave is measured at present value in accordance with AASB119, *Employee Benefits*. This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These approximate present value.

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

The Mid North Coast Local Health 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 Past Due Benefits'. Any liability attached to Superannuation Guarantee Charge cover is reported in Note 23, 'Payables'.

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

iii) Other Provisions

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

b) Insurance

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

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

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

Patient Fees

Patient Fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health.

High Cost Drugs

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

Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. Payment for inpatient services are based on admitted public activity whilst payments for non admitted patients are subject to a block grant paid to the credit of the NSW Ministry of Health.

Investment Revenue

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

Rental revenue is recognised in accordance with AASB117 Leases on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 Revenue when the Mid North Coast Local Health District's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB118 on an accrual basis in accordance with the substance of the relevant agreement.

Debt Forgiveness

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

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

Use of Hospital Facilities

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

- * a monthly charge raised by the Ministry based on a percentage of receipts generated
- * the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for Mid North Coast Local Health District use in the advancement of the Mid North Coast Local Health District or individuals

Use of Outside Facilities

The Mid North Coast Local Health 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 Mid North Coast Local Health 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 Mid North Coast Local Health 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.

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 Mid North Coast Local Health 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

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

The composition of interstate patient flow revenue is disclosed in Note 11.

g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Mid North Coast Local Health 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 specific requirements of other Australian Accounting Standards.

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

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

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

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

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

h) Capitalisation Thresholds

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

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 Mid North Coast Local Health 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.

j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Ministry of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, Property, Plant and Equipment and AASB140, Investment Property.

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

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

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

The Mid North Coast Local Health District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Mid North Coast Local Health District as at 01 July 2011 was completed on 24 May 2012 and was based on an independent assessment.

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.

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

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

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

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

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

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

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Mid North Coast Local Health District is effectively exempt from AASB 136 Impairment of Assets and impairment testing.

This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Assets Not Able to be Reliably Measured

The Mid North Coast Local Health 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. The District does not hold any such assets

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

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

o) Investment Properties

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

The Mid North Coast Local Health District does not have any property that meets the definition of Investment Property

p) Intangible Assets

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

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

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

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

r) Leased Assets

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

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

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

s) Inventories

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

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

t) Loans and Receivables

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

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

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

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 Mid North Coast Local Health District determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

** Fair value through profit or loss - The Mid North Coast Local Health District subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.*

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

The risk management strategy of the Mid North Coast Local Health 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 Mid North Coast Local Health District has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.*

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

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the Mid North Coast Local Health 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 Mid North Coast Local Health District transfers the financial asset:

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

Where the Mid North Coast Local Health District has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Mid North Coast Local Health 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.

x) Payables

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

These amounts represent liabilities for goods and services provided to the Mid North Coast Local Health 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 Mid North Coast Local Health 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 agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004, *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

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

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

aa) Equity and Reserves

(i) Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Mid North Coast Local Health 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 Mid North Coast Local Health District receives monies in a trustee capacity for various trusts as set out in Note 28. As the Mid North Coast Local Health 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 Health Ministry at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

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

ad) Emerging Asset

The network did not have any emerging assets at 30 June 2012.

ae) Service Group Statements Allocation Methodology

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

In respect of assets and liabilities the Ministry requires that Mid North Coast Local Health 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.

af) New Australian Accounting Standards Issued but not Effective

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

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2013 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. Financial assets of the Mid North Coast Local Health District are not significant and the change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities are 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 Mid North Coast Local Health 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 material impact on the Mid North Coast Local Health District.

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

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2012/13 financial statements will be dependent on the policy of NSW Treasury.

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

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

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

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

AASB 2011-3, Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and related amendments has application from 1 July 2012 and changes in disclosure will be dependent on the mandate of Treasury.

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

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

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013. The exemptions from preparing the consolidation is not expected to apply to the Mid North Coast Local Health District.

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. The changes have application from 1 July 2013 but are assessed as having no material effect.

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

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

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

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

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

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

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

PARENT		CONSOLIDATION	
2012 \$000	6 months ended 30 June 2011 \$000	2012 \$000	6 months ended 30 June 2011 \$000
3. Employee Related			
Employee related expenses comprise the following:			
		168,032	73,841
		9,144	4,143
		18,734	9,647
		2,695	1,693
		17,996	7,816
		12,663	5,119
		20,897	9,308
		11,179	3,056
		85	0
		5,194	1,408
		44	30
		0	0
0	0	266,663	116,061
The following additional information is provided:			
		0	0
		0	0
4. Personnel Services			
Personnel Services comprise the purchase of the following:			
168,032	73,841		
9,144	4,143		
18,734	9,647		
2,695	1,693		
17,996	7,816		
12,663	5,119		
20,897	9,308		
11,179	3,056		
85	0		
5,194	1,408		
44	30		
0	0		
266,663	116,061	0	0
The following additional information is provided:			
0	0		
0	0		
5. Other Operating Expenses			
2,456	923	2,456	923
5,230	2,621	5,230	2,621
16,680	7,524	16,680	7,524
9,731	4,564	9,731	4,564
3,781	1,762	3,781	1,762
17,335	21,946	17,335	21,946
7,656	3,670	7,656	3,670
3,585	1,110	3,585	1,110
480	135	480	135
3,993	1,218	3,993	1,218
3,086	1,492	3,086	1,492
2,150	796	2,150	796
5	0	5	0
23,686	10,784	23,686	10,784
1,094	422	1,094	422
2,403	331	2,403	331
1,052	434	1,052	434
409	192	409	192
1,767	664	1,767	664
19,378	8,314	19,378	8,314
3,621	1,052	3,621	1,052
1,642	128	1,642	128
2,585	870	2,585	870
133,805	70,942	133,805	70,942

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

PARENT

	2012	6 months ended 30 June 2011
	\$000	\$000
	100	128
	1,543	0
	1,643	128
	137	15
	141	119
	180	87
	13	1
	72	34
	2,203	1,009
	313	172
	39	0
	355	348
	43	7
	1,012	291
	2	0
	1,250	494
	5	1
	118	19
	548	188
	9,771	18,692
	104	27
	1,028	442

CONSOLIDATION

	2012	6 months ended 30 June 2011
	\$000	\$000
	100	128
	1,543	0
	1,643	128
	137	15
	141	119
	180	87
	13	1
	72	34
	2,203	1,009
	313	172
	39	0
	355	348
	43	7
	1,012	291
	2	0
	1,250	494
	5	1
	118	19
	548	188
	9,771	18,692
	104	27
	1,028	442

(a) Sundry Operating Expenses comprise :

Contract for Patient Services
Isolated Patient Travel and Accommodation Assistance Scheme

(b) General Expenses include :-

Advertising
Auditor's Remuneration - Audit of Financial Statements
Books, Magazines and Journals
Consultancies
- Capital Works
- Operating Activities
Corporate Support Services
Courier and Freight
Data Recording and Storage
Legal Services
Membership/Professional Fees
Motor Vehicle Operating Lease Expense - Minimum Lease Payments
Public Private Partnership
Other Operating Lease Expense - Minimum Lease Payments
Payroll Services
Quality Assurance/Accreditation
Security Services
Services Purchased from Health Reform Transition Organisations
Translator Services
Other:

(c) Reconciliation of Total Maintenance

Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5
Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4
Total Maintenance Expenses included in Notes 3, 4 and 5

	9,234	3,496
	1,369	455
	10,603	3,951

	9,234	3,496
	1,369	455
	10,603	3,951

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

PARENT			CONSOLIDATION	
2012 \$000	6 months ended 30 June 2011 \$000		2012 \$000	6 months ended 30 June 2011 \$000
6. Depreciation and Amortisation				
8,374	4,088	Depreciation - Buildings	8,374	4,088
3,269	1,341	Depreciation - Plant and Equipment	3,269	1,341
448	223	Depreciation - Infrastructure Systems	448	223
<u>12,091</u>	<u>5,652</u>		<u>12,091</u>	<u>5,652</u>
7. Grants and Subsidies				
641	156	Non-Government Organisations	641	156
0	19	Promotion of Research	0	19
642	(20)	Other Grants	642	(20)
<u>1,283</u>	<u>155</u>		<u>1,283</u>	<u>155</u>
8. Finance Costs				
13	0	Interest on Bank Overdrafts and Loans	13	0
6	0	Other Interest Charges	6	0
<u>19</u>	<u>0</u>	Total Finance Costs	<u>19</u>	<u>0</u>

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

PARENT			CONSOLIDATION	
2012	6 months ended 30 June 2011		2012	6 months ended 30 June 2011
\$000	\$000		\$000	\$000
9. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
1,197	656	Sale of Prosthesis	1,197	656
106	28	Other	106	28
122	50	Pharmacy Sales	122	50
(b) Rendering of Services comprise the following:-				
		Patient Fees		
14,574	6,388	- Inpatient Fees	14,574	6,388
352	26	- Nursing Home Fees	352	26
372	114	- Non Inpatient Fees	372	114
12,867	6,370	Department of Veterans' Affairs	12,867	6,370
23	12	Staff-Meals and Accommodation	23	12
2,679	854	Infrastructure Fees - Monthly Facility Charge	2,679	854
889	121	- Annual Charge	889	121
11	18	Cafeteria/Kiosk	11	18
520	328	Clinical Services (excluding Clinical Drug Trials)	520	328
502	63	Commercial Activities	502	63
1	1	Enteral Nutrition Income	1	1
62	31	Fees for Medical Records	62	31
7,991	3,661	High Cost Drugs	7,991	3,661
47	28	Linen Service Revenues - Non Health Services	47	28
1,389	760	Motor Accident Authority Third Party	1,389	760
1,287	0	Patient Inflows from Interstate	1,287	0
1	0	Patient Transport Fees	1	0
183	3	Salary Packaging Fee	183	3
68	70	Services Provided to Non NSW Health Organisations	68	70
30	0	Multi Purpose Service Centre Fees	30	0
517	265	Other	517	265
45,790	19,847		45,790	19,847
10. Investment Revenue				
		Interest		
1	0	- T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	1	0
927	209	- Other	927	209
928	209		928	209

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

PARENT			CONSOLIDATION	
2012 \$000	6 months ended 30 June 2011 \$000		2012 \$000	6 months ended 30 June 2011 \$000
11. Grants and Contributions				
843	348	Clinical Drug Trials	843	348
3,192	1,754	Commonwealth Government Grants	3,192	1,754
0	0	Commonwealth Teaching Hospital Grants	0	0
769	582	Industry Contributions/Donations	769	582
1,749	361	Cancer Institute Grants	1,749	361
4,130	1,357	NSW Government Grants	4,130	1,357
2,685	1,693	Personnel Services - Superannuation Defined Benefit Plans	0	0
18	16	Research Grants	18	16
0	0	University Commission Grants	0	0
11,213	5,202	Other Grants	466	83
<u>24,599</u>	<u>11,313</u>		<u>11,167</u>	<u>4,501</u>
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
0	0	Superannuation-defined benefit	2,685	1,693
0	0	Long Service Leave	10,747	5,119
<u>0</u>	<u>0</u>		<u>13,432</u>	<u>6,812</u>
13. Other Revenue				
Other Revenue comprises the following:-				
2	0	Bad Debts Recovered	2	0
22	11	Commissions	22	11
44	(2)	Conference and Training Fees	44	(2)
0	0	Discounts	0	0
41	22	Insurance Refunds	41	22
76	29	Lease and Rental Income	76	29
8	6	Sale of Merchandise, Old Wares and Books	8	6
11	0	Sponsorship Income	11	0
0	906	Treasury Managed Fund Hindsight Adjustment	0	906
2	0	Unclaimed Deposits	2	0
390	337	Other	390	337
<u>596</u>	<u>1,309</u>		<u>596</u>	<u>1,309</u>

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

PARENT			CONSOLIDATION	
2012 \$000	6 months ended 30 June 2011 \$000		2012 \$000	6 months ended 30 June 2011 \$000
14. Gain / (Loss) on Disposal				
979	0	Property, Plant and Equipment	979	0
<u>803</u>	<u>0</u>	Less: Accumulated Depreciation	<u>803</u>	<u>0</u>
176	0	Written Down Value	176	0
108	0	Less: Proceeds from Disposal	108	0
<u>(68)</u>	<u>-----</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(68)</u>	<u>-----</u>
<u>(68)</u>	<u>-----</u>	Total Gain/(Loss) on Disposal	<u>(68)</u>	<u>-----</u>
15. Other Gains / (Losses)				
0	0	Property, Plant and Equipment Asset Revaluation Increment/Decrement	0	0
0	0	Investment Property Revaluation Increment/Decrement	0	0
0	0	Financial Instruments at Fair Value Revaluation Increment/Decrement	0	0
(1,192)	(348)	Impairment of Receivables	(1,192)	(348)
0	0	Other	0	0
<u>(1,192)</u>	<u>(348)</u>		<u>(1,192)</u>	<u>(348)</u>

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

PARENT AND 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 year for which expenditure in the manner specified had not occurred as at balance date	1,547	2,816	612	4,975
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	4,307	1,851	591	6,749
Total amount of unexpended contributions as at balance date	5,854	4,667	1,203	11,724

Comment on restricted assets appears in Note 22

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

17. Service Groups of the Mid North Coast Local Health 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 and
- reduced rate of potentially preventable hospitalisation.

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

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

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

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to public hospitals.

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

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

Service Group 3.1 - Mental Health Services

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

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

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

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

Service Group 4.1 - Rehabilitation and Extended Care Services

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

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

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

	PARENT		CONSOLIDATION
	2012	2011	2012
	\$000	\$000	\$000
18. Cash and Cash Equivalents			
Cash at Bank and On Hand	10,958	9,460	10,958
Short Term Deposits	8,308	0	8,308
	<u>19,266</u>	<u>9,460</u>	<u>19,266</u>
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:			
Cash and Cash Equivalents (per Statement of Financial Position)	19,266	9,460	19,266
Bank Overdraft	0	0	0
	<u>19,266</u>	<u>9,460</u>	<u>19,266</u>

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

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		19. Receivables		
		Current		
4,296	2,727	Sale of Goods and Services	4,296	2,727
4,975	5,463	Intra Health Receivables	4,975	5,463
2,849	4,234	Goods and Services Tax	2,849	4,234
<u>2,011</u>	<u>2,952</u>	Other Debtors	<u>2,011</u>	<u>2,952</u>
14,131	15,376	Sub Total	14,131	15,376
<u>(172)</u>	<u>(92)</u>	Less Allowance for Impairment	<u>(172)</u>	<u>(92)</u>
13,959	15,284	Sub Total	13,959	15,284
143	46	Prepayments	143	46
<u>14,102</u>	<u>15,330</u>		<u>14,102</u>	<u>15,330</u>
		(a) Movement in the Allowance for Impairment		
0	0	Sale of Goods and Services		
(92)	0	Balance at Commencement of Reporting Period	(92)	0
694	(92)	Amounts written off during the year	694	(92)
0	0	Amounts recovered during the year	0	0
(737)	0	(Increase)/decrease in Allowance Recognised in		
(135)	(92)	Result for the Year	(737)	0
		Balance at 30 June	(135)	(92)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
0	0	Balance at Commencement of Reporting Period	0	0
418	0	Amounts written off during the year	418	0
0	0	Amounts recovered during the year	0	0
(454)	0	(Increase)/decrease in Allowance Recognised in		
(36)	0	Result for the Year	(454)	0
		Balance at 30 June	(36)	0
<u>(171)</u>	<u>(92)</u>		<u>(171)</u>	<u>(92)</u>
		Non-Current		
<u>44</u>	<u>0</u>	Sale of Goods and Services	<u>44</u>	<u>0</u>
44	0	Sub Total	44	0
<u>44</u>	<u>0</u>		<u>44</u>	<u>0</u>
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
306	104	Patient Fees - Compensable	306	104
55	58	Patient Fees - Ineligible	55	58
<u>2,074</u>	<u>1,697</u>	Patient Fees - Other	<u>2,074</u>	<u>1,697</u>
<u>2,435</u>	<u>1,859</u>		<u>2,435</u>	<u>1,859</u>

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

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
20. Inventories - Current - Held for Distribution				
712	691	Drugs	712	691
0	0	Medical and Surgical Supplies	0	0
0	0	Food and Hotel Supplies	0	0
0	0	Engineering Supplies	0	0
0	0	Other Including Goods in Transit	0	0
712	691		712	691
712	691		712	691

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
374,290	353,791	Gross Carrying Amount	374,290	353,791
135,401	124,671	Less Accumulated Depreciation and Impairment	135,401	124,671
238,889	229,120	Net Carrying Amount	238,889	229,120
Plant and Equipment - Fair Value				
41,354	28,086	Gross Carrying Amount	41,354	28,086
23,156	16,114	Less Accumulated Depreciation and Impairment	23,156	16,114
18,198	11,972	Net Carrying Amount	18,198	11,972
Infrastructure Systems - Fair Value				
17,938	17,810	Gross Carrying Amount	17,938	17,810
8,216	7,689	Less Accumulated Depreciation and Impairment	8,216	7,689
9,722	10,121	Net Carrying Amount	9,722	10,121
266,809	251,213	Total Property, Plant and Equipment At Net Carrying Amount	266,809	251,213

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

PARENT AND CONSOLIDATION

21. Property, Plant and Equipment - Reconciliation

	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	19,181	204,996	4,943	11,972	10,121	251,213
Additions	0	236	13,077	3,523	14	16,850
Disposals	0	0	0	(176)	0	(176)
Administrative Restructures - Transfers In/(Out)	(180)	1,230	159	6,105	0	7,314
Net Revaluation Increment Less						
Revaluation Decrements	1,723	1,939	0	0	34	3,696
Depreciation Expense	0	(8,374)	0	(3,269)	(448)	(12,091)
Reclassifications	0	0	0	1	0	1
Net Carrying Amount at End of Year	20,724	200,027	18,179	18,156	9,721	266,807

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2011						
Net Carrying Amount at Start of Reporting Period	0	0	0	0	0	0
Additions	0	0	4,479	1,074	0	5,553
Administrative Restructures - Transfers In/(Out)	19,181	208,618	930	12,239	10,344	251,312
Net Revaluation Increment Less						
Depreciation Expense	0	(4,088)	0	(1,341)	(223)	(5,652)
Reclassifications	0	466	(466)	0	0	0
Net Carrying Amount at End of Year	19,181	204,996	4,943	11,972	10,121	251,213

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 Mid North Coast Local Health District [see note 2(g)].
- (ii) Land and Buildings were valued by **CORPOREAL PTY LTD** on 1 July 2011 [see note 2(j)]. CORPOREAL Pty Ltd is not an employee of the Mid North Coast Local Health District.

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

	PARENT	CONSOLIDATION	
	2012	2012	2011
	\$000	\$000	\$000
22. Restricted Assets			
<p>The Mid North Coast Local Health 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.</p>			
Category			
	Brief Details of Externally Imposed Conditions including Asset Category affected		
1,203	1,361	1,203	1,361
5,853	4,519	5,853	4,519
4,667	1,498	4,667	1,498
	Other (List Major Items)		
	Purchase of Assets		
	Health Promotion Education & Research		
11,723	7,378	11,723	7,378
11,723	7,378	11,723	7,378

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		23. Payables		
		Current		
		Accrued Salaries, Wages and On-Costs	3,587	1,981
		Taxation and Payroll Deductions	2,051	2,564
5,638	4,545	Accrued Liability - Purchase of Personnel Services		
14,888	13,608	Creditors	14,888	13,608
8	0	Interest	8	0
		Other Creditors		
		- Capital Works	13	291
13	291	- Intra Health Liability	3,865	7,704
3,865	7,704	- Other	7,562	5,985
7,562	5,985	- Taxation	843	723
843	723			
<u>32,817</u>	<u>32,856</u>		<u>32,817</u>	<u>32,856</u>

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

		24. Borrowings		
		Current		
238	0	Other Loans and Deposits	238	0
<u>238</u>	<u>0</u>		<u>238</u>	<u>0</u>
		Non-Current		
228	0	Other Loans and Deposits	228	0
<u>228</u>	<u>0</u>		<u>228</u>	<u>0</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 Health Services Support.

Final Repayment is scheduled for 30 June 2014

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

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
25. Provisions				
		Annual Leave - Short Term Benefit	17,755	18,004
		Annual Leave - Long Term Benefit	14,932	6,488
		Long Service Leave On-Costs	3,858	1,716
<u>36,545</u>	<u>26,208</u>	Provision for Personnel Services Liability		
<u>36,545</u>	<u>26,208</u>	Total Current Provisions	<u>36,545</u>	<u>26,208</u>
Non-Current Employee Benefits and Related On-Costs				
		Long Service Leave On-Costs	203	90
<u>203</u>	<u>90</u>	Provision for Personnel Services Liability		
<u>203</u>	<u>90</u>	Total Non-Current Provisions	<u>203</u>	<u>90</u>
Aggregate Employee Benefits and Related On-Costs				
36,545	26,208	Provisions - Current	36,545	26,208
203	90	Provisions - Non-Current	203	90
<u>5,638</u>	<u>4,545</u>	Accrued Salaries, Wages and On-Costs (Note 23)	5,638	4,545
<u>42,386</u>	<u>30,843</u>	Accrued Liability - Purchase of Personnel Services (Note 23)		
			<u>42,386</u>	<u>30,843</u>

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

PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
26. Other Liabilities				
Current				
103	0	Income in Advance	103	0
0	0	Other	0	0
<u>103</u>	<u>0</u>		<u>103</u>	<u>0</u>
Non-Current				
0	0	Income in Advance	0	0
399	465	Other	399	465
<u>399</u>	<u>465</u>		<u>399</u>	<u>465</u>

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

	PARENT		CONSOLIDATION
	2012	2011	2012
	\$000	\$000	\$000
27. 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	2,362	8,067	2,362
Later than one year and not later than five years	0	0	0
Later than five years	0	0	0
Total Capital Expenditure Commitments (Including GST)	<u>2,362</u>	<u>8,067</u>	<u>2,362</u>
Of the commitments reported at 30 June 2012 it is expected that \$NIL will be met from locally generated moneys.			
(b) Operating Lease Commitments			
Commitments in relation to non-cancellable operating leases are payable as follows:			
Not later than one year	2,028	1,420	2,028
Later than one year and not later than five years	2,548	2,388	2,548
Later than five years	13	31	13
Total Operating Lease Commitments (Including GST)	<u>4,589</u>	<u>3,839</u>	<u>4,589</u>

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

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

PARENT AND CONSOLIDATION

28. Trust Funds

The District holds trust fund moneys of \$2.421 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash Balance at the beginning of the financial year	1	0	72	0	929	0	1,002	0
Receipts	0	1	214	148	8,509	3,801	8,723	3,950
Expenditure	0	0	(159)	(76)	(7,145)	(2,872)	(7,304)	(2,948)
Cash Balance at the end of the financial year	1	1	127	72	2,293	929	2,421	1,002

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

PARENT AND CONSOLIDATED

29. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2005/06 fund year and an interim adjustment for the 2007/08 fund year were not calculated until 2011/12.

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

b) Affiliated Health Organisations

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

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

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

	PARENT	Actual	CONSOLIDATION	Actual
	2012	30 June 2011	2012	30 June 2011
	\$000	\$000	\$000	\$000
30. Reconciliation of Cash Flows from Operating Activities to Net Result				
	24,112	7,878	24,112	7,878
Net Cash Flows from Operating Activities	(12,091)	(5,652)	(12,091)	(5,652)
Depreciation	1,192	(348)	1,192	(348)
Allowance for Impairment	22	0	22	0
Income in advance	(6,350)	(1,968)	(6,350)	(1,968)
Decrease in Provisions	(4,911)	12,452	(4,911)	12,452
Increase / (Decrease) in Prepayments and Other Assets	3,659	(19,478)	3,659	(19,478)
(Increase)/ Decrease in Creditors	0	0	0	0
Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	(68)	0	(68)	0
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	<u>5,565</u>	<u>(7,116)</u>	<u>5,565</u>	<u>(7,116)</u>
Net Result				
	5,565	(7,116)	5,565	(7,116)
31. 2011/12 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	

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

PARENT AND CONSOLIDATED

32. Unclaimed Moneys

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

All money and personal effects of patients which are left in the custody of Mid North Coast Local Health 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 Mid North Coast Local

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

33. Budget Review - Parent and Consolidated

Net Result

The actual Net Result of \$0.088m lower than budget is due to good performance in employee-related expenses, offset by poor performance in revenue and increased impairment loss.

Assets and Liabilities

Total assets increased by \$5.8m against budget primarily due to increased cash balances for the Special Purpose Funds previously held by the Health Reform Transition Organisation Northern.

Liabilities were above budget due to staff provisions received from the Health Reform Transition Organisation Northern, and the general operational favourable result.

Cash Flows

Closing Cash position was \$5.5m better than budget as a result of a favourable variance in Employee-related payments.

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

	\$000
Initial Allocation, 15 September 2011	323,888
Award Increases	2,948
Leap Year Funding	618
Awards, VMO Increases	3,884
Other Service Enhancements	6,490
Services transferred for Health Reform Transitional Organisation	39,763
Other (LIST SIGNIFICANT COMPONENTS)	0
	377,591
Balance as per Statement of Comprehensive Income	377,591

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

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

Equity transfers effected in 2010/11 comprised:

Net assets of \$224.189M transferred from the former North Coast Area Health Service with effect from 1 January 2011 commensurate with the responsibilities for the health services assumed by the District on that date in accordance with the provisions of the Health Services Act 1997.

Equity transfers effected in 2011/12 comprised:

An increase in net assets of \$4.065M relating to the Mid North Coast Local Health Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisations on 31 May 2012.

Assets and Liabilities transferred are as follows:

	2012 \$000
Assets	
Current Assets	
Cash & Cash Equivalents	2,775
Receivables	2,558
Non-Current Assets	
Property, Plant and Equipment	
- Land and Buildings	1,209
- Plant and Equipment	6,105
Liabilities	
Current Liabilities	
Payables	(3,565)
Provisions	(4,100)
Borrowings	(327)
Other	(125)
Non-Current Liabilities	
Borrowings	(465)
Increase/(Decrease) in Net Assets From Equity Transfers	4,065

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

35. 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 Committee & Internal Auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 18)	N/A	19,266	9,460
Receivables (note 19) ¹	Loans and receivables (at amortised cost)	11,154	11,050
Total Financial Assets		30,420	20,510
Financial Liabilities			
Borrowings (note 24)	Financial liabilities	466	0
Payables (note 23) ²	measured at	31,974	32,133
Other (note 26)	amortised cost	399	465
Total Financial Liabilities		32,839	32,598

Notes

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

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

(b) Credit Risk

Credit risk arises when there is the possibility of the 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).

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

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.

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

Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.4% in 2011/12 compared to 4.5% in the previous year. The TCorp Hour-Glass cash facility is discussed in para (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that 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 (2012:\$9.833M; 2011: \$10.501M) and not more than [3] months past due (2012: \$.450M; 2011:\$0.455M) 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.

	\$000		
2012	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
<3 months overdue	716	716	0
3 months - 6 months overdue	146	102	44
> 6 months overdue	137	137	128
2011			
<3 months overdue	464	422	42
3 months - 6 months overdue	84	33	51
> 6 months overdue	0	0	0

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.

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

(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 or breaches on any loans payable. No assets have been pledged as collateral. The District's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Ministry of Health has indicated its ongoing financial support for the Mid North Coast Local Health District Service (refer Note 2).

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

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

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

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

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed	Variable	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
			Interest Rate	Interest Rate				
%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2012								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		5638			5638	5638		
Creditors		27179			27179	27179		
Borrowings:								
Bank Overdraft								
Non Interest Loans		865			865	865		
Other Loans and Deposits								
Finance Leases								
		33682	0	0	33682	33682	0	0
2011								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		4361			4361	4361		
Creditors		27802			27802	27802		
Borrowings:								
Bank Overdraft								
Non-Interest Loans		465			465	465		
Other Loans and Deposits								
Finance Leases								
		32628	0	0	32628	32628	0	0

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 Mid North Coast Local Health 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.
2. Of the \$865k disclosed in the 2012 'other loans and deposits' time band 1-5 yrs, the District has no intention to effect payments in advance of maturity dates on or prior to 30 September 2012

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

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 2011. 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, Districts are not permitted to borrow external to the NSW Ministry of Health (energy loans which are negotiated through Treasury excepted).

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The 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
2012					
Financial Assets					
Cash and Cash Equivalents	19,266	(193)	(193)	193	193
Receivables	11,154				
Financial Liabilities					
Payables	32,817				
Borrowings	466				
2011					
Financial Assets					
Cash and Cash Equivalents	9,460	(95)	(95)	95	95
Receivables	11,050				
Financial Liabilities					
Payables	32,856				
Borrowings	0				

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

Note 36 Events after the Reporting Period

A national approach to activity based funding (ABF) commences from 1 July 2012 and will make public hospital funding more transparent and help to drive efficiency in the delivery of hospital services. Through ABF, public hospitals will be funded according to the numbers and kinds of services they provide.

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

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

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

END OF AUDITED FINANCIAL STATEMENTS

