



INDEPENDENT AUDITOR'S REPORT

Northern NSW Local Health District

To Members of the New South Wales Parliament

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

Opinion

In my opinion, the financial statements:

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

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

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

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Peter Coulogeorgiou
Director, Financial Audit Services

28 September 2012
SYDNEY

**Northern NSW 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 Northern NSW 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.



Wayne Jones
Acting Chief Executive
27 September 2012

**Northern NSW Local Health District
Statement of Financial Position as at 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2012	2012	2011		2012	2012	2011
\$000	\$000	\$000		\$000	\$000	\$000
ASSETS						
Current Assets						
18,626	6,863	7,394	18	18,626	6,863	7,394
15,644	18,137	18,913	19	15,644	18,137	18,913
1,826	1,894	1,893	20	1,826	1,894	1,893
36,096	26,894	28,200		36,096	26,894	28,200
175	1,205	1,205	22	175	1,205	1,205
36,271	28,099	29,405		36,271	28,099	29,405
Non-Current Assets						
31	0	0	19	31	0	0
Property, Plant and Equipment						
364,733	363,520	340,686	21	364,733	363,520	340,686
19,492	16,828	9,786	21	19,492	16,828	9,786
11,160	12,727	11,751	21	11,160	12,727	11,751
395,385	393,075	362,223		395,385	393,075	362,223
395,416	393,075	362,223		395,416	393,075	362,223
431,687	421,174	391,628		431,687	421,174	391,628
LIABILITIES						
Current Liabilities						
46,703	44,031	42,266	24	46,703	44,031	42,266
482	694	235	25	482	694	235
47,078	43,867	37,075	26	47,078	43,867	37,075
2	154	117	27	2	154	117
94,265	88,746	79,693		94,265	88,746	79,693
Non-Current Liabilities						
336	0	165	25	336	0	165
297	207	152	26	297	207	152
731	64	388	27	731	64	388
1,364	271	705		1,364	271	705
95,629	89,017	80,398		95,629	89,017	80,398
336,058	332,157	311,230		336,058	332,157	311,230
EQUITY						
5,731	0	0		5,731	0	0
330,327	332,157	311,230		330,327	332,157	311,230
336,058	332,157	311,230		336,058	332,157	311,230

The accompanying notes form part of these financial statements.

**Northern NSW Local Health District
Statement of Changes in Equity for the Year Ended 30 June 2012**

	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2011		311,230	0	311,230
Restated Total Equity at 1 July 2011		311,230	0	311,230
Net Result for the year		4,329		4,329
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment		0	5,731	5,731
Total Other Comprehensive Income		0	5,731	5,731
Total Comprehensive Income for the year		4,329	5,731	10,060
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	34	14,768	0	14,768
Balance at 30 June 2012		330,327	5,731	336,058
Balance at 1 January 2011		0	0	0
Net Result for the six month period ended 30 June 2011		(10,511)		(10,511)
Other Comprehensive Income:				
Total Other Comprehensive Income		0	0	0
Total Comprehensive Income for the six month period ended 30 June 2011		(10,511)	0	(10,511)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	34	321,741	0	321,741
Balance at 30 June 2011		311,230	0	311,230

The accompanying notes form part of these financial statements.

Northern NSW Local Health District
Statement of Cash Flows for the Year Ended 30 June 2012

PARENT			CONSOLIDATION			
Actual	Budget	Actual		Actual	Budget	Actual
2012	2012	Six months ended	Notes	2012	2012	Six months ended
\$000	\$000	30 June 2011		\$000	\$000	30 June 2011
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
				(344,870)	(348,145)	(145,847)
				(3,606)	(2,478)	(19)
(3,606)	(2,478)	(19)	Employee Related			
(43)	0	(18)	Grants and Subsidies			
(603,190)	(593,987)	(273,440)	Finance Costs	(43)	0	(18)
			Other	(258,320)	(245,842)	(127,593)
(606,839)	(596,465)	(273,477)	Total Payments	(606,839)	(596,465)	(273,477)
Receipts						
459,067	459,067	231,550	NSW Ministry of Health Recurrent Allocations	459,067	459,067	231,550
17,802	23,292	10,431	NSW Ministry of Health Capital Allocations	17,802	23,292	10,431
0	0	5,270	Cash Reimbursements from the Crown Entity	18,535	18,518	5,270
95,287	79,800	22,666	Sale of Goods and Services	95,287	79,800	22,666
551	59	211	Interest Received	551	59	211
45,680	36,226	5,744	Grants and Contributions	27,145	17,708	5,744
19,817	22,649	8,757	Other	19,817	22,649	8,757
638,204	621,093	284,629	Total Receipts	638,204	621,093	284,629
31,365	24,628	11,152	NET CASH FLOWS FROM OPERATING ACTIVITIES	31,365	24,628	11,152
CASH FLOWS FROM INVESTING ACTIVITIES						
47	0	12	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	47	0	12
(19,898)	(24,110)	(9,584)	Purchases of Land and Buildings, Plant and Equipment Infrastructure Systems and Intangibles	(19,898)	(24,110)	(9,584)
(19,851)	(24,110)	(9,572)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(19,851)	(24,110)	(9,572)
CASH FLOWS FROM FINANCING ACTIVITIES						
(694)	(1,461)	(112)	Repayment of Borrowings and Advances	(694)	(1,461)	(112)
(694)	(1,461)	(112)	NET CASH FLOWS FROM FINANCING ACTIVITIES	(694)	(1,461)	(112)
10,820	(943)	1,468	NET INCREASE / (DECREASE) IN CASH	10,820	(943)	1,468
7,394	7,394	0	Opening Cash and Cash Equivalents	7,394	7,394	0
412	412	5,926	Cash Transferred In/(Out) as a Result of Administrative Restructuring	412	412	5,926
18,626	6,863	7,394	CLOSING CASH AND CASH EQUIVALENTS	18,626	6,863	7,394

The accompanying notes form part of these financial statements.

Northern NSW 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																						
Employee Related	31,019	12,098	2,730	690	13,789	5,157	42,147	18,623	191,035	85,734	36,304	16,606	32,128	14,765	4,353	558	1,263	6,075	0	0	354,768	160,306
Visiting Medical Officers	1,341	732	6	0	716	211	9,217	4,393	43,219	20,686	3,160	1,521	855	399	397	0	54	37	0	0	58,945	27,979
Other Operating Expenses	12,482	8,955	1,485	1,239	13,744	9,562	16,292	8,843	99,457	48,595	11,031	6,032	14,333	7,765	2,191	2,672	805	433	0	0	171,830	94,086
Depreciation and Amortisation	853	389	89	40	1,528	128	2,020	894	10,235	4,882	1,923	922	1,128	537	205	23	25	12	0	0	18,006	7,617
Grants and Subsidies	805	(4)	522	(9)	22	0	46	0	258	0	1,277	32	24	0	107	0	194	0	0	0	3,255	19
Finance Costs	4	2	0	0	0	0	5	2	24	11	4	2	3	0	1	0	0	0	0	0	43	18
Total Expenses excluding losses	46,504	22,172	4,842	1,960	29,801	15,056	69,727	32,745	344,228	159,698	53,699	25,115	48,451	23,467	7,234	3,253	2,361	6,557	0	0	606,847	290,025
Revenue																						
NSW Ministry of Health Recurrent Allocations ***																						
NSW Ministry of Health Capital Allocations ***																						
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities																						
Sale of Goods and Services	1,895	832	118	52	720	316	1,920	843	10,043	4,406	1,788	785	1,693	743	300	132	58	25	0	0	18,535	8,134
Investment Revenue	534	294	10	15	11,369	4,972	3,229	376	61,121	14,426	3,044	62	11,521	3,334	59	27	17	67	0	0	90,904	23,573
Grants and Contributions	37	39	2	0	81	30	33	34	283	90	29	1	34	10	38	6	14	1	0	0	551	211
Other Revenue	1,198	919	324	3	898	1,238	863	63	3,805	1,373	191	83	7,457	1,475	3,876	392	5,907	198	0	0	24,519	5,744
Total Revenue	3,777	2,105	457	70	13,124	6,570	6,150	1,338	75,831	20,487	5,106	944	20,775	5,574	4,288	559	5,999	291	476,869	241,981	612,376	279,919
Gain / (Loss) on Disposal	(11)	(4)	(1)	(1)	(3)	(2)	(17)	(6)	(171)	(28)	(7)	(5)	(14)	(4)	(6)	(1)	0	0	0	0	(230)	(50)
Other Gains / (Losses)	(51)	(20)	(4)	(1)	(133)	(36)	(109)	(31)	(529)	(216)	(81)	(29)	(52)	(17)	(9)	(4)	(2)	(1)	0	0	(970)	(355)
Net Result	(42,789)	(20,091)	(4,390)	(1,891)	(16,813)	(8,526)	(63,703)	(31,444)	(269,097)	(139,455)	(48,681)	(24,205)	(27,742)	(17,914)	(2,951)	(2,699)	3,636	(6,267)	476,869	241,981	4,329	(10,511)
Other Comprehensive Income Increase/(Decrease) in Asset Revaluation Reserve	271	0	28	0	486	0	643	0	3,259	0	612	0	359	0	65	0	8	0	0	0	5,731	0
Total Other Comprehensive Income	271	0	28	0	486	0	643	0	3,259	0	612	0	359	0	65	0	8	0	0	0	5,731	0
Total Comprehensive Income	(42,518)	(20,091)	(4,362)	(1,891)	(16,327)	(8,526)	(63,060)	(31,444)	(265,838)	(139,455)	(48,069)	(24,205)	(27,383)	(17,914)	(2,895)	(2,699)	3,644	(6,267)	476,869	241,981	10,060	(10,511)

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

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

** 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 30 June 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 July 2011 and 30 June 2012 which would materially impact this allocation.

Northern NSW 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		Total			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																						
Current Assets																						
Cash and Cash Equivalents	1,396	565	152	50	934	384	2,144	835	10,499	4,072	1,662	640	1,518	598	227	83	74	167	0	0	18,626	7,394
Receivables	477	808	58	11	1,656	3,968	735	314	8,275	10,205	553	101	2,592	3,066	541	271	757	169	0	0	15,644	18,913
Inventories	121	180	17	25	157	192	172	178	1,035	978	125	121	164	196	25	54	9	9	0	0	1,826	1,893
Non-Current Assets Held for Sale	175	175	0	0	0	0	0	0	1,030	0	0	0	0	0	0	0	0	0	0	0	175	1,205
Total Current Assets	2,169	1,728	227	86	2,747	4,544	3,051	1,327	19,809	16,285	2,351	862	4,274	3,820	793	408	840	345	0	0	36,271	29,405
Non-Current Assets																						
Receivables	1	0	0	0	3	0	1	0	17	0	1	0	5	0	1	0	2	0	0	0	31	0
Property, Plant and Equipment	17,279	17,399	1,803	1,789	30,951	5,725	40,916	39,539	207,321	209,412	38,853	41,238	22,849	24,018	4,153	1,029	506	537	0	0	364,733	340,666
- Land and Buildings	923	500	96	51	1,654	164	2,187	1,136	11,080	6,015	2,082	1,185	1,221	690	222	30	27	15	0	0	19,482	9,786
- Plant and Equipment	529	600	55	62	947	197	1,252	1,364	6,344	7,224	1,192	1,422	699	828	127	35	15	19	0	0	11,160	11,751
- Infrastructure Systems	18,732	18,499	1,954	1,902	33,555	6,086	44,356	42,039	224,762	222,651	42,228	43,845	24,774	25,536	4,503	1,094	550	571	0	0	395,416	362,223
Total Non-Current Assets	20,901	20,227	2,181	1,988	36,302	10,630	47,409	43,366	244,571	238,936	44,589	44,707	29,048	29,356	5,296	1,502	1,390	916	0	0	431,687	391,628
TOTAL ASSETS																						
LIABILITIES																						
Current Liabilities																						
Payables	3,088	4,023	444	557	4,017	4,296	4,397	3,972	26,452	21,826	3,231	2,710	4,191	3,487	648	1,200	235	195	0	0	46,703	42,266
Borrowings	36	18	4	2	24	12	55	27	272	129	44	20	39	19	6	3	2	5	0	0	482	235
Provisions	4,116	2,798	362	160	1,830	1,193	5,593	4,307	25,351	19,827	4,818	3,841	4,263	3,415	575	129	170	1,405	0	0	47,078	37,075
Other	0	9	0	1	0	6	0	13	2	65	0	10	0	9	0	1	0	3	0	0	11	117
Total Current Liabilities	7,240	6,848	810	720	5,871	5,507	10,045	8,319	52,077	41,847	8,093	6,581	8,493	6,930	1,229	1,333	407	1,608	0	0	94,266	79,693
Non-Current Liabilities																						
Borrowings	25	13	3	1	17	9	39	19	190	90	30	14	27	13	4	2	1	4	0	0	336	165
Provisions	26	11	2	1	12	5	35	18	160	80	30	16	27	14	4	1	1	6	0	0	297	152
Other	55	30	6	3	37	20	84	44	411	213	66	34	60	31	9	4	3	9	0	0	731	388
Total Non-Current Liabilities	106	54	11	5	66	34	158	81	761	383	126	64	114	58	17	7	5	19	0	0	1,364	705
TOTAL LIABILITIES	7,346	6,902	821	725	5,937	5,541	10,203	8,400	52,838	42,230	8,219	6,645	8,607	6,988	1,246	1,340	412	1,627	0	0	95,629	80,398
NET ASSETS	13,555	13,325	1,360	1,263	30,365	5,089	37,206	34,966	191,733	196,706	36,370	38,062	20,441	22,368	4,050	162	978	(711)	0	0	336,056	311,230

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

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

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

1. The Reporting Entity

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

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

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

The Northern NSW Local Health District Special Purpose Service Entity 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 entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive on 27 September 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 Treasurer's 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(ac).

Notwithstanding the consolidated entity has a working capital deficiency of \$58 million 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. Benefits from the EIP are retained by the district and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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

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

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.

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 26.

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.

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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 24, 'Payables'.

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

iii) Other Provisions

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

b) Insurance

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.

Northern NSW Local Health District
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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.

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.

Northern NSW Local Health District
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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.

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 9.

g) Acquisition of Assets

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

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

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

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

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

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.

Northern NSW Local Health District
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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 & Hospitals	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Furniture, Fittings and Furnishings	5.0%

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

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

j) Revaluation of Non-Current Assets

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

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

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

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

The 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 as at 1 July 2011 was completed on 29 June 2012 and was based on an independent assessment.

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

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

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

l) Assets Not Able to be Reliably Measured

The District may at times hold certain assets that are not recognised in the Statement of Financial Position because the District is unable to measure reliably the value of the assets. The District holds no such assets at 30 June 2012

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

Northern NSW Local Health District
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p) Intangible Assets

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

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

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

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.

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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 Northern NSW 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 Northern NSW Local Health District subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.*

Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term.

Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the

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

The risk management strategy of the 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 Northern NSW 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.

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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.

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.

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.

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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ab) Trust Funds

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

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

ac) Budgeted Amounts

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

ad) Emerging Asset

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

ae) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the six months ended 30 June 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.

af) New Australian Accounting Standards Issued but not Effective

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial statements of the 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 are not expected as a result of this amendment.

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

Northern NSW Local Health District
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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.

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

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

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

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

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

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

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

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

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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
3. Employee Related				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	227,340	102,566
0	0	Overtime	9,169	4,494
0	0	Penalties	27,458	14,180
0	0	Superannuation - Defined Benefit Plans	5,032	2,911
0	0	Superannuation - Defined Contribution Plans	23,663	10,689
0	0	Long Service Leave	16,010	5,479
0	0	Annual Leave	27,182	13,141
0	0	Sick Leave and Other Leave	13,835	4,427
0	0	Workers' Compensation Insurance	4,958	2,389
0	0	Fringe Benefits Tax	121	30
0	0		354,768	160,306
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
227,340	102,566	Salaries and Wages	0	0
9,169	4,494	Overtime	0	0
27,458	14,180	Penalties	0	0
5,032	2,911	Superannuation - Defined Benefit Plans	0	0
23,663	10,689	Superannuation - Defined Contribution Plans	0	0
16,010	5,479	Long Service Leave	0	0
27,182	13,141	Annual Leave	0	0
13,835	4,427	Sick Leave and Other Leave	0	0
4,958	2,389	Workers' Compensation Insurance	0	0
121	30	Fringe Benefits Tax	0	0
354,768	160,306		0	0
5. Other Operating Expenses				
2,872	1,581	Blood and Blood Products	2,872	1,581
6,284	3,234	Domestic Supplies and Services	6,284	3,234
20,040	10,342	Drug Supplies	20,040	10,342
13,870	7,058	Food Supplies	13,870	7,058
5,110	2,258	Fuel, Light and Power	5,110	2,258
27,606	27,043	General Expenses (See (b) below)	27,606	27,043
9,797	4,853	Hospital Ambulance Transport Costs	9,797	4,853
4,091	1,687	Information Management Expenses	4,091	1,687
759	226	Insurance	759	226
Maintenance (See (c) below)				
4,065	1,825	Maintenance Contracts	4,065	1,825
2,774	2,949	New/Replacement Equipment under \$10,000	2,774	2,949
3,594	1,314	Repairs Maintenance/Non Contract	3,594	1,314
25	6	Other	25	6
26,044	10,899	Medical and Surgical Supplies	26,044	10,899
827	846	Motor Vehicle Expenses	827	846
1,016	465	Postal and Telephone Costs	1,016	465
1,315	564	Printing and Stationery	1,315	564
716	234	Rates and Charges	716	234
2,518	1,130	Rental	2,518	1,130
30,959	13,118	Special Service Departments	30,959	13,118
4,758	1,145	Staff Related Costs	4,758	1,145
841	649	Sundry Operating Expenses (See (a) below)	841	649
1,949	660	Travel Related Costs	1,949	660
171,830	94,086		171,830	94,086

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

PARENT			CONSOLIDATION	
2012	Six months to		2012	Six months to
\$000	30 June 2011		\$000	30 June 2011
	\$000			\$000
		(a) Sundry Operating Expenses comprise :		
835	649	Contract for Patient Services	835	649
6	0	Isolated Patient Travel and Accommodation Assistance Scheme	6	0
841	649		841	649
		(b) General Expenses include :-		
73	6	Advertising	73	6
142	119	Auditor's Remuneration - Audit of Financial Statements	142	119
212	97	Books, Magazines and Journals	212	97
		Consultancies		
85	3	- Capital Works	85	3
34	21	- Operating Activities	34	21
3,216	1,342	Corporate Support Services	3,216	1,342
426	182	Courier and Freight	426	182
218	14	Data Recording and Storage	218	14
4,604	0	Hosted Services Purchased from Mid North Coast Local Health District	4,604	0
210	63	Legal Services	210	63
41	11	Membership/Professional Fees	41	11
1,664	838	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,664	838
0	2	Public Private Partnership	0	2
1,462	1,258	Other Operating Lease Expense - Minimum Lease Payments	1,462	1,258
7	1	Payroll Services	7	1
92	3	Quality Assurance/Accreditation	92	3
726	224	Security Services	726	224
12,958	22,273	Services Purchased from NSW Health Transition Organisations	12,958	22,273
55	15	Translator Services	55	15
1,381	571	Other	1,381	571
27,606	27,043		27,606	27,043
		(c) Reconciliation of Total Maintenance		
10,458	6,094	Maintenance Expense - Contracted Labour and Other (Non-Employee Related), included in Note 5	10,458	6,094
2,370	771	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	2,370	771
12,828	6,865	Total Maintenance Expenses included in Notes 3, 4 and 5	12,828	6,865
		6. Depreciation and Amortisation		
13,937	6,352	Depreciation - Buildings	13,937	6,352
3,450	958	Depreciation - Plant and Equipment	3,450	958
619	307	Depreciation - Infrastructure Systems	619	307
18,006	7,617		18,006	7,617
		7. Grants and Subsidies		
1,237	0	Non-Government Organisations	1,237	0
2,018	19	Other Grants	2,018	19
3,255	19		3,255	19
		8. Finance Costs		
39	15	Interest on Bank Overdrafts and Loans	39	15
4	3	Other Interest Charges	4	3
43	18	Total Finance Costs	43	18

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

PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
9. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
639	211	Sale of Prosthesis	639	211
165	91	Other	165	91
224	99	Pharmacy Sales	224	99
(b) Rendering of Services comprise the following:-				
		Patient Fees [see note 2(d)]		
15,579	6,846	- Inpatient Fees	15,579	6,846
989	516	- Nursing Home Fees	989	516
469	269	- Non Inpatient Fees	469	269
16,612	6,630	Department of Veterans' Affairs	16,612	6,630
110	62	Staff-Meals and Accommodation	110	62
3,846	1,085	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	3,846	1,085
639	197	- Annual Charge	639	197
3	39	Cafeteria/Kiosk	3	39
404	579	Clinical Services (excluding Clinical Drug Trials)	404	579
1,167	696	Commercial Activities	1,167	696
1	1	Enteral Nutrition Income	1	1
80	33	Fees for Medical Records	80	33
3	1	Information Retrieval	3	1
7,875	4,100	High Cost Drugs	7,875	4,100
12	1	Meals on Wheels	12	1
2,500	1,409	Motor Accident Authority Third Party	2,500	1,409
38,840	0	Patient Inflows from Interstate	38,840	0
239	0	Salary Packaging Fee	239	0
213	597	Services Provided to Non NSW Health Organisations	213	597
69	0	Multi Purpose Service Centre Fees	69	0
226	111	Other	226	111
<u>90,904</u>	<u>23,573</u>		<u>90,904</u>	<u>23,573</u>
10. Investment Revenue				
551	170	Interest	551	170
		- Other		
<u>551</u>	<u>170</u>		<u>551</u>	<u>170</u>

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

PARENT		CONSOLIDATION	
Six months to		Six months to	
2012	30 June 2011	2012	30 June 2011
\$000	\$000	\$000	\$000
11. Grants and Contributions			
333	249	333	249
9,713	1,779	9,713	1,779
2,051	605	2,051	605
4,001	591	4,001	591
6,262	1,712	6,262	1,712
5,032	2,911	0	0
5	0	5	0
0	78	0	78
15,657	5,953	2,154	730
43,054	13,878	24,519	5,744
12. Acceptance by the Crown Entity of employee benefits			
The following liabilities and expenses have been assumed by the Crown Entity:			
0	0	5,032	2,911
0	0	13,503	5,223
0	0	18,535	8,134
13. Other Revenue			
Other Revenue comprises the following:-			
1	0	1	0
15	2	15	2
16	7	16	7
2	0	2	0
245	2	245	2
80	41	80	41
3	1	3	1
7	0	7	0
57	12	57	12
572	252	572	252
998	317	998	317
14. Gain / (Loss) on Disposal			
3,932	70	3,932	70
3,655	8	3,655	8
277	62	277	62
47	12	47	12
(230)	(50)	(230)	(50)
(230)	(50)	(230)	(50)
15. Other Gains / (Losses)			
(970)	(355)	(970)	(355)
(970)	(355)	(970)	(355)

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

PARENT AND CONSOLIDATION

16. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current year for which expenditure in the manner specified had not occurred as at balance date	3,761	775	802	5,338
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	1,704	1,297	619	3,620
Total amount of unexpended contributions as at balance date	5,465	2,072	1,421	8,958

Comment on restricted assets appears in Note 23

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

17. Service Groups of the District

Service Group 1.1 - Primary and Community Based Services

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

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

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of potentially preventable hospitalisation.

Service Group 1.2 - Aboriginal Health Services

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

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

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

Service Group 1.3 - Outpatient Services

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

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

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency road and air 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, including elective surgery and maternity services.

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

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

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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Service Group 3.1 - Mental Health Services

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

Northern NSW 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
		18. Cash and Cash Equivalents		
<u>18,626</u>	<u>7,394</u>	Cash at Bank and On Hand	<u>18,626</u>	<u>7,394</u>
<u>18,626</u>	<u>7,394</u>		<u>18,626</u>	<u>7,394</u>
		Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
<u>18,626</u>	<u>7,394</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>18,626</u>	<u>7,394</u>
<u>18,626</u>	<u>7,394</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>18,626</u>	<u>7,394</u>

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

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

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		19. Receivables		
		Current		
4,168	3,039	Sale of Goods and Services	4,168	3,039
4,200	7,287	Intra Health Receivables	4,200	7,287
3,713	4,999	Goods and Services Tax	3,713	4,999
<u>3,585</u>	<u>3,488</u>	Other Debtors	<u>3,585</u>	<u>3,488</u>
15,666	18,813	Sub Total	15,666	18,813
<u>(367)</u>	<u>(156)</u>	Less Allowance for Impairment	<u>(367)</u>	<u>(156)</u>
15,299	18,657	Sub Total	15,299	18,657
345	256	Prepayments	345	256
<u>15,644</u>	<u>18,913</u>		<u>15,644</u>	<u>18,913</u>
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(156)	0	Balance at Commencement of Reporting Period	(156)	0
514	199	Amounts written off during the year	514	199
(7)	0	Amounts recovered during the year	(7)	0
(88)	0	Administrative Restructures - Transfers (In)/out	(88)	0
		(Increase)/decrease in Allowance Recognised in		
(506)	(355)	Result for the Year	(506)	(355)
(242)	(156)	Balance at 30 June	(242)	(156)
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
0	0	Balance at Commencement of Reporting Period	0	0
7	0	Amounts written off during the year	7	0
		(Increase)/decrease in Allowance Recognised in		
(132)	0	Result for the Year	(132)	0
(125)	0	Balance at 30 June	(125)	0
<u>(367)</u>	<u>(156)</u>		<u>(367)</u>	<u>(156)</u>

**Northern NSW 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
		Non-Current		
273	0	Sale of Goods and Services	273	0
273	0	Sub Total	273	0
(242)	0	Less Allowance for Impairment	(242)	0
31	0	Sub Total	31	0
31	0		31	0
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
0	0	Balance at Commencement of Reporting Period	0	0
90	0	Amounts written off during the year	90	0
(332)	0	Increase/(decrease) in Allowance Recognised in		
(242)	0	Result for the Year	(332)	0
		Balance at 30 June	(242)	0
(242)	0		(242)	0
		(c) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
511	170	Patient Fees - Compensable	511	170
224	90	Patient Fees - Ineligible	224	90
2,240	1,715	Patient Fees - Other	2,240	1,715
2,975	1,975		2,975	1,975

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

Northern NSW 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
20. Inventories - Current - Held for Distribution				
1,619	1,714	Drugs	1,619	1,714
<u>207</u>	<u>179</u>	Medical and Surgical Supplies	<u>207</u>	<u>179</u>
<u>1,826</u>	<u>1,893</u>		<u>1,826</u>	<u>1,893</u>
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
625,012	585,835	Gross Carrying Amount	625,012	585,835
<u>260,279</u>	<u>245,149</u>	Less Accumulated Depreciation and Impairment	<u>260,279</u>	<u>245,149</u>
<u>364,733</u>	<u>340,686</u>	Net Carrying Amount	<u>364,733</u>	<u>340,686</u>
Plant and Equipment - Fair Value				
40,867	28,726	Gross Carrying Amount	40,867	28,726
<u>21,375</u>	<u>18,940</u>	Less Accumulated Depreciation and Impairment	<u>21,375</u>	<u>18,940</u>
<u>19,492</u>	<u>9,786</u>	Net Carrying Amount	<u>19,492</u>	<u>9,786</u>
Infrastructure Systems - Fair Value				
24,754	24,605	Gross Carrying Amount	24,754	24,605
<u>13,594</u>	<u>12,854</u>	Less Accumulated Depreciation and Impairment	<u>13,594</u>	<u>12,854</u>
<u>11,160</u>	<u>11,751</u>	Net Carrying Amount	<u>11,160</u>	<u>11,751</u>
<u>395,385</u>	<u>362,223</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>395,385</u>	<u>362,223</u>

Northern NSW Local Health District
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for the Year Ended 30 June 2012

PARENT AND CONSOLIDATION

21. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2012						
Net Carrying Amount at Start of Year	42,092	273,814	24,780	9,786	11,751	362,223
Additions	701	204	15,809	3,184	0	19,898
Recognition of Assets Held for Sale	1,030	0	0	0	0	1,030
Disposals	0	(50)	0	(227)	0	(277)
Administrative Restructures - Transfers In/(Out)	500	16,409	191	7,687	0	24,787
Net Revaluation Increment Less						
Revaluation Decrements	3,417	2,286	0	0	28	5,731
Impairment Losses (Recognised in "Other						
Depreciation Expense	0	(13,937)	0	(3,451)	(619)	(18,007)
Reclassifications	0	18,487	(21,000)	2,513	0	0
Net Carrying Amount at End of Year	47,740	297,213	19,780	19,492	11,160	395,385

	Land	Buildings	Work in Progress	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2011						
Net Carrying Amount at Start of Reporting Period	0	0	0	0	0	0
Additions	0	13	8,163	1,575	0	9,751
Recognition of Assets Held for Sale	(1,205)	0	0	0	0	(1,205)
Disposals	0	(50)	0	(12)	0	(62)
Administrative Restructures - Transfers In/(Out)	43,297	278,675	18,145	9,181	12,058	361,356
Net Revaluation Increment Less						
Depreciation Expense	0	(6,352)	0	(958)	(307)	(7,617)
Reclassifications	0	1,528	(1,528)	0	0	0
Net Carrying Amount at End of Year	42,092	273,814	24,780	9,786	11,751	362,223

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

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were valued by Corporeal Pty Ltd on 1 July 2011 [see note 2(j)]. Corporeal Pty Ltd is not an employee of the District.

Northern NSW 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
22. Non-Current Assets (or Disposal Groups) Held for Sale				
		Assets Held for Sale		
175	1,205	Land and Buildings	175	1,205
175	1,205		175	1,205

The following additional information is provided:

Assets held for sale which are declared surplus and have been approved by the Department include:
- 25 Uralba Street, Lismore 2480. Disposal was completed in July 2012.

The District has ceased to classify the following Assets as Held for Sale:

- Old CEO Residence, Spring Street Coraki, 2471. Sale was dependant on the purchaser obtaining a Commonwealth Grant which did not occur.

23. Restricted Assets

The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

		Category		
5,465	1,883	Purchase of Assets	5,465	1,883
2,072	1,550	Health Promotion, Education & Research	2,072	1,550
1,421	1,581	Other	1,421	1,581
8,958	5,014		8,958	5,014

Northern NSW Local Health District
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for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		24. Payables		
		Current		
		Accrued Salaries, Wages and On-Costs	4,915	2,675
		Taxation and Payroll Deductions	6,289	3,329
11,204	6,004	Accrued Liability - Purchase of Personnel Services		
21,461	17,685	Creditors	21,461	17,685
		Other Creditors		
		- Capital Works	737	168
737	168	- Intra Health Liability	4,151	12,582
4,151	12,582	- Other	9,028	5,798
9,028	5,798	- Taxation	122	29
122	29			
<u>46,703</u>	<u>42,266</u>		<u>46,703</u>	<u>42,266</u>

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

		25. Borrowings		
		Current		
482	235	Other Loans and Deposits	482	235
<u>482</u>	<u>235</u>		<u>482</u>	<u>235</u>
		Non-Current		
336	165	Other Loans and Deposits	336	165
<u>336</u>	<u>165</u>		<u>336</u>	<u>165</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 NSW Treasury and Health Support Services.
Final Repayment is scheduled for 30th June 2013

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

**Northern NSW 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
26. Provisions				
0	0	Annual Leave - Short Term Benefit	33,965	26,680
0	0	Annual Leave - Long Term Benefit	7,467	7,501
0	0	Long Service Leave On-Costs	5,646	2,894
<u>47,078</u>	<u>37,075</u>	Provision for Personnel Services Liability	<u>0</u>	<u>0</u>
<u>47,078</u>	<u>37,075</u>	Total Current Provisions	<u>47,078</u>	<u>37,075</u>
Non-Current Employee Benefits and Related On-Costs				
0	0	Long Service Leave On-Costs	297	152
<u>297</u>	<u>152</u>	Provision for Personnel Services Liability	<u>0</u>	<u>0</u>
<u>297</u>	<u>152</u>	Total Non-Current Provisions	<u>297</u>	<u>152</u>
Aggregate Employee Benefits and Related On-Costs				
47,078	37,075	Provisions - Current	47,078	37,075
297	152	Provisions - Non-Current	297	152
0	0	Accrued Salaries, Wages and On-Costs (Note 24)	11,204	6,004
<u>11,204</u>	<u>6,004</u>	Accrued Liability - Purchase of Personnel Services (Note 24)	<u>0</u>	<u>0</u>
<u>58,579</u>	<u>43,231</u>		<u>58,579</u>	<u>43,231</u>
27. Other Liabilities				
Current				
2	117	Income in Advance	2	117
<u>2</u>	<u>117</u>		<u>2</u>	<u>117</u>
Non-Current				
198	388	St Vincent's Contractual Liability (1)	198	388
<u>533</u>	<u>0</u>	Other (2)	<u>533</u>	<u>0</u>
<u>731</u>	<u>388</u>		<u>731</u>	<u>388</u>

1. Contracts were entered into to transfer employees of the Health Service to St Vincent's private hospital. The liability above represents employee benefits transferred at the contract date.
2. Other represents transferred employees benefits at fixed transfer dates.

Northern NSW Local Health District
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000	28. Commitments for Expenditure	2012 \$000	2011 \$000
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
		Not later than one year	16,285	4,668
16,285	4,668	Later than one year and not later than five years	1,583	0
1,583	0	Later than five years	0	0
0	0			
<u>17,868</u>	<u>4,668</u>	Total Capital Expenditure Commitments (Including GST)	<u>17,868</u>	<u>4,668</u>
		Of the commitments reported at 30 June 2012 it is expected that \$0.424 million will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
		Not later than one year	3,869	3,354
3,869	3,354	Later than one year and not later than five years	4,164	4,559
4,164	4,559	Later than five years	4	126
4	126			
<u>8,037</u>	<u>8,039</u>	Total Operating Lease Commitments (Including GST)	<u>8,037</u>	<u>8,039</u>

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

The total of 'Commitments for Expenditure' above, i.e. \$25.9 million as at 30 June 2012 includes input tax credits of \$2.4 million that are expected to be recoverable from the Australian Taxation Office.

The District does not have any finance leases or any commitment relating to any finance lease arrangements.

Capital Commitments include \$5.367 million that is being managed by Health Infrastructure on behalf of the District.

**Northern NSW Local Health District
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PARENT AND CONSOLIDATION

29. Trust Funds

The District holds trust fund moneys of \$0.512 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

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

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash Balance at the beginning of the financial year	109	0	56	0	176	0	341	0
Amounts transferred on 1 January 2011 & 1 November 2011 from Admin Restructure of Health Services	0	110	63	36	16	182	79	328
Receipts	403	185	89	20	2,986	779	3,478	984
Expenditure	(407)	(186)	0	0	(2,979)	(785)	(3,386)	(971)
Cash Balance at the end of the financial year	105	109	208	56	199	176	512	341

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PARENT AND CONSOLIDATED

30. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 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.

Northern NSW Local Health District
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PARENT			CONSOLIDATION	
2012 \$000	Actual Six months ended 30 June 2011 \$000		2012 \$000	Actual Six months ended 30 June 2011 \$000
31. Reconciliation of Cash Flows from Operating Activities to Net Result				
31,365	11,152	Net Cash Flows from Operating Activities	31,365	11,152
(18,006)	(7,617)	Depreciation	(18,006)	(7,617)
(970)	(355)	Allowance for Impairment	(970)	(355)
152	0	Income in advance	152	0
(6,390)	(2,280)	Decrease in Provisions	(6,390)	(2,280)
(4,386)	14,970	Increase / (Decrease) in Prepayments and Other Assets	(4,386)	14,970
2,794	(26,331)	(Increase)/ Decrease In Creditors	2,794	(26,331)
(230)	(50)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(230)	(50)
4,329	(10,511)	Net Result	4,329	(10,511)

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PARENT AND CONSOLIDATED

32. Unclaimed Moneys

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

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

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

33. Budget Review - Parent and Consolidated

Net Result

The Net Result was lower than budget by \$1.804 million, primarily due to lower NSW Ministry of Health Capital Allocations \$5.490M.

The NSW Ministry of Health Capital Allocations was due primarily to delayed expenditure lower than forecast for Lismore MRI, Pottsville Health One and Lismore Hospital Infrastructure projects.

Assets and Liabilities

Current Assets were \$8.172 million higher than budget. This was due primarily to the increased level of Cash \$11.763 million compared to budget which comprised Special Purpose Funds \$4.901 million and General Funds \$6.862 million. At 30 June 2012 the Receivables balance was lower than budget by \$2.693 million resulting from reduced intra Health and Goods & Services Tax receivables. Other factors effecting this budget result include the lower Assets Held for Sale of \$1.030 million compared to budget.

Non-Current Assets were higher than budget by \$2.341 million which resulted mainly from the Land and Buildings revaluation.

Current Liabilities were higher than budget by \$5.519 million. This was mainly attributable to Payables of \$2.672 million and Provisions of \$3.211 million. Both Payables and Provisions have been effected by the Administrative Transfer of services from the Health Reform Transition Organisation. At 30 June 2012 the Trade Payables were within benchmark.

Non-Current Liabilities were higher than budget by \$1.093 million. This was mainly attributable to Other Non-Current Liabilities of \$0.667 million and Borrowings \$0.336 million.

Cash Flows

Operating Activities - Net cash inflows were higher than budget by \$6.737 million. This resulted largely from lower than budgeted NSW Ministry of Health Capital Allocations of \$5.490 million.

Investing Activities - Net cash outflows were lower than budget by \$4.259 million. This mainly resulted from under expenditure on the Local Health Districts capital acquisition program.

**Northern NSW Local Health District
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PARENT AND CONSOLIDATED

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

	\$000
Initial Allocation, 15 September 2011	428,670
Award Increases	5,655
Special Projects	
Mental Health & Drug & Alcohol Enhancements	435
Aboriginal Health	233
National Partnerships	1,374
Other	
Isolated Patient Travel And Assistance Scheme	355
Services Transferred from Health Reform Transition Organisation	20,563
Aged Care and Related Enhancement	328
Cardiac Services Enhancement	1,134
Connecting Care	656
Healthy Children Initiative Supplementation	410
Inter State Patient Flows Revenue increase	(4,792)
Other	2,005
Orthopaedic Services Enhancement	1,700
Telehealth Connecting Critical Care	341
Balance as per Statement of Comprehensive Income	459,067

Northern NSW Local Health District
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34. Increase/(Decrease) in Net Assets from Equity Transfers

2012

Net assets of \$14.768 million were transferred from the former Health Reform Transition Organisation with effect from 31 October 2011 & 31 May 2012 commensurate with the responsibilities for the health services assumed by the District on that date in accordance with the provisions of the Health Services Act 1997.

2011

Net assets of \$321.741 million were transferred from the former North Coast Area Health Service to the Northern NSW Local Health District with effect from 1 January 2011 commensurate with the responsibilities for the health services assumed by the district on that date in accordance with the provisions of the Health Services Act 1997.

Assets and Liabilities transferred are as follows:

	2012	2011
	\$000	\$000
Assets		
Current Assets		
Cash & Cash Equivalents	412	5,926
Receivables	2,014	4,997
Inventory	0	1,998
Non-Current Assets		
Property, Plant and Equipment		
- Land and Buildings	17,100	340,117
- Plant and Equipment	7,688	9,181
- Infrastructure Systems	0	12,058
Liabilities		
Current Liabilities		
Payables	(7,324)	(16,698)
Provisions	(3,759)	(34,808)
Borrowings	(459)	(228)
Other	(38)	(47)
Non-Current Liabilities		
Other	(212)	(331)
Provisions	0	(140)
Borrowings	(654)	(284)
Increase/(Decrease) in Net Assets From Equity Transfers	<u><u>14,768</u></u>	<u><u>321,741</u></u>

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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35. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 18)	N/A	18,626	7,394
Receivables (note 19) ¹	Loans and receivables (at amortised cost)	11,953	13,814
Total Financial Assets		30,579	21,208
Financial Liabilities			
Borrowings (note 25)	Financial liabilities	818	400
Payables (note 24) ²	measured at	46,606	42,237
Other (note 27)	amortised cost	731	388
Total Financial Liabilities		47,337	42,625

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)

Northern NSW Local Health District
Notes to and forming part of the Financial Statements
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(b) Credit Risk

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

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

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

Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.42% in 2011/12 compared to 4.5% in the previous year.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the 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:\$8.368M; 2011: \$10.326M) and not more than [3] months past due (2012: \$0.768M; 2011:\$0.617M) are not considered impaired and together these represent 94.8% 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' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'sales of goods and services' or 'Other Debtors' in the 'receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

\$000			
2012	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
<3 months overdue	800	768	32
3 months - 6 months overdue	235	126	109
> 6 months overdue	608	140	468
2011			
<3 months overdue	675	615	60
3 months - 6 months overdue	99	2	97
> 6 months overdue	0	0	0

Notes

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

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

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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 Northern NSW Local Health District Service (refer Note 2).

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

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

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

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

**Northern NSW Local Health District
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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		11,204			11,204	11,204		
Creditors		41,666			41,666	41,666		
Borrowings:								
Non Interest Loans		198			198			
Other Loans and Deposits	3.690%	818	818			482	336	
		53,886	818	-	53,068	53,352	336	-
2011								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		6,033	-	-	6,033	6,033		
Creditors		36,233	-	-	36,233	36,233		
Borrowings:								
Non-Interest Loans		388	-	-	388	388		
Other Loans and Deposits	6.075%	427	427	-	-	256	171	
		43,081	427	-	42,654	42,910	171	-

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the District can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.
2. Of the \$0.818M 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.

Northern NSW Local Health District
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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	-1% Equity	+1% Profit	+1% Equity
2012					
Financial Assets					
Cash and Cash Equivalents	18,626	-186	-186	186	186
2011					
Financial Assets					
Cash and Cash Equivalents	7,394	-74	-74	74	74

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36. Events after the Reporting Period

Activity Based Funding

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

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

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

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

END OF AUDITED FINANCIAL STATEMENTS

