

Annual Financial Statements

of

Murrumbidgee Local Health District

for the Year Ended 30 June 2012

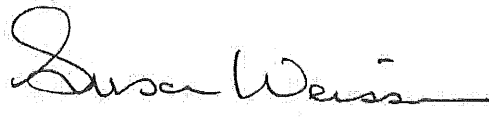
**Murrumbidgee Local Health District**  
**Certification of the Parent/Consolidated Financial Statements**  
**for the year ended 30 June 2012**

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 Murrumbidgee 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.

Susan Weisser  
Chief Executive Officer

  
5/10/12



## INDEPENDENT AUDITOR'S REPORT

### Murrumbidgee Local Health District

To Members of the New South Wales Parliament

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

### Opinion

In my opinion, the financial statements:

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

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

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

### The Chief Executive's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

## **Independence**

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

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

S Bond

Sally Bond  
Director, Financial Audit Services

12 October 2012  
SYDNEY

**Murrumbidgee Local Health District**  
**Statement of Comprehensive Income for the year ended 30 June 2012**

PARENT			CONSOLIDATION				
Actual	Budget	Actual	Notes	Actual	Budget	Actual	
	Unaudited	Six months			Unaudited	Six months	
2012	2012	ended		2012	2012	ended	
\$000	\$000	30 June 2011		\$000	\$000	30 June 2011	
		\$000				\$000	
<b>Expenses excluding losses</b>							
Operating Expenses							
			Employee Related	3	250,274	243,686	108,410
250,274	243,686	108,410	Personnel Services	4	0	0	
31,971	27,033	14,238	Visiting Medical Officers		31,971	27,033	14,238
169,746	165,698	85,035	Other Operating Expenses	5	169,746	165,698	85,035
14,562	15,102	5,893	Depreciation and Amorisation	2(i), 6	14,562	15,102	5,893
756	924	14	Grants and Subsidies	7	756	924	14
75	325	2	Finance Costs	8	75	325	2
10,941	9,208	1,328	Payments to Affiliated Health Organisations	9	10,941	9,208	1,328
<b>478,325</b>	<b>461,976</b>	<b>214,920</b>	<b>Total Expenses excluding losses</b>		<b>478,325</b>	<b>461,976</b>	<b>214,920</b>
<b>Revenue</b>							
357,955	357,616	169,720	NSW Ministry of Health Recurrent Allocations	2(d)	357,955	357,616	169,720
31,286	7,997	8,588	NSW Ministry of Health Capital Allocations	2(d)	31,286	7,997	8,588
(37)	0	0	Asset Sales Proceeds Transferred to the Ministry of Health		(37)	0	0
0	0	0	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	16,895	20,177	5,689
70,573	69,866	30,780	Sale of Goods and Services	10	70,573	69,866	30,780
711	265	116	Investment Revenue	11	711	265	116
28,967	30,112	6,519	Grants and Contributions	12	12,072	9,935	830
3,329	1,098	1,738	Other Revenue	14	3,329	1,098	1,738
<b>492,784</b>	<b>466,954</b>	<b>217,461</b>	<b>Total Revenue</b>		<b>492,784</b>	<b>466,954</b>	<b>217,461</b>
(168)	0	(17)	Gain / (Loss) on Disposal	15	(168)	0	(17)
(7,641)	(7,051)	(904)	Other Gains / (Losses)	16	(7,641)	(7,051)	(904)
<b>6,650</b>	<b>(2,073)</b>	<b>1,620</b>	<b>Net Result</b>	32	<b>6,650</b>	<b>(2,073)</b>	<b>1,620</b>
<b>Other Comprehensive Income</b>							
Net Increase/(Decrease) in							
Property, Plant & Equipment							
0	0	0	Asset Revaluation Surplus		0	0	0
Available for Sale Financial Assets							
0	0	0	-Valuation Gains/(Losses)		0	0	0
0	0	0	-Transferred to Net Result on Disposal		0	0	0
Net Change in the Asset Revaluation							
Surplus Arising from a Change in the							
0	0	0	Restoration Liability		0	0	0
0	0	0	Other Net Increases/(Decreases) in Equity		0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>Total Other Comprehensive Income for the year</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>6,650</b>	<b>(2,073)</b>	<b>1,620</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>6,650</b>	<b>(2,073)</b>	<b>1,620</b>

The accompanying notes form part of these financial statements.

**Murrumbidgee 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	
<b>ASSETS</b>										
<b>Current Assets</b>										
13,979	21,532	6,020	Cash and Cash Equivalents		19	13,979	21,532	6,020		
18,502	17,218	19,410	Receivables		20	18,502	17,218	19,410		
972	502	562	Inventories		21	972	502	562		
693	2,267	2,267	Non-Current Assets Held for Sale		23	693	2,267	2,267		
<b>34,146</b>	<b>41,519</b>	<b>28,259</b>	<b>Total Current Assets</b>			<b>34,146</b>	<b>41,519</b>	<b>28,259</b>		
<b>Non-Current Assets</b>										
<b>Property, Plant and Equipment</b>										
261,788	235,237	249,969	- Land and Buildings		22	261,788	235,237	249,969		
14,690	11,121	11,257	- Plant and Equipment		22	14,690	11,121	11,257		
4,654	4,456	4,833	- Infrastructure Systems		22	4,654	4,456	4,833		
<b>281,132</b>	<b>250,814</b>	<b>266,059</b>	<b>Total Property, Plant and Equipment</b>			<b>281,132</b>	<b>250,814</b>	<b>266,059</b>		
<b>281,132</b>	<b>250,814</b>	<b>266,059</b>	<b>Total Non-Current Assets</b>			<b>281,132</b>	<b>250,814</b>	<b>266,059</b>		
<b>315,278</b>	<b>292,333</b>	<b>294,318</b>	<b>Total Assets</b>			<b>315,278</b>	<b>292,333</b>	<b>294,318</b>		
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
37,383	31,513	30,976	Payables		25	37,383	31,513	30,976		
635	(1,492)	0	Borrowings		26	635	(1,492)	0		
31,653	23,732	24,109	Provisions		27	31,653	23,732	24,109		
527	637	637	Other		28	527	637	637		
<b>70,198</b>	<b>54,390</b>	<b>55,722</b>	<b>Total Current Liabilities</b>			<b>70,198</b>	<b>54,390</b>	<b>55,722</b>		
<b>Non-Current Liabilities</b>										
1,441	3	0	Borrowings		26	1,441	3	0		
141	1,515	99	Provisions		27	141	1,515	99		
<b>1,582</b>	<b>1,518</b>	<b>99</b>	<b>Total Non-Current Liabilities</b>			<b>1,582</b>	<b>1,518</b>	<b>99</b>		
<b>71,780</b>	<b>55,908</b>	<b>55,821</b>	<b>Total Liabilities</b>			<b>71,780</b>	<b>55,908</b>	<b>55,821</b>		
<b>243,498</b>	<b>236,425</b>	<b>238,497</b>	<b>Net Assets</b>			<b>243,498</b>	<b>236,425</b>	<b>238,497</b>		
<b>EQUITY</b>										
0	0	0	Reserves			0	0	0		
243,498	236,425	238,497	Accumulated Funds			243,498	236,425	238,497		
<b>243,498</b>	<b>236,425</b>	<b>238,497</b>	<b>Total Equity</b>			<b>243,498</b>	<b>236,425</b>	<b>238,497</b>		

The accompanying notes form part of these financial statements.

**Murrumbidgee Local Health District**  
**Statement of Changes in Equity for the year ended 30 June 2012**

	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
Notes	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2011</b>				
Changes in Accounting Policy	238,497	0	0	238,497
Correction of Errors	0	0	0	0
	<u>238,497</u>	<u>0</u>	<u>0</u>	<u>238,497</u>
<b>Restated Total Equity at 1 July 2011</b>	6,650			6,650
<b>Net Result for the year</b>				
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment	0	0	0	0
Available for Sale Financial Assets:				
-Valuation Gains/(Losses)	0	0	0	0
-Transfers on Disposal	0	0	0	0
Changes in Restoration Liability	0	0	0	0
Other	0	0	0	0
<b>Total Other Comprehensive Income</b>	0	0	0	0
<b>Total Comprehensive Income for the year</b>	<u>6,650</u>	<u>0</u>	<u>0</u>	<u>6,650</u>
<b>Transactions With Owners in Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	(1,649)	0	0	(1,649)
<b>Balance at 30 June 2012</b>	<u>243,498</u>	<u>0</u>	<u>0</u>	<u>243,498</u>
<b>Balance at 1 January 2011</b>	0	0	0	0
Changes in Accounting Policy	0	0	0	0
Correction of Errors	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance at 1 January 2011</b>	1,620			1,620
<b>Net Result for the year</b>				
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment	0	0	0	0
Available for Sale Financial Assets:				
-Valuation Gains/(Losses)	0	0	0	0
-Transfers on Disposal	0	0	0	0
Changes in Restoration Liability	0	0	0	0
Other	0	0	0	0
<b>Total Other Comprehensive Income</b>	0	0	0	0
<b>Total Comprehensive Income for the year</b>	<u>1,620</u>	<u>0</u>	<u>0</u>	<u>1,620</u>
<b>Transactions With Owners in Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	236,877	0	0	236,877
<b>Balance at 30 June 2011</b>	<u>238,497</u>	<u>0</u>	<u>0</u>	<u>238,497</u>

The accompanying notes form part of these financial statements.

Murrumbidgee Local Health District  
Statement of Cash Flows for the year ended 30 June 2012

PARENT			CONSOLIDATION		
Actual	Budget	Actual	Actual	Budget	Actual
2012	Unaudited	Six months ended	2012	Unaudited	Six months ended
\$000	2012	30 June 2011	2012	2012	30 June 2011
	\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Payments</b>					
(11,697)	(17,278)	(14)	(245,904)	(260,237)	(95,006)
(16)	0	(2)	(11,697)	(17,278)	(14)
(443,531)	(432,415)	(184,349)	(197,627)	(172,178)	(89,343)
(455,244)	(449,693)	(184,365)	(455,244)	(449,693)	(184,365)
<b>Receipts</b>					
357,955	357,616	169,720	357,955	357,616	169,720
31,286	7,997	8,588	31,286	7,997	8,588
(37)	0	0	(37)	0	0
0	0	0	16,895	20,177	0
68,640	73,377	12,112	68,640	73,377	12,112
711	332	236	711	332	236
28,968	33,225	830	12,073	13,048	830
2,390	1,325	713	2,390	1,325	713
489,913	473,872	192,199	489,913	473,872	192,199
34,669	24,179	7,834	34,669	24,179	7,834
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
2,274	0	1,198	2,274	0	1,198
0	0	0	0	0	0
(29,251)	(7,583)	(8,137)	(29,251)	(7,583)	(8,137)
0	0	0	0	0	0
(26,977)	(7,583)	(6,939)	(26,977)	(7,583)	(6,939)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
0	0	0	0	0	0
(693)	(2,044)	(55)	(693)	(2,044)	(55)
(693)	(2,044)	(55)	(693)	(2,044)	(55)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>					
6,999	14,552	840	6,999	14,552	840
6,020	6,020	0	6,020	6,020	0
960	960	5,180	960	960	5,180
13,979	21,532	6,020	13,979	21,532	6,020

The accompanying notes form part of these financial statements.



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

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		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	20,399	5,821	1,749	486	8,330	3,501	22,231	10,389	127,886	63,704	21,841	8,575	39,472	19,289	6,371	1,672	1,995	993	0	0	250,274	108,410
Employee Related	1,367	242	3	1	493	183	5,451	2,088	16,577	8,508	5,083	1,850	2,558	1,059	259	55	80	241	0	0	31,971	14,238
Visiting Medical Officers	5,755	2,469	298	722	52,430	5,747	13,650	13,222	64,460	42,022	6,447	8,129	22,746	11,250	3,498	1,244	310	230	0	0	169,594	85,035
Other Operating Expenses	768	264	21	9	698	314	1,848	1,033	6,766	3,014	668	283	3,609	881	271	55	45	40	0	0	14,714	5,893
Depreciation and Amortisation	441	9	40	1	12	0	17	0	121	0	72	2	44	0	8	2	1	0	0	0	756	14
Grants and Subsidies	5	0	0	0	14	0	7	0	35	2	0	0	12	0	2	0	0	0	0	0	75	2
Finance Costs	457	94	0	0	161	29	0	0	14	5	0	0	10,299	1,200	0	0	0	0	0	0	10,941	1,328
Payments to Affiliated Health Organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses excluding losses	29,202	8,899	2,111	1,219	62,138	9,774	49,204	26,732	215,979	117,256	34,111	18,949	78,740	27,659	10,409	3,028	2,431	1,504	0	0	478,325	214,920
Revenue																						
NSW Ministry of Health Recurrent Allocations ***																						
NSW Ministry of Health Capital Allocations ***																						
Asset Sale Proceeds Transferred to the NSW Ministry of Health																						
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities	1,377	305	118	26	562	184	1,501	545	8,634	3,344	1,474	450	2,654	686	430	88	135	51	0	0	16,895	5,689
Sale of Goods and Services	652	265	27	11	547	223	2,455	1,022	43,127	19,591	1,183	481	22,447	9,132	93	38	42	17	0	0	70,573	30,780
Investment Revenue	17	5	0	0	74	24	32	11	560	188	1	0	20	7	3	1	4	0	0	0	711	236
Grants and Contributions	1,565	53	0	5	1,799	163	10	15	3,196	127	1	13	4,080	307	170	143	1,251	4	0	0	12,072	830
Other Revenue	6	3	0	0	0	0	487	237	1,859	923	0	0	937	455	0	0	0	0	0	0	3,329	1,618
Total Revenue	3,617	631	145	42	2,982	594	4,485	1,830	57,379	24,173	2,659	944	30,148	10,597	696	270	1,432	72	389,241	178,308	492,784	217,451
Gain / (Loss) on Disposal	(8)	(1)	(1)	0	(6)	(1)	(18)	(2)	(95)	(10)	(14)	(1)	(23)	(2)	(2)	(2)	(1)	(1)	0	0	(168)	(17)
Other Gains / (Losses)	(369)	(44)	(27)	(3)	(280)	(33)	(840)	(99)	(4,259)	(504)	(659)	(76)	(1,035)	(123)	(110)	(13)	(62)	(7)	0	0	(7,641)	(904)
Net Result	(25,952)	(9,313)	(1,994)	(1,180)	(59,442)	(9,214)	(39,577)	(25,003)	(162,954)	(93,597)	(32,125)	(17,984)	(49,650)	(17,187)	(9,825)	(2,771)	(1,062)	(1,439)	389,241	178,308	6,650	1,620
Other Comprehensive Income																						
Increase/(Decrease) in Asset Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (SPECIFY)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	(25,952)	(9,313)	(1,994)	(1,180)	(59,442)	(9,214)	(39,577)	(25,003)	(162,954)	(93,597)	(32,125)	(17,984)	(49,650)	(17,187)	(9,825)	(2,771)	(1,062)	(1,439)	389,241	178,308	6,650	1,620

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

\* The purpose of each service group is summarised in Note 18.

\*\* 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.

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

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		Not Attributable		Total			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>																								
Current Assets																								
Cash and Cash Equivalents	903	249	66	34	1,571	274	1,259	749	6,348	3,284	1,026	528	2,428	775	305	85	75	42						
Receivables	698	515	28	21	583	332	814	1,179	10,277	10,189	489	771	5,489	5,915	133	1,015	288	73						
Inventories	31	16	2	1	314	40	77	84	363	289	37	34	128	77	19	9	1	2						
Financial Assets at Fair Value																								
Other Financial Assets																								
Other																								
Non-Current Assets Held for Sale	36	101	1	3	33	121	88	398	320	1,159	31	109	170	939	13	21	2	16						
Total Current Assets	1,669	881	97	59	2,501	767	2,238	2,420	17,308	14,921	1,583	1,442	8,165	6,506	470	1,130	366	133						
Non-Current Assets																								
Receivables																								
Financial Assets at Fair Value																								
Other Financial Assets																								
Property, Plant and Equipment																								
- Land and Buildings	25,968	25,750	1,180	1,127	6,237	5,955	16,049	15,325	162,219	154,897	27,232	26,002	16,143	15,414	5,173	4,939	597	560						
- Plant and Equipment	1,513	1,190	66	51	350	268	901	690	9,103	6,976	1,528	1,171	906	694	290	222	33	25						
- Infrastructure Systems	479	488	21	22	111	115	285	296	2,984	2,994	484	503	287	298	92	96	10	11						
Intangible Assets																								
Other																								
Total Non-Current Assets	28,960	27,408	1,267	1,200	6,698	6,338	17,235	16,311	174,205	164,867	29,244	27,676	17,336	16,406	5,555	5,257	630	596						
<b>TOTAL ASSETS</b>	<b>30,629</b>	<b>28,289</b>	<b>1,364</b>	<b>1,259</b>	<b>9,199</b>	<b>7,105</b>	<b>19,473</b>	<b>18,731</b>	<b>191,514</b>	<b>179,788</b>	<b>30,827</b>	<b>29,118</b>	<b>25,501</b>	<b>22,912</b>	<b>6,025</b>	<b>6,387</b>	<b>996</b>	<b>729</b>						
<b>LIABILITIES</b>																								
Current Liabilities																								
Payables	3,053	2,812	161	148	682	628	1,972	1,816	20,905	19,254	3,307	3,046	2,662	2,636	602	555	88	81						
Borrowings	74		6		25		33		316		79		71		19		11							
Provisions	2,560	1,300	221	109	1,054	782	2,812	2,320	16,175	14,224	2,762	1,915	4,992	2,963	806	373	252	222						
Other	50	26	4	4	87	29	70	79	353	348	57	56	135	82	17	9	5	4						
Total Current Liabilities	5,757	4,138	392	261	1,848	1,439	4,887	4,215	37,749	33,926	6,205	5,077	8,060	5,681	1,444	937	355	307						
Non-Current Liabilities																								
Borrowings	169		14		56		75		718		179		161		49		25							
Provisions	21		2		8		7		54		19		18		7		5							
Other																								
Total Non-Current Liabilities	190		16		64		82		772		198		179		50		30							
<b>TOTAL LIABILITIES</b>	<b>5,947</b>	<b>4,138</b>	<b>408</b>	<b>261</b>	<b>1,912</b>	<b>1,439</b>	<b>4,969</b>	<b>4,215</b>	<b>38,521</b>	<b>33,926</b>	<b>6,403</b>	<b>5,077</b>	<b>8,238</b>	<b>5,681</b>	<b>1,494</b>	<b>937</b>	<b>386</b>	<b>307</b>						
<b>NET ASSETS</b>	<b>24,682</b>	<b>24,151</b>	<b>956</b>	<b>998</b>	<b>7,287</b>	<b>5,666</b>	<b>14,504</b>	<b>14,516</b>	<b>152,993</b>	<b>145,862</b>	<b>24,424</b>	<b>24,101</b>	<b>17,262</b>	<b>17,231</b>	<b>4,531</b>	<b>5,450</b>	<b>610</b>	<b>422</b>						

\* The name and purpose of each service group is summarised in Note 18

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

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

## 1. The Reporting Entity

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

The District as a reporting entity, comprises all the entities under its control, namely; Murrumbidgee Local Health District and Health Reform Transition Office - Southern.

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 Murrumbidgee Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the *Public Sector Employment and Management Act 2002* and the *Health Services Act 1997*. These Divisions provide personnel services to enable a District to exercise its functions.

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

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

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive on 5 October 2012.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

The District's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services

Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and its regulations, and the Treasurers' Direction. Apart from the basis for the District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ab).

Notwithstanding the consolidated entity has a working capital deficiency of \$36M and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

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

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.

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

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the 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 District's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

The District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits".

Any liability attached to Superannuation Guarantee Charge cover is reported in Note 25, "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.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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b) **Insurance**

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

c) **Finance Costs**

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

d) **Income Recognition**

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

*Sale of Goods*

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

*Rendering of Services*

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

*Patient Fees*

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

*High Cost Drugs*

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

*Motor Accident Authority Third Party*

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

*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 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.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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*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 District use in the advancement of the District or Individuals within it.

*Use of Outside Facilities*

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

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

*Grants and Contributions*

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

*NSW Ministry of Health Allocations*

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

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

General operating expenses/revenues of \$10.941M to Mercy Health Albury and Mercy Care Centre Young have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The District is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

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

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

**f) Interstate Patient Flows**

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 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.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

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

**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 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(c).

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

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

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District was at 30 June 2010 in the former Greater Southern Area Health Service and was based on an independent assessment.

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

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

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

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

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

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

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

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

**k) Impairment of Property, Plant and Equipment**

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

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

**l) Assets Not Able to be Reliably Measured**

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

**m) Restoration Costs**

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

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

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

**p) Intangible Assets**

The District recognises intangible assets only if it is probable that future economic benefits will flow to the Murrumbidgee 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 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.



Murrumbidgee Local Health District  
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q) **Maintenance**

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

r) **Leased Assets**

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

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

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

s) **Inventories**

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

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

t) **Loans and Receivables**

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

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

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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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 Murrumbidgee 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 Murrumbidgee 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 District's key management personnel.

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

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

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

\* *Held-to-maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Murrumbidgee 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 District commits to purchase or sell the asset.

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

v) Impairment of financial assets

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

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

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

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

w) De-recognition of financial assets and financial liabilities

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

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

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

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

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x) **Payables**

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

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

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

y) **Borrowings**

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

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

z) **Equity Transfers**

The transfer of net assets between 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 District's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(ii) **Accumulated Funds**

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

(iii) **Separate Reserves**

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

ab) **Trust Funds**

The District receives monies in a trustee capacity for various trusts as set out in Note 30.

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

ac) **Budgeted Amounts**

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

Murrumbidgee Local Health District  
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ad) **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 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.

ae) **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 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 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 is not expected as a result of this amendment.

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

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement.

It is not expected that the changes will have material impact on the 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 District.

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

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

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.

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

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

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

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

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

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

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

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

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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
		Salaries and Wages	163,562	69,815
		Overtime	8,167	3,537
		Penalties	17,151	9,056
		Superannuation - Defined Benefit Plans	3,953	2,144
		Superannuation - Defined Contribution Plans	15,912	6,970
		Long Service Leave	12,964	3,465
		Annual Leave	18,008	8,931
		Sick Leave and Other Leave	6,557	2,787
		Redundancies	81	0
		Workers' Compensation Insurance	3,874	1,667
		Fringe Benefits Tax	45	38
			<b>250,274</b>	<b>108,410</b>
0	0			
The following additional information is provided:				
		Employee Related Expenses Capitalised - Land and Buildings	267	65
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
163,562	69,815	Salaries and Wages		
8,167	3,537	Overtime		
17,151	9,056	Penalties		
3,953	2,144	Superannuation - Defined Benefit Plans		
15,912	6,970	Superannuation - Defined Contribution Plans		
12,964	3,465	Long Service Leave		
18,008	8,931	Annual Leave		
6,557	2,787	Sick Leave and Other Leave		
81	0	Redundancies		
3,874	1,667	Workers' Compensation Insurance		
45	38	Fringe Benefits Tax		
0	0	Staff Related		
			<b>0</b>	<b>0</b>
250,274	108,410			
The following additional information is provided:				
		Personnel Services Expenses Capitalised - Land and Buildings	267	65
<b>5. Other Operating Expenses</b>				
1,994	803	Blood and Blood Products	1,994	803
3,946	2,242	Domestic Supplies and Services	3,946	2,242
8,557	4,261	Drug Supplies	8,557	4,261
24,247	11,708	Food Supplies	24,247	11,708
4,930	2,161	Fuel, Light and Power	4,930	2,161
38,625	28,890	General Expenses (See (b) below)	38,625	28,890
13,079	5,543	Hospital Ambulance Transport Costs	13,079	5,543
4,392	1,059	Information Management Expenses	4,392	1,059
601	187	Insurance	601	187
		Maintenance (See (c) below)		
2,339	844	Maintenance Contracts	2,339	844
5,156	2,660	New/Replacement Equipment under \$10,000	5,156	2,660
3,459	1,557	Repairs Maintenance/Non Contract	3,459	1,557
64	127	Other	64	127
13,641	7,147	Medical and Surgical Supplies	13,641	7,147
1,134	367	Motor Vehicle Expenses	1,134	367
987	329	Postal and Telephone Costs	987	329
919	325	Printing and Stationery	919	325
630	219	Rates and Charges	630	219
3,170	1,045	Rental	3,170	1,045
26,076	9,942	Special Service Departments	26,076	9,942
5,466	2,477	Staff Related Costs	5,466	2,477
3,621	189	Sundry Operating Expenses (See (a) below)	3,621	189
2,713	953	Travel Related Costs	2,713	953
			<b>169,746</b>	<b>85,035</b>
169,746	85,035			

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PARENT		CONSOLIDATION	
2012	Six months to 30 June 2011 \$000	2012	Six months to 30 June 2011 \$000
2,316	189	2,316	189
1,305	0	1,305	0
<b>3,621</b>	<b>189</b>	<b>3,621</b>	<b>189</b>
<b>(a) Sundry Operating Expenses comprise:</b>			
Contract for Patient Services			
Isolated Patient Travel and Accommodation Assistance Scheme			
<b>(b) General Expenses include :-</b>			
138	48	138	48
137	103	137	103
0	1	0	1
69	34	69	34
214	50	214	50
5,102	0	5,102	0
4,599	2,086	4,599	2,086
405	140	405	140
66	10	66	10
11	9	11	9
29	2	29	2
1,911	634	1,911	634
377	193	377	193
11	0	11	0
109	(1)	109	(1)
314	140	314	140
23,528	24,759	23,528	24,759
9	7	9	7
1,599	675	1,599	675
<b>11,018</b>	<b>5,188</b>	<b>11,018</b>	<b>5,188</b>
1,129	0	1,129	0
<b>12,147</b>	<b>5,188</b>	<b>12,147</b>	<b>5,188</b>
<b>(c) Reconciliation of Total Maintenance</b>			
Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5			
Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 5			
Total Maintenance Expenses included in Notes 3, 4 and 5			

Murrumbidgee Local Health District  
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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
10,218	4,847	Depreciation - Buildings	10,218	4,847
4,029	888	Depreciation - Plant and Equipment	4,029	888
315	158	Depreciation - Infrastructure Systems	315	158
<u>14,562</u>	<u>5,893</u>		<u>14,562</u>	<u>5,893</u>
<b>7. Grants and Subsidies</b>				
727	14	Non-Government Organisations	727	14
0	0	Nursing Homes	0	0
0	0	Community Aged Care Packages	0	0
18	0	Grants to Research Orgs	18	0
11	0	Other Grants	11	0
<u>756</u>	<u>14</u>		<u>756</u>	<u>14</u>
<b>8. Finance Costs</b>				
59	2	Interest on Bank Overdrafts and Loans	59	2
16	0	Other Interest Charges	16	0
<u>75</u>	<u>2</u>	Total Finance Costs	<u>75</u>	<u>2</u>
<b>9. Payments to Affiliated Health Organisations</b>				
(a) Recurrent Sourced				
10,941	882	Mercy Health	10,941	882
0	27	Other	0	27
<u>10,941</u>	<u>1,328</u>		<u>10,941</u>	<u>1,328</u>



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PARENT			CONSOLIDATION	
2012	Six months to		2012	Six months to
\$000	30 June 2011		\$000	30 June 2011
	\$000			\$000
<b>10. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
529	287	Sale of Prosthesis	529	287
11	5	Other	11	5
88	43	Pharmacy Sales	88	43
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
27,377	11,303	- Inpatient Fees	27,377	11,303
7,362	2,718	- Nursing Home Fees	7,362	2,718
195	1,575	- Non Inpatient Fees	195	1,575
13,180	7,152	Department of Veterans' Affairs	13,180	7,152
249	90	Staff-Meals and Accommodation	249	90
76	0	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	76	0
3	2	Cafeteria/Kiosk	3	2
4,108	1,577	Clinical Services (excluding Clinical Drug Trials)	4,108	1,577
77	29	Commercial Activities	77	29
42	16	Fees for Medical Records	42	16
7	4	Information Retrieval	7	4
2,153	1,320	High Cost Drugs	2,153	1,320
20	12	Meals on Wheels	20	12
1,233	815	Motor Accident Authority Third Party	1,233	815
4,904	0	Patient Inflows from Interstate [see note (c) below]	4,904	0
8	3	Patient Transport Fees	8	3
133	0	Salary Packaging Fee	133	0
686	205	Services Provided to Non NSW Health Organisations	686	205
7,928	3,569	Multi Purpose Service Centre Fees	7,928	3,569
204	55	Other	204	55
<b>70,573</b>	<b>30,780</b>		<b>70,573</b>	<b>30,780</b>

(c) Revenues from Patient Inflows from Interstate are as follows:-

ACT	248
QLD	522
SA	153
VIC	3,811
TAS	62
NT	21
WA	86

**11. Investment Revenue**

711	116	Interest	711	116
		- Other		
<b>711</b>	<b>116</b>		<b>711</b>	<b>116</b>

Murrumbidgee Local Health District  
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PARENT		CONSOLIDATION	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
<b>12. Grants and Contributions</b>			
1,967	234	1,967	234
0	0	0	0
1,225	371	1,225	371
2,839	0	2,839	0
5,264	150	5,264	150
3,953	2,220	0	0
92	0	92	0
<u>13,627</u>	<u>3,544</u>	<u>685</u>	<u>75</u>
<b><u>28,967</u></b>	<b><u>6,519</u></b>	<b><u>12,072</u></b>	<b><u>830</u></b>
<b>13. Acceptance by the Crown Entity of employee benefits</b>			
The following liabilities and expenses have been assumed by the Crown Entity:			
0	0	3,953	2,220
<u>0</u>	<u>0</u>	<u>12,942</u>	<u>3,469</u>
<b><u>0</u></b>	<b><u>0</u></b>	<b><u>16,895</u></b>	<b><u>5,689</u></b>
<b>14. Other Revenue</b>			
Other Revenue comprises the following:-			
25	10	25	10
24	7	24	7
219	49	219	49
(32)	(4)	(32)	(4)
877	120	877	120
4	0	4	0
7	0	7	0
1,929	1,528	1,929	1,528
12	0	12	0
<u>264</u>	<u>28</u>	<u>264</u>	<u>28</u>
<b><u>3,329</u></b>	<b><u>1,738</u></b>	<b><u>3,329</u></b>	<b><u>1,738</u></b>

Murrumbidgee Local Health District  
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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
<b>15. Gain / (Loss) on Disposal</b>				
8,487	0	Property, Plant and Equipment	8,487	0
<u>8,321</u>	<u>0</u>	Less: Accumulated Depreciation	<u>8,321</u>	<u>0</u>
166	0	<b>Written Down Value</b>	166	0
201	0	Less: Proceeds from Disposal	201	0
<u>35</u>	<u>0</u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u>35</u>	<u>0</u>
2,286	1,215	Assets Held for Sale	2,286	1,215
<u>2,083</u>	<u>1,198</u>	Less: Proceeds from Disposal	<u>2,083</u>	<u>1,198</u>
<u>(203)</u>	<u>(17)</u>	<b>Gain/(Loss) on Disposal of Assets Held for Sale</b>	<u>(203)</u>	<u>(17)</u>
<u>(168)</u>	<u>(17)</u>	<b>Total Gain/(Loss) on Disposal</b>	<u>(168)</u>	<u>(17)</u>
<b>16. Other Gains / (Losses)</b>				
(6,357)	0	Property, Plant and Equipment Asset Revaluation Increment/Decrement	(6,357)	0
0	0	Investment Property Revaluation Increment/Decrement	0	0
0	0	Financial Instruments at Fair Value Revaluation Increment/Decrement	0	0
(1,284)	(904)	Impairment of Receivables	(1,284)	(904)
0	0	Other	0	0
<u>(7,641)</u>	<u>(904)</u>		<u>(7,641)</u>	<u>(904)</u>

Murrumbidgee Local Health District  
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**PARENT & CONSOLIDATION**

**17. 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	9	8	1,512	1,529
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	0	55	3,107	3,162
Total amount of unexpended contributions as at balance date	9	64	4,619	4,691

Comment on restricted assets appears in Note 24

Murrumbidgee Local Health District  
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**18. Service Groups of the District**

**Service Group 1.1 - Primary and Community Based Services**

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

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

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

**Service Group 1.2 - Aboriginal Health Services**

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

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

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

**Service Group 1.3 - Outpatient Services**

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

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

**Service Group 2.1 - Emergency Services**

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

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

**Service Group 2.2 - Inpatient Hospital Services**

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

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

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

Murrumbidgee Local Health District  
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**Service Group 3.1 - Mental Health Services**

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental 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.

Murrumbidgee 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
<b>19. Cash and Cash Equivalents</b>				
Cash at Bank and On Hand	13,922	5,966	13,922	5,966
Short Term Deposits	<u>57</u>	<u>54</u>	<u>57</u>	<u>54</u>
	<b><u>13,979</u></b>	<b><u>6,020</u></b>	<b><u>13,979</u></b>	<b><u>6,020</u></b>
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)	13,979	6,020	13,979	6,020
Bank Overdraft	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b><u>13,979</u></b>	<b><u>6,020</u></b>	<b><u>13,979</u></b>	<b><u>6,020</u></b>

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

Murrumbidgee 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
		<b>20. Receivables</b>		
		<b>Current</b>		
7,463	5,762	Sale of Goods and Services	7,463	5,762
0	0	Leave Mobility	0	0
9,574	7,660	Intra Health Receivables	9,574	7,660
2,141	4,480	Goods and Services Tax	2,141	4,480
1,993	2,002	Other Debtors	1,993	2,002
<u>21,171</u>	<u>19,904</u>	<b>Sub Total</b>	<u>21,171</u>	<u>19,904</u>
<u>(2,954)</u>	<u>(648)</u>	Less Allowance for Impairment	<u>(2,954)</u>	<u>(648)</u>
18,217	19,256	<b>Sub Total</b>	18,217	19,256
285	154	Prepayments	285	154
<u><u>18,502</u></u>	<u><u>19,410</u></u>		<u><u>18,502</u></u>	<u><u>19,410</u></u>
		(a) Movement in the Allowance for Impairment		
0	0	Sale of Goods and Services		
(339)	0	Balance at Commencement of Reporting Period	(339)	0
1,071	0	Amounts written off during the year	1,071	0
0	0	Amounts recovered during the year	0	0
		(Increase)/decrease in Allowance Recognised in		
(1,282)	(339)	Result for the Year	(1,282)	(339)
(549)	(339)	Balance at 30 June	(549)	(339)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(309)	0	Balance at Commencement of Reporting Period	(309)	0
(2,095)	0	Amounts written off during the year	(2,095)	0
0	0	Amounts recovered during the year	0	0
		(Increase)/decrease in Allowance Recognised in		
(2)	(309)	Result for the Year	(2)	(309)
(2,405)	(309)	Balance at 30 June	(2,405)	(309)
<u><u>(2,954)</u></u>	<u><u>(648)</u></u>		<u><u>(2,954)</u></u>	<u><u>(648)</u></u>
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
188	204	Patient Fees - Compensable	188	204
262	286	Patient Fees - Ineligible	262	286
3,992	4,231	Patient Fees - Other	3,992	4,231
<u><u>4,442</u></u>	<u><u>4,721</u></u>		<u><u>4,442</u></u>	<u><u>4,721</u></u>

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



Murrumbidgee 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
<b>21. Inventories - Current - Held for Distribution</b>				
267	87	Drugs	267	87
568	475	Medical and Surgical Supplies	568	475
0	0	Food and Hotel Supplies	0	0
137	0	Engineering Supplies	137	0
0	0	Other Including Goods in Transit	0	0
<u>972</u>	<u>562</u>		<u>972</u>	<u>562</u>

Murrumbidgee 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
<b>22. Property, Plant and Equipment</b>				
<b>Land and Buildings - Fair Value</b>				
559,736	530,941	Gross Carrying Amount	559,736	530,941
<u>297,948</u>	<u>280,972</u>	Less Accumulated Depreciation and Impairment	<u>297,948</u>	<u>280,972</u>
<u><b>261,788</b></u>	<u><b>249,969</b></u>	Net Carrying Amount	<u><b>261,788</b></u>	<u><b>249,969</b></u>
<b>Plant and Equipment - Fair Value</b>				
28,963	28,169	Gross Carrying Amount	28,963	28,169
<u>14,273</u>	<u>16,912</u>	Less Accumulated Depreciation and Impairment	<u>14,273</u>	<u>16,912</u>
<u><b>14,690</b></u>	<u><b>11,257</b></u>	Net Carrying Amount	<u><b>14,690</b></u>	<u><b>11,257</b></u>
<b>Infrastructure Systems - Fair Value</b>				
11,518	11,333	Gross Carrying Amount	11,518	11,333
<u>6,864</u>	<u>6,500</u>	Less Accumulated Depreciation and Impairment	<u>6,864</u>	<u>6,500</u>
<u><b>4,654</b></u>	<u><b>4,833</b></u>	Net Carrying Amount	<u><b>4,654</b></u>	<u><b>4,833</b></u>
<u><b>281,132</b></u>	<u><b>266,059</b></u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u><b>281,132</b></u>	<u><b>266,059</b></u>

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

PARENT & CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>								
Net Carrying Amount at Start of Year	25,742	212,980	11,247	0	11,257	4,833	0	266,059
Additions	776	1,172	23,392	0	3,723	141	0	29,204
Reclassifications to Intangibles								0
Recognition of Assets Held for Sale	(460)	(188)	0	0	0	(18)	0	(666)
Disposals	(156)	0	0	0	0	0	0	(156)
Administrative Restructures - Transfers In/(Out)	13	3,845	0	0	3,739	13	0	7,610
Net Revaluation Increment Less Revaluation Decrements	(1,494)	0	0	0	0	0	0	(1,494)
Impairment Losses (Recognised in "Other Gains/Losses)	0	(4,863)	0	0	0	0	0	(4,863)
Depreciation Expense	0	(10,218)	0	0	(4,029)	(315)	0	(14,562)
Reclassifications	0	2,555	(2,555)	0	0	0	0	0
Net Carrying Amount at End of Year	24,421	205,283	32,084	0	14,690	4,654	0	281,132

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Other Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2011</b>								
Net Carrying Amount at Start of Reporting Period	0	0	0	0	0	0	0	0
Additions	586	2	5,269	0	2,281	0	0	8,138
Reclassifications to Intangibles								0
Recognition of Assets Held for Sale	(160)	(288)	0	0	0	0	0	(448)
Disposals	0	0	0	0	0	0	0	0
Administrative Restructures - Transfers In/(Out)	25,316	217,431	6,660	0	9,864	4,991	0	264,262
Net Revaluation Increment Less Revaluation Decrements	0	0	0	0	0	0	0	0
Impairment Losses (Recognised in "Other Gains/Losses)	0	0	0	0	0	0	0	0
Depreciation Expense	0	(4,847)	0	0	(888)	(158)	0	(5,893)
Reclassifications	0	682	(682)	0	0	0	0	0
Net Carrying Amount at End of Year	25,742	212,980	11,247	0	11,257	4,833	0	266,059

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value. The following table details the indice applied to Non Current Assets as determined by Opteon Property Group :

Year	Land	Buildings	Infrastructure
2009/10			
2010/11			
2011/12	-5.95%		

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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	<b>PARENT</b>		<b>CONSOLIDATION</b>
	2012	2011	2011
	\$000	\$000	\$000
<b>23. Non-Current Assets (or Disposal Groups) Held for Sale</b>			
<b>Assets Held for Sale</b>			
Land and Buildings	693	2,267	2,267
Plant and Equipment	0	0	0
Infrastructure Systems	0	0	0
Other	0	0	0
	<b>693</b>	<b>2,267</b>	<b>2,267</b>
	<b>693</b>	<b>2,267</b>	<b>2,267</b>

The non-current assets held for resale constitute assets that are surplus to requirements and will be actively marketed for sale in the next twelve months, with an expectation that the sale will be effected by 30th June 2013.

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

	<b>PARENT</b>	<b>2012</b>	<b>2011</b>	<b>CONSOLIDATION</b>
		\$000	\$000	\$000
<b>24. Restricted Assets</b>				
<p>The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>				
<b>Category</b>				
<b>Brief Details of Externally Imposed Conditions including Asset Category affected</b>				
3,518	3,435 Specific Purposes	3,518	3,435	
0	0 Perpetually Invested Funds	0	0	
0	0 Research Grants	0	0	
0	0 Private Practice Funds	0	0	
0	0 Other (List Major Items)	0	0	
	Education	19	19	
	Frontline Health Services	1,044	1,071	
	Other	110	275	
		0	0	
<b>3,518</b>		<b>4,691</b>	<b>4,800</b>	
		<b>3,435</b>		

Murrumbidgee 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
		<b>25. Payables</b>		
		<b>Current</b>		
		Accrued Salaries, Wages and On-Costs	5,412	3,760
		Taxation and Payroll Deductions	940	180
6,352	3,940	Accrued Liability - Purchase of Personnel Services		
14,142	10,347	Creditors	14,142	10,347
3	0	Interest	3	0
		Other Creditors		
186	256	- Capital Works	186	256
8,073	7,557	- Intra Health Liability	8,073	7,557
5,878	5,667	- Other	5,878	5,667
2,749	3,209	- Taxation	2,749	3,209
<u>37,383</u>	<u>30,976</u>		<u>37,383</u>	<u>30,976</u>

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

		<b>26. Borrowings</b>		
		<b>Current</b>		
635	0	Other Loans and Deposits	635	0
<u>635</u>	<u>0</u>		<u>635</u>	<u>0</u>
		<b>Non-Current</b>		
1,441	0	Other Loans and Deposits	1,441	0
<u>1,441</u>	<u>0</u>		<u>1,441</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 and Health Albury Wodonga  
Final Repayment is scheduled for 30th September 2014

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

Murrumbidgee 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
<b>27. Provisions</b>			
		5,486	0
		21,502	22,225
		4,665	1,884
31,653	24,109		
31,653	24,109	31,653	24,109
<b>Non-Current Employee Benefits and Related On-Costs</b>			
		141	99
141	99		
141	99	141	99
<b>Aggregate Employee Benefits and Related On-Costs</b>			
31,653	24,109	31,653	24,109
141	99	141	99
6,352	3,940	6,352	3,940
38,146	28,148	38,146	28,148

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
<b>28. Other Liabilities</b>				
		<b>Current</b>		
527	637	Income in Advance	527	637
0	0	Other	0	0
<hr/>	<hr/>		<hr/>	<hr/>
<b>527</b>	<b>637</b>		<b>527</b>	<b>637</b>
<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

Income in Advance includes \$179K High Cost Drugs revenue received from NSW Ministry of Health, PBRC revenue received in advance \$44K and Asset Sales in Advance \$258K.



Murrumbidgee 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
	<b>29. Commitments for Expenditure</b>		
	<b>(a) Capital Commitments</b>		
	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:		
25,542	Not later than one year	25,542	4,021
16,367	Later than one year and not later than five years	16,367	3,101
0	Later than five years	0	0
<b>41,909</b>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<b>41,909</b>	<b>7,122</b>
	Of the commitments reported at 30 June 2012 it is expected that \$NIL will be met from locally generated moneys.		
	<b>(b) Operating Lease Commitments</b>		
	Commitments in relation to non-cancellable operating leases are payable as follows:		
1,732	Not later than one year	1,732	1,338
1,899	Later than one year and not later than five years	1,899	722
0	Later than five years	0	0
<b>3,631</b>	<b>Total Operating Lease Commitments (Including GST)</b>	<b>3,631</b>	<b>2,060</b>

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



Murrumbidgee Local Health District  
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**PARENT AND CONSOLIDATED**

**31. 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 District will be paid in 2012/13. It is not possible for the 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 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.

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT	Actual	Actual	Actual
	Six months ended	Six months ended	Six months ended
	30 June 2011	30 June 2011	30 June 2011
	\$000	\$000	\$000
2012	2012	2012	2012
\$000	\$000	\$000	\$000
<b>CONSOLIDATION</b>			
34,669	34,669	34,669	34,669
(14,563)	(14,563)	(14,563)	(5,893)
(1,284)	(1,284)	(1,284)	(648)
110	110	110	(368)
(2,808)	(2,808)	(2,808)	(1,102)
9,667	9,667	9,667	17,776
(12,616)	(12,616)	(12,616)	(15,962)
(6,357)	(6,357)	(6,357)	0
(168)	(168)	(168)	(17)
<b>6,650</b>	<b>6,650</b>	<b>6,650</b>	<b>1,620</b>

**32. Reconciliation of Cash Flows from Operating Activities to Net Result**

Net Cash Flows from Operating Activities			
Depreciation	7,834		7,834
Allowance for Impairment	(5,893)		(5,893)
Income in advance	(648)		(648)
(Increase) in Provisions	(368)		(368)
Increase / (Decrease) in Prepayments and Other Assets	(1,102)		(1,102)
(Increase)/ Decrease in Creditors	17,776		17,776
Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	(15,962)		(15,962)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	0		0
	(17)		(17)

**33. 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

Murrumbidgee Local Health District  
Notes to and forming part of the Financial Statements  
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**PARENT AND CONSOLIDATED**

**34. Unclaimed Moneys**

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

All money and personal effects of patients which are left in the custody of District by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of District.

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

**35. Budget Review - Parent and Consolidated**

**Net Result**

The actual Net Result was higher than budget by \$8,723, primarily due to:

The major factors impacting upon this variance were Total Expenses higher than budget by \$16.349M with the ongoing high cost of providing services reflected in Employee Related, Visiting Medical Officer and Other Operating Expenses. The additional costs incurred through the use of agency nursing staff to fill vacancies across the hospital network together with the costs incurring in employing locum clinicians to support core clinical services continues to be a major issue for the District. Other Operating expenses reflect ongoing high costs of diagnostic services such as pathology and medical imaging. The overall cost of ambulance services through the emergency transport of patients continues to increase, for 2011/12 this was in part influenced by the major flood events across the District in March 2012.

Total revenues were \$25.830M higher than budget, primarily due to Ministry of Health Capital Allocations being higher than budget by \$23.289M. There was improved growth in Patient Fees including in the Transitional Residential Aged Care Service program (TRACS).

**Assets and Liabilities**

Current Assets at year end were lower than budget primarily reflected in lower than budgeted Cash and Cash Equivalents. All categories of Non-current Assets were higher than budget reflecting major projects at Wagga Wagga Base Hospital, Gundagai and the inclusion of Lage Cargelligo MPS in the District effective from 1st July 2011.

The increase in Current Liabilities compared to budget was primarily related to Employee Related liabilities and increased level of creditors.

**Cash Flows**

Cash Flows from Operating Activities were largely consistent with budgets however Total Payments exceeded Budgets primarily due higher payments through Employee Related expenses and Other Payments. The basis of these higher payments is consistent with the higher costs reported in the Net Result above. The higher total payments is offset by higher than budgeted total receipts which as reported above (Net Result) were due to higher than budget receipts through Capital Allocations and the sale of Goods and Services.

Cash Flows from Investing Activities reflect a significantly higher result compared to budget. Again this relates to the levels of funds being received from the Ministry being higher than originally budgeted for.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 29th June 2011 are as follows:

	\$000
Initial Allocation	258,562
Award Increases	2,705
VMO Award Increases	490
STO Transfer	69,072
2011/12 Recurrent Cash Allocation	14,718
Pathology Charges 2011-13	6,734
Albury and Other Liabilities	4,827
Transfer Lake Cargelligo	2,584
Treasury Managed Fund 2011_12 Allocation Adjustment	2,547
Transitional Aged Care Program	1,164
Connecting Care Program Supplementary Funding	678
2011_12 Leap Year Costs	592
Obstetric & Anaesthetic Incentive Grants	531
Other Adjustments	(7,589)
Balance as per Statement of Comprehensive Income	357,616

Murrumbidgee Local Health District  
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**36. Increase/(Decrease) in Net Assets from Equity Transfers**

Net assets of \$238.87M transferred from the former Greater Southern Area Health Service with effect from 1 January 2011 commensurate with the responsibilities for health services assumed by the District on that date in accordance with the provisions of the *Health Services Act 1989*.

Consistent with Treasury approval, Long Service Leave liability of \$32.465 transferred from the Health Service with effect from 31 December 2010 from which time the Crown Entity assumed responsibility for Long Service Leave.

Other equity transfers effected in the 2010/11 year were:

An increase in net assets of \$238.87M relating to the Districts' assumption of responsibilities upon dissolution of Health Refers Transitional Organisation on 31st

Equity transfers effected in 2011/12 comprised:

A decrease in net assets of \$5.241M relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisations on 31 May 2012 .

An increase in net assets of \$ 3.592M relating to the assumption of responsibilities of Lake Cargelligo Multi-Purpose Service on 1st July 2011 from Western NSW LHD .

Assets and Liabilities transferred are as follows:

	<b>2012</b> <b>\$000</b>
<b>Assets</b>	
Cash & Equivalents	960
Receivables	4,553
Prepayments	114
Inventory	92
Fixed Assets	7,612
<b>Liabilities</b>	
Payables	(4,737)
Provisions	(7,532)
Loans	(2,711)
<b>Increase/(Decrease) in Net Assets From Equity Transfers</b>	<b>(1,649)</b>

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

**37. 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 & CONSOLIDATION**

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 19)	N/A	13,979	6,020
Receivables (note 20) <sup>1</sup>	Loans and receivables (at amortised cost)	16,076	14,776
<b>Total Financial Assets</b>		<b>30,055</b>	<b>20,796</b>
<b>Financial Liabilities</b>			
Borrowings (note 26)	Financial liabilities	1,441	
Payables (note 25) <sup>2</sup>	measured at	34,464	27,767
Other (note 28)	amortised cost	527	0
<b>Total Financial Liabilities</b>		<b>34,991</b>	<b>27,767</b>

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).

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

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

**Cash**

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.61% in 2011/12 compared to 4.65% 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:\$1.811M.; 2011: \$0.476M) and not more than 3 months past due (2012: \$0.772M; 2011:\$2.152M) are not considered impaired and together these represent 80% 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 <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
<3 months overdue	713	692	21
3 months - 6 months overdue	204	188	16
> 6 months overdue	485	0	485
<b>2011</b>			
<3 months overdue	1936	1777	159
3 months - 6 months overdue	518	323	195
> 6 months overdue	347	54	293

**Notes**

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

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



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**(c) Liquidity Risk**

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

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

During the current and prior years, there were no defaults 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 Murrumbidgee 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.

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*Maturity Analysis and interest rate exposure of financial liabilities*

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions		6,352			6,352		6,352
Creditors		27,278			27,278		27,278
Borrowings:	4.44	2,076			635	1,441	
Bank Overdraft							
Non Interest Loans							
Other Loans and Deposits							
Finance Leases							
		<u>35,706</u>	<u>0</u>	<u>0</u>	<u>33,630</u>	<u>1,441</u>	<u>0</u>
<b>2011</b>							
Payables:							
Accrued Salaries Wages, On-Costs and Payroll Deductions		6,612			6,612		6,612
Creditors		24,364			24,364		24,364
Borrowings:							
Bank Overdraft							
Non-Interest Loans							
Other Loans and Deposits							
Finance Leases							
		<u>30,976</u>	<u>0</u>	<u>0</u>	<u>30,976</u>	<u>0</u>	<u>0</u>

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the District can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.
- Of the \$2.076M 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.

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**d) Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 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, District 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
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	13,979				
Receivables	16,076				
<b>Financial Liabilities</b>					
Payables	37,383				
Borrowings	2,076				
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	6,020				
Receivables	14,776				
<b>Financial Liabilities</b>					
Payables	30,976				
Borrowings	0				

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**(e Fair Value compared to Carrying Amount)**

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

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

	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and Cash Equivalents	13,979	6,020	13,979	6,020
Receivables	16,076	14,776	16,076	14,776
<b>Financial liabilities</b>				
Payables	37,383	30,976	37,383	30,976
Borrowings	2,076		2,076	

**Note 38 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.

As the efficient price of delivering services increases, the Commonwealth Government will meet 45, then 50% of that increase. As more services are delivered, the Commonwealth Government will meet 45, then 50% of the efficient price of every additional service, for as many additional services as are delivered. The National efficient price of public hospital services will be determined by the Independent Hospital Pricing Authority.

ABF will provide incentives to hospitals to treat more patients more efficiently and will provide incentives for hospitals and governments to ensure patients are treated in the most appropriate setting.

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